

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 2015



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

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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.

CONTENTS

	PAGE(S)
CORPORATE INFORMATION	3
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	5
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	7
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	12
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	13
MANAGEMENT DISCUSSION AND ANALYSIS	34
OTHER INFORMATION	41

CORPORATE INFORMATION

PRC OFFICE

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

HONG KONG OFFICE

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Hong Kong

WEBSITE

www.jmbedding.com

BOARD OF DIRECTORS

Executive directors

Mr. Yim Yin Nang (*Chairman*)
Mr. Chan Wing Kit (*Chief Executive Officer*)
Mr. Ng Wing Cheong, Stephen
(*appointed on 22 April 2015*)

Independent non-executive directors

Mr. Chan Wai Cheung, Admiral
Mr. Fung Kam Man
(*appointed on 1 April 2015*)
Mr. Au-Yeung Hau Cheng
(*appointed on 22 August 2015, retired and
re-appointed on 9 September 2015*)
Mr. NG Yat Cheung, JP
(*resigned on 22 August 2015*)
Mr. ZHU Xiaobing
(*resigned on 22 August 2015*)

AUTHORISED REPRESENTATIVES

Mr. Ng Wing Cheong, Stephen
(*appointed on 13 October 2015*)
Mr. Wong King Chung
(*appointed on 13 October 2015*)
Mr. Chan Wing Kit
(*resigned on 13 October 2015*)
Mr. Chui See Lai
(*resigned on 13 October 2015*)

COMPANY SECRETARY

Mr. Wong King Chung
(*appointed on 13 October 2015*)
Mr. Chui See Lai
(*resigned on 13 October 2015*)

COMPLIANCE OFFICER

Mr. Wong King Chung
(*appointed on 13 October 2015*)
Mr. Chui See Lai
(*resigned on 13 October 2015*)

AUDIT COMMITTEE

Mr. Chan Wai Cheung, Admiral (*Chairman*)
Mr. Fung Kam Man
(*appointed on 1 April 2015*)
Mr. Au-Yeung Hau Cheng
(*appointed on 22 August 2015, retired and
re-appointed on 9 September 2015*)
Mr. NG Yat Cheung, JP
(*resigned on 22 August 2015*)
Mr. ZHU Xiaobing
(*resigned on 22 August 2015*)

CORPORATE INFORMATION

NOMINATION COMMITTEE

Mr. Au-Yeung Hau Cheng (*Chairman*)
(*appointed on 22 August 2015, retired and re-appointed on 9 September 2015*)

Mr. Fung Kam Man
(*appointed on 1 April 2015*)

Mr. Chan Wai Cheung, Admiral

Mr. NG Yat Cheung, JP
(*resigned on 22 August 2015*)

Mr. ZHU Xiaobing
(*resigned on 22 August 2015*)

REMUNERATION COMMITTEE

Mr. Fung Kam Man (*Chairman*)
(*appointed on 1 April 2015*)

Mr. Chan Wai Cheung, Admiral

Mr. Au-Yeung Hau Cheng
(*appointed on 22 August 2015, retired and re-appointed on 9 September 2015*)

Mr. NG Yat Cheung, JP
(*resigned on 22 August 2015*)

Mr. ZHU Xiaobing
(*resigned on 22 August 2015*)

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

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
Public Bank (Hong Kong)

STOCK CODE

8101

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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To the Board of Directors of Jia Meng Holdings Limited

INTRODUCTION

We have reviewed the interim financial information set out on pages 7 to 33 which comprise the unaudited condensed consolidated statement of financial position of Jia Meng Holdings Limited as of 30 September 2015 and the related unaudited condensed consolidated statement of comprehensive income for the three months and six months ended 30 September 2015, unaudited condensed consolidated statement of changes in equity and unaudited condensed consolidated statement of cash flows for the six months then ended, and other explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review. This report is made solely to you, as a body, in accordance with agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTERS

The comparative unaudited condensed consolidated statements of comprehensive income, changes in equity and cash flows, and the relevant explanatory notes for the six months ended 30 September 2014; and the unaudited condensed consolidated statement of comprehensive income and the relevant explanatory notes for the three months ended 30 September 2014 disclosed in this interim financial information have not been reviewed by us in accordance with HKSRE 2410.

BDO Limited

Certified Public Accountants

Lo Ngai Hang

Practising Certificate Number P04743

Hong Kong, 10 November 2015

The Board of Directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 September 2015, together with the unaudited comparative figures for the corresponding period in 2014, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2015

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	5	14,051	18,750	40,471	52,444
Cost of sales		(8,588)	(14,314)	(28,456)	(40,673)
Gross profit		5,463	4,436	12,015	11,771
Other income	5	3,359	433	3,753	503
Selling and distribution expenses		(662)	(1,540)	(2,280)	(3,169)
Administrative expenses		(4,481)	(6,468)	(8,914)	(9,845)
Research expenses		(659)	(1,158)	(1,978)	(2,514)
Other operating expenses		(6,381)	—	(6,381)	—
Fair value (loss)/gain on financial assets at fair value through profit or loss		(59,883)	—	17,107	—
Finance costs		(537)	—	(919)	—
(Loss)/profit before income tax credit/(expenses)	6	(63,781)	(4,297)	12,403	(3,254)
Income tax credit/(expenses)	7	10,471	(367)	(2,254)	(1,212)
(Loss)/profit for the period		(53,310)	(4,664)	10,149	(4,466)
Other comprehensive income that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of financial statements of foreign operations		(2,217)	146	(1,698)	188
Total comprehensive income for the period		(55,527)	(4,518)	8,451	(4,278)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2015

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
(Loss)/profit for the period attributable to:					
— Owners of the Company		(53,257)	(4,655)	10,199	(4,484)
— Non-controlling interests		(53)	(9)	(50)	18
		(53,310)	(4,664)	10,149	(4,466)
Total comprehensive income for the period attributable to:					
— Owners of the Company		(55,435)	(4,511)	8,535	(4,298)
— Non-controlling interests		(92)	(7)	(84)	20
		(55,527)	(4,518)	8,451	(4,278)
(Loss)/earnings per share for loss attributable to owners of the Company during the period					
— Basic	8	(9.21) cents	(1.16) cents	1.80 cents	(1.12) cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	NOTES	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	7,107	7,779
Prepaid premium for land leases		8,216	8,608
Intangible assets		283	333
Investment properties	21	26,400	—
Deferred tax assets		1,869	457
Total non-current assets		43,875	17,177
Current assets			
Inventories		10,485	2,655
Intangible assets		1,657	1,657
Financial assets at fair value through profit or loss	12	10,743	2,610
Trade and other receivables	11	50,966	41,998
Tax receivables		637	525
Restricted bank deposit	18	5,076	5,250
Cash and cash equivalents	13	87,532	53,373
Total current assets		167,096	108,068
Total assets		210,971	125,245
Current liabilities			
Trade and other payables	14	33,638	19,447
Borrowings	15	45,582	—
Tax payables		3,120	236
Total current liabilities		82,340	19,683
Net current assets		84,756	88,385
Total assets less current liabilities		128,631	105,562

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	NOTES	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Non-current liabilities			
Deferred income	14	3,019	3,312
Deferred tax liabilities		922	—
Total non-current liabilities		3,941	3,312
Total liabilities		86,281	22,995
Net assets		124,690	102,250
Equity			
Share capital	16	14,460	12,050
Reserves		109,294	89,180
Equity attributable to owners of the Company		123,754	101,230
Non-controlling interests		936	1,020
Total equity		124,690	102,250

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	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	HK\$'000
At 1 April 2014	10,000	13,224	10,207	8	6,404	—	10,211	40,972	91,026	1,002	92,028
(Loss)/profit for the period	—	—	—	—	—	—	—	(4,484)	(4,484)	18	(4,466)
Other comprehensive income:											
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	—	—	—	186	—	186	2	188
Total comprehensive income for the period	—	—	—	—	—	—	186	(4,484)	(4,298)	20	(4,278)
Recognition of share-based payments	—	—	—	—	—	1,476	—	—	1,476	—	1,476
Share issued under share options scheme ("Share Options Scheme")	50	1,276	—	—	—	(442)	—	—	884	—	884
At 30 September 2014 (unaudited)	10,050	14,500	10,207	8	6,404	1,034	10,397	36,488	89,088	1,022	90,110
At 1 April 2015	12,050	28,842	10,207	8	6,578	1,034	10,407	32,104	101,230	1,020	102,250
Profit/(loss) for the period	—	—	—	—	—	—	—	10,199	10,199	(50)	10,149
Other comprehensive income:											
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	—	—	—	(1,664)	—	(1,664)	(34)	(1,698)
Total comprehensive income for the period	—	—	—	—	—	—	(1,664)	10,199	8,535	(84)	8,451
Issue of ordinary shares by placing (note 16(b))	2,410	11,579	—	—	—	—	—	—	13,989	—	13,989
At 30 September 2015 (unaudited)	14,460	40,421	10,207	8	6,578	1,034	8,743	42,303	123,754	936	124,690

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Net cash generated from operating activities	5,514	27
Net cash used in investing activities	(29,647)	(35)
Net cash generated from financing activities	60,490	884
Net increase in cash and cash equivalents	36,357	876
Cash and cash equivalents at beginning of period	53,373	37,455
Effect of foreign exchange rates, net	(2,198)	48
Cash and cash equivalents at end of period	87,532	38,379

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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 (i) 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; (ii) provision of property management and property agency services in Hong Kong; (iii) securities investment in Hong Kong and (iv) property investment.

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

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the three months and six months ended 30 September 2015 ("2015/16 Interim Financial Information") has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the GEM Listing Rules.

The Interim Financial Information does not include all of the information and disclosures required in annual financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which comprises all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2015.

In preparing the Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2015.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

3. ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim financial information are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2015 ("2014/15 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 2015. The effect of which was not material to the Group's results of operations of financial position. Additionally, the Group adopted the following accounting policies due to new transactions entered into during the period:

(a) Investment properties

Investment properties are property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

(b) Leasing

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. 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. For the year ended 31 March 2015, the Group principally operates in three business segments, which are (i) the design, manufacture and sale of mattress and soft bed products; (ii) the provision of property management and property agency services; and (iii) securities investment. During the six months period ended 30 September 2015, due to the acquisition of a subsidiary as set out in note 21, the chief operating decision-maker has identified one more operating segment which is property investment. Corresponding items of segment information for the six months ended 30 September 2014, during which the executive Directors considered the Group had one reportable operating segment, have been restated for consistent presentation with current period's segment information.

The segment information provided to the chief operating decision-maker for reportable segments and reconciliation of the segments total to the amounts reported by the Group in the unaudited condensed consolidated financial statements are as follows:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION (Continued)

(a) Reportable segments (Continued)

For the six months period ended 30 September 2015

	Mattress and soft bed products HK\$'000 (unaudited)	Property management and property agency services HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	36,227	4,065	—	179	40,471
Reportable segment (loss)/profit	(4,660)	2,068	14,280	2,471	14,159
Unallocated other income					11
Unallocated corporate expenses*					(4,021)
Profit for the period					10,149
Segment assets	99,031	4,537	31,682	26,767	162,017
Deposit paid in relation to a possible acquisition					15,000
Unallocated cash and cash equivalents					33,013
Unallocated corporate assets					941
Total assets					210,971
Segment liabilities	59,531	461	3,017	748	63,757
Borrowings					9,000
Unallocated corporate liabilities**					13,524
Total liabilities					86,281
Other segment information					
Interest income	33	—	—	—	33
Interest expense	(775)	—	—	—	(775)
Depreciation of property, plant and equipment	(473)	(6)	—	—	(479)
Amortisation of prepaid premium for land leases	(109)	—	—	—	(109)
Amortisation of intangible assets	—	(50)	—	—	(50)
Fair value gain on financial assets at fair value through profit or loss	—	—	17,107	—	17,107
Income tax credit/(expense)	1,465	(409)	(2,822)	(488)	(2,254)
Impairment of trade and other receivables	(6,381)	—	—	—	(6,381)
Reversal of provision on trade and other receivable	439	—	—	—	439
Research expenses	(1,978)	—	—	—	(1,978)
Additions to non-current assets	49	—	—	11	60

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION (Continued)

(a) Reportable segments (Continued)

For the six months period ended 30 September 2014

	Mattress and soft bed products HK\$'000 (unaudited)	Property management and property agency services HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	52,444	—	—	—	52,444
Reportable segment profit	1,800	—	—	—	1,800
Share based payment					(1,476)
Unallocated other income					7
Unallocated corporate expenses*					(4,797)
Loss for the period					(4,466)
Segment assets	90,975	—	—	—	90,975
Unallocated cash and cash equivalents					15,121
Unallocated corporate assets					993
Total assets					107,089
Segment liabilities	15,985	—	—	—	15,985
Unallocated corporate liabilities					994
Total liabilities					16,979
Other segment information					
Interest income	43	—	—	—	43
Depreciation of property, plant and equipment	(580)	—	—	—	(580)
Amortisation of prepaid premium for land leases	(88)	—	—	—	(88)
Income tax expense	(1,212)	—	—	—	(1,212)
Research expenses	(2,514)	—	—	—	(2,514)
Addition to non-current assets	67	—	—	—	67

* Unallocated corporate expense for the six months ended 30 September 2014 and 2015 mainly included staff cost and legal and professional fees.

** Unallocated corporate liabilities for the six months ended 30 September 2015 mainly included the receipt in advance for the subscription for right issues as mentioned in note 22(a).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION (Continued)

(b) Geographic information

The following table provides an analysis of the Group's revenue from (i) external customers and (ii) its non-current assets (other than deferred tax assets):

(i)

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue from external customers				
PRC	2,879	8,946	8,102	13,103
Hong Kong	2,491	—	4,244	—
USA	—	—	12,398	18,071
Other countries	8,681	9,804	15,727	21,270
	14,051	18,750	40,471	52,444

(ii)

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Non-current assets (other than deferred assets)		
PRC	15,252	16,302
Hong Kong	26,754	418
	42,006	16,720

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION (Continued)

(c) Information about a major customer

The Group's customer base is diversified and includes only the following customer with whom transactions have exceeded 10% of the Group's revenue:

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Customer A	N/A	N/A	12,398	N/A

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

5. REVENUE AND OTHER INCOME

Revenue from the Group's principal activities, which is also the Group's turnover, represented the net invoiced value of goods sold and services provided, net of allowances for returns, trade discounts and value-added tax. An analysis of the Group's revenue and other income is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue				
Sales of goods	11,560	18,750	36,227	52,444
Property agency fee and property management service fee	2,312	—	4,065	—
Rental income	179	—	179	—
	14,051	18,750	40,471	52,444
Other income				
Interest income	35	33	44	50
Government grants and subsidies (note (a))	92	—	188	—
Exchange gain	3	—	278	—
Fair value gain on revaluation of investment properties	2,789	—	2,789	—
Reversal of impairment on trade and other receivables	439	—	439	—
Sales of scrap materials	—	161	—	210
Sundry income	1	239	15	243
	3,359	433	3,753	503

Note:

- (a) The Group received grants from the relevant PRC government authorities in support of the Group's mattress and soft bed business in the PRC. Certain grants received which had unfulfilled conditions were recognised as deferred income (note 14).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

6. (LOSS)/PROFIT BEFORE INCOME TAX CREDIT/(EXPENSES)

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

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Cost of inventories recognised as expense	8,588	14,314	28,456	40,673
Depreciation of property, plant and equipment	287	287	499	651
Amortisation of prepaid premium for land leases	53	40	109	88
Operating lease charges on rented premises	163	39	236	65
Impairment of trade and other receivables	6,381	—	6,381	—
Staff costs (including directors' remuneration):				
— Wages, salaries and bonus	3,296	2,749	6,199	4,853
— Contribution to defined contribution plans	654	333	687	636
— Share-based compensation expense	—	1,476	—	1,476
	3,950	4,558	6,886	6,965

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

7. INCOME TAX (CREDIT)/EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Current tax — PRC	(22)	367	—	1,212
Current tax — Hong Kong	1,448	—	2,795	—
Deferred tax current year	(11,897)	—	(541)	—
	(10,471)	367	2,254	1,212

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Hong Kong profits tax was calculated at 16.5% on the estimated assessable profits for the six months ended 30 September 2015 and three months ended 30 September 2015. No Hong Kong profits tax was provided for the six months ended 30 September 2014 and three months ended 30 September 2014 as the Group did not have assessable profit arising or derived from Hong Kong during the year.

Enterprise income tax arising from subsidiary operated in the PRC was calculated at 25% of the estimated assessable profits.

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the period attributable to owners of the Company of approximately HK\$(53,257,000) and approximately HK\$10,199,000 (2014: HK\$(4,655,000) and HK\$(4,484,000)) for the three months and six months ended 30 September 2015 and weighted average number of ordinary shares of 578,400,000 and 566,284,000 (2014: 400,413,000 and 400,208,000) in issue during the three months and six months ended 30 September 2015.

No diluted earnings per share has been presented because the Company's share options carried no dilutive effect on the basic (loss)/earnings per share as the exercise prices of the outstanding share option were higher than the market price of the shares at the end of the reporting periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

9. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group incurred capital expenditure of approximately HK\$60,000 (six months ended 30 September 2014: HK\$84,000) on acquisition of property, plant and equipment. There was no material disposal during both periods.

11. TRADE AND OTHER RECEIVABLES

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Trade receivables	16,892	27,975
Other receivables	17,239	13,144
Prepayments	1,835	879
Deposit paid in relation to a possible acquisition (note (a))	15,000	—
	50,966	41,998

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 is 30 to 90 days from invoice date.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

11. TRADE AND OTHER RECEIVABLES (Continued)

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

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Within 3 months	4,587	6,927
More than 3 months	12,305	21,048
	16,892	27,975

- (a) On 20 April 2015, the Group entered into a memorandum of understanding (the "MOU") with a prospective seller pursuant to which the Group agreed to pay a sum of HK\$15,000,000 (the "Deposit") in cash as part payment of the consideration for the possible acquisition of the entire equity interest of the target in the event that a sale and purchase agreement is entered into between the prospective seller and the Group (the "Definitive Agreement") during the six months from the date of the MOU (the "Exclusivity Period"). The target is principally engaged in retailing of branded mattress through various furniture outlets in Hong Kong.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Listed equity securities in Hong Kong, at market value	10,743	2,610

As at 31 March 2015 and 30 September 2015, the financial assets at fair value through profit or loss, amounted to approximately HK\$2,610,000 and HK\$10,743,000 respectively, were grouped in fair value hierarchy of level 1 as the fair values of the listed equity securities have been determined by reference to their quoted bid prices at the reporting date in an active market.

13. CASH AND CASH EQUIVALENTS

Cash at banks and cash held in a securities account maintained in a securities company earns interest at floating rates based on daily bank deposit rate. Included in bank and cash balances of the Group is a balance of approximately HK\$35,807,000 as at 30 September 2015 which are denominated in Renminbi ("RMB") (31 March 2015: HK\$11,644,000). RMB is not a freely convertible currency.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

14. TRADE AND OTHER PAYABLES

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Current liabilities		
Trade payables	8,805	8,838
Other payables and accruals	11,061	5,741
Receipt in advance	13,406	4,489
Deferred income (note 5(a))	366	379
	33,638	19,447
Non- current liabilities		
Deferred income (note 5(a))	3,019	3,312

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 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Within 3 months	5,342	1,867
More than 3 months	3,463	6,971
	8,805	8,838

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

15. BORROWINGS

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Secured bank borrowing, repayable within one year	36,582	—
Unsecured other borrowing, repayable within one year	9,000	—
	45,582	—

During the six months period ended 30 September 2015, the Group as borrower has entered into a facility agreement with a bank in respect of a term loan of HK\$56,659,000 (the "Term Loan") pursuant to which, among others, the Group is required not to mortgage, assign, charge or otherwise encumber any of its assets without prior written consent from the bank.

As at 30 September 2015, the bank borrowing and other borrowing were repayable within one year and thus were classified as current liabilities.

As at 30 September 2015, the Group's interest-bearing bank borrowings are bearing floating interest rate at 0.85% per annum over benchmark interest rate. The Group's other borrowings are bearing fixed interest rate of 9% per annum. (31 March 2015: Nil).

As at 30 September 2015, the Term Loan with outstanding amount of approximately HK\$36,582,000 was guaranteed by a subsidiary of the Company. (31 March 2015: Nil).

The Group's interest-bearing bank borrowings as at 30 September 2015 amounted to approximately HK\$36,582,000 is secured by a land use right for a piece of land in PRC with carrying amount of approximately HK\$8,216,000 (31 March 2015: Nil) and three buildings in the PRC with carrying amount of approximately HK\$1,871,000 (31 March 2015: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

16. SHARE CAPITAL

	Number of ordinary shares '000	Amount HK\$'000
Authorised:		
At 1 April 2015, ordinary shares of HK\$0.025 each	1,200,000	30,000
Addition of unissued shares (note (a))	8,800,000	220,000
<hr/>		
At 30 September 2015, ordinary shares of HK\$0.025 each	10,000,000	250,000
<hr/>		
Issued and fully paid:		
At 1 April 2015, ordinary shares of HK\$0.025 each	482,000	12,050
Issue of ordinary shares by placing (note (b))	96,400	2,410
<hr/>		
At 30 September 2015, ordinary shares of HK\$0.025 each	578,400	14,460

- (a) At the extraordinary general meeting of the Company held on 9 September 2015, an ordinary resolution in respect of the addition of 8,800,000 unissued shares of HK\$0.025 each in the authorised share capital of the Company was duly passed and approved by shareholders. The addition of unissued and authorised share capital became effective on 9 September 2015.
- (b) On 24 April 2015, the Group completed a placing of 96,400,000 new ordinary shares of HK\$0.025 each at a placing price of HK\$0.154 per placing share.

17. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 September 2015 (31 March 2015: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

18. CONTINGENT LIABILITIES

During the year ended 31 March 2015, Guangdong Jia Meng refused to settle the amount of approximately RMB4,095,000 (approximately HK\$4,996,000) (“the Debt”) to a supplier (the “Supplier”) due to quality problems of the raw materials supplied by it. On 18 July 2014, the Supplier claimed against Guangdong Jia Meng in Guangzhou Zengcheng District People’s Court (廣州市增城區人民法院) (the “Zengcheng Court”) for the settlement plus accrued interest and related legal costs. On 11 February 2015, the Zengcheng Court issued a court order pursuant to which bank deposits of Guangdong Jia Meng amounting to approximately HK\$5,076,000 were frozen. On 13 June 2015, Guangdong Jia Meng received civil judgement from the Zengcheng Court in favor to the Supplier that Guangdong Jia Meng was ordered to settle the Debt plus accrued interest to the Supplier and related legal costs. On 28 July 2015, Guangdong Jia Meng appealed to Guangzhou Intermediate People’s Court (廣州市中級人民法院) to seek revoke of the civil judgement by the Zengcheng Court, compensation of loss suffered by Guangdong Jia Meng due to the quality problems of the raw materials supplied by the Supplier and recovery of legal costs from the Supplier.

In case where Guangdong Jia Meng ultimately loses in the proceedings, it may have to settle the Debt to the Supplier, which has already been recorded as trade payables in the unaudited condensed consolidated financial statements, plus accrued interest and related legal costs. The proceedings are ongoing up to the date of issuance of this interim report and the outcome is subject to uncertainties. The directors of the Company consider that no provision is required at this stage of the proceedings in accordance with the Group’s relevant accounting policy.

Pursuant to the Court Order, the freeze of Bank Deposits will end on 10 February 2016. As such, it is classified as restricted bank deposits under current asset as at 30 September 2015. The Bank Deposits frozen carry interest at floating rates based on daily bank deposit rate.

Save as disclosed above, the Group had no significant contingent liabilities as at 30 September 2015.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

19. RELATED PARTY TRANSACTIONS

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

Number of the related parties	Nature of transactions	Three months ended 30 September		Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 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	—	—	—	189

- (i) HK Royal Furniture is a shareholder of Grandeur Industries Limited, a subsidiary of the Group, and the Company before and after the Reorganisation respectively with significant influence. It is also a wholly-owned subsidiary of Royale Furniture Holdings Limited ("Royale"). On 27 June 2014, HK Royal Furniture disposed its entire equity interest of the Company and since then, HK Royal Furniture is not a related party of the Group.
- (ii) Wanlibao is a subsidiary of Royale.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

20. OPERATING LEASE COMMITMENTS

As lessee

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 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Within one year	196	245
Within two to five years	—	61
	196	306

As lessor

The Group had future aggregate minimum rental receivables under non-cancellable operating leases as follows:

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Within one year	360	—

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

21. ACQUISITION OF A SUBSIDIARY

On 11 February 2015, the Group has entered into an agreement to acquire the entire equity interest of China Universal Limited, which is a company incorporated in Hong Kong and principally engaged in the properties holding in Hong Kong, at a consideration of HK\$24,000,000 by cash. The acquisition was completed on 30 July 2015 and accounted for as acquisition of assets.

	HK\$'000
Net assets acquired in this transaction are as follows:	
Property, plant and equipment	8
Investment properties *	23,611
Cash and cash equivalents	622
Trade and other receivables	39
Accruals and other payables	(280)
Net assets acquired	24,000
Consideration satisfied by:	
Cash	24,000
An analysis of net cash outflow in respect of the acquisition of a subsidiary is as follows:	
Cash consideration	(24,000)
Cash and bank balances acquired	622
Net cash outflow	(23,378)

* The fair value of the investment properties, which are located in Hong Kong, was approximately HK\$26,400,000 as at 30 September 2015.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

22. EVENT AFTER REPORTING PERIOD

- (a) On 14 October 2015, the Company completed a rights issue on the basis of three rights shares for every one existing share held on 17 September 2015 at HK\$0.08 per rights share (the "Rights Issue") and issued 1,735,200,000 rights shares. The details of the results of the Rights Issue were set out in the announcement of the Company dated 14 October 2015.

- (b) On 19 October 2015, the MOU as mentioned in note 11(a) was terminated as the parties to the MOU have not entered into the Definitive Agreement during the Exclusivity Period. The details of the termination of the MOU were set out in the announcement of the Company dated 19 October 2015. The Deposit was refunded on 24 October 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the period, the turnover of the Group for the six months ended 30 September 2015 was approximately HK\$40.5 million, representing a decrease of approximately 22.8% as compared to the same period in the previous year. The mattresses and soft bed sales, which was the only source of revenue from the same period of last year has decreased by approximately 30.9% from approximately HK\$52.4 million in the previous period to approximately HK\$36.2 million for the six months ended 30 September 2015. The decrease was both due the unfavorable macroeconomic environment as well as the growing competition from the mattresses and soft bed sales industry. Gross profit from mattresses and soft bed sales also dropped slightly from previous 22.4% to 21.5%. This reflected the upward pressure for manufacturing costs and ever increasing competition from other mattresses and soft bed manufacturers. The segment loss from mattress and soft bed business is approximately HK\$4.7 million for the six months ended 30 September 2015 (2014: segment profit approximately HK\$1.8 million). The decrease of segment profit of mattress and soft bed business is mainly due to recognition of impairment of trade and other receivables of approximately HK\$6.4 million for the six months ended 30 September 2015 (2014: Nil).

Since the management decided to adopt diversification approach, the Group has started 3 new segments in this period, and they are: (i) property management and property agency services, (ii) securities investment; and (iii) property investment. The composition of the Group revenue for the 6 months ended 30 September 2015 has changed. The contribution of mattresses and soft bed sales over the total revenue has decreased from 100% to approximately 89.5% for the period. The property management and property agency services was commenced in February 2015 and recorded revenue of approximately HK\$4.1 million, representing approximately 10.0% of total revenue. The segment profit from property management and property agency services was approximately HK\$2.1 million, which is approximately 14.6% of the total segment profit to the Group. For property investment business, the Group started to receive rental income in August 2015, and it has recorded turnover of HK\$179,000, which is approximately 0.4% of the total revenue. Due to fair value gain from the revaluation of investment property amounting to approximately HK\$2.8 million, this segment recorded a segment profit of approximately HK\$2.5 million, which is approximately 17.5% of the total segment profit.

MANAGEMENT DISCUSSION AND ANALYSIS

Securities investment business was started in May 2015, and has recorded segment profit of HK\$14.3 million, representing approximately 100.9% contribution to the total segment profit.

The Group recorded fair value gain on financial assets at fair value through profit or loss approximately HK\$17.1 million for the six months ended 30 September 2015 which included realised and unrealised fair value gain approximately HK\$14.3 million and approximately HK\$2.8 million respectively. The fair value gain mainly arose from the Group's investment on shares listed on the Hong Kong Stock Exchange. During the first quarter of 2015, the Group recognised significant fair value gain from investment in i-Control Holdings Limited, the shares of which is listed on GEM with listed code of 8355. The investment was acquired at a cost of approximately HK\$5.5 million during the first quarter of 2015 and its fair value as at 30 June 2015 increased to approximately HK\$75.0 million which resulted in a fair value gain of approximately HK\$69.5 million for the three months ended 30 June 2015. In July 2015, the fair value of this investment dropped significantly and the Group disposed all of this investment to avoid further losses at approximately HK\$10.4 million, which resulted in overall realized gain of approximately HK\$4.9 million for the six months ended 30 September 2015. However, the very same transaction also represents a fair value loss of approximately HK\$64.6 million for the three months ended 30 September 2015.

The Group achieved an overall gross profit of approximately HK\$12 million for the six months ended 30 September 2015, which represents a approximately 2.1% increase from the corresponding period in previous year. Gross profit of mattresses and soft bed sales decreased from approximately HK\$11.8 million for the six months ended 30 September 2014 to approximately HK\$7.8 million this year. The overall gross profit margin, on the contrary, has increased to approximately 29.7% from approximately 22.4% recorded in the corresponding period in the previous year. The increase in gross profit margin was mainly attributable to the new segments of (i) the property management and property agency services and (ii) property investment. These segments only incurred minimal staff and administrative expenses. This drove the overall profit margin to a higher level than the same period in previous year.

The administrative expenses of the Group primarily comprised expenses incurred for the professional fee, staff costs and social insurance cost. For the six months ended 30 September 2015, the Group's administrative expenses decrease slightly to approximately HK\$8.9 million compared to approximately HK\$9.8 million for the corresponding period of last year, representing a decrease of approximately 9.5%. The decrease is in line with the Group's diversification strategy, which is shifting from traditional manufacturing business with high overhead cost to businesses with generally less overhead cost.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses for the six months ended 30 September 2015 was approximately HK\$2.3 million comparing to approximately HK\$3.2 million in 2014, representing a decrease of approximately 28.1%. Selling and distribution expenses decreased in line with the decrease of sales of mattresses and soft bed products, which was mainly contributed to decrease in staff costs and marketing related expenses.

Other operating expenses of approximately HK\$6.4 million (2014: Nil) represents impairment of trade and other receivables. After management has conducted impairment review on the outstanding trade receivables and provision for doubtful debts, approximately HK\$6.4 million provision was made for the six months ended 30 September 2015.

The Group recorded a net profit of approximately HK\$10.1 million for the six months ended 30 September 2015 (2014: loss of approximately HK\$4.5 million).

Business Review and Prospect

Continuing with the economic downward pressure from both domestic and global market, the Group anticipates a challenging market for the mattress sales business. In view of the above, the Group is dedicated to improve its sales channel and network to maintain its sales volume. On the other hand, the management will also devote more effort on retaining existing customers through sales discount and relationship building. The target is to shorten the receivables cycle and improve the recoverability of these trade receivables. The property management and property agency segment has a proven record of providing a more stable income steam for the Group. Like wise, the securities investment segment has also started to generate income. The management will continue to adopt a diversification strategy and identify new business to broaden income source and maximise the return to the shareholders of the Group.

FOREIGN EXCHANGE EXPOSURE

Our Group has foreign currency exposures. Such exposures mainly arise from the balance of assets and liabilities and transactions 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 short term borrowings of approximately HK\$45.6 million which will fall due in less than one year.

As at 30 September 2015, the Group had cash and cash equivalents of approximately HK\$87.5 million (31 March 2015: approximately HK\$53.4 million). The debt ratio, calculated as total liabilities over total assets of the Group as at 30 September 2015 was approximately 40.9% (31 March 2015: approximately 18.4%).

CAPITAL STRUCTURE

Details refer to note 16 of the notes to the unaudited condensed consolidated financial statements for the capital structure of the Company.

EMPLOYEE INFORMATION

As at 30 September 2015, the Company had 164 employees (31 March 2015: 155). 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.

BUSINESS OBJECTIVES

Comparison of Business Objectives with Actual Business Progress:

The following sets out a comparison of the business objectives as stated in the Prospectus with the Group's actual business progress for the period from 1 April 2015 to 30 September 2015:

Business objectives as set out
in the Prospectus

Actual progress for the period form 1 April 2015 to
30 September 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Strengthening product design and development

During the period under review, we spent approximately HK\$2.0 million on research and development. Our research and development team has studied the market preferences and trends in the PRC soft bed and mattress markets based on information gathered from the market and online sources and has performed preliminary assessment in respect of the target markets.

Capitalising on growth opportunity

During the period under review, we have spent approximately HK\$0.8 million on our mattress export business for participation in various exhibitions in order to enhance the Group's profile and awareness. The Group has attended China International Furniture Fair (Guangzhou) (中國(廣州)國際傢俱博覽會) and IMM Trade fair (Cologne, Germany) to explore new customers.

Increasing our brand awareness through trade fairs in the PRC

We have been increasing our brand awareness through expanding our sales network and providing guidance on decoration, operation and marketing to our domestic customers in order to maintain our brand images.

We have been actively seeking advice from brand design consultants to help refining our brand image and positioning.

Expanding our retail network in the PRC

During the period under review, we have had expanded new domestic customers which mainly covered second-tier cities.

Constructing a new production facility

After reviewing the domestic and overseas market's conditions, the Group has decided to delay the lease of production facilities. The Group would continue to review the market conditions from time to time and seek the location for constructing production plants when the markets improve.

USE OF PROCEEDS FROM THE PLACING OF SHARES

- (i) The Company raised funds 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). Such net proceeds have been used in the following manner:

	Net proceeds (HK\$ in million)	Approximate amount of net proceeds utilised up to 30 September 2015 (HK\$ in million)	Approximate amount of net proceeds unutilised up to 30 September 2015 (HK\$ in million)
Participate in overseas trade fairs	3.2	2.4	0.8
Production design, research and development and hire of new designer	2.4	2.4	—
Enter into distributorship arrangement with our specialty retailers and promote our brand image and products with them	2.0	1.3	0.7
Construct new production facility	4.6	—	4.6
General working capital	1.2	1.2	—
Total	13.4	7.3	6.1

As at 30 September 2015, the unutilised proceeds were deposited in licensed banks in Hong Kong and the PRC.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

- (ii) On 11 December 2014, a total of 80,000,000 ordinary shares at HK\$0.213 were placed to not less than six placees, an Independent Third Party, pursuant to the terms and conditions of the placing agreement dated 28 November 2014. Reference is made to the announcement of the Company dated 28 November 2014 in relation to the placing of new shares of the Company under a general mandate. The net proceeds from placing, after deducting professional fees and all related expenses, were approximately HK\$16.34 million.

As at 30 September 2015, the proceeds have been utilised as follows: (i) approximately HK\$10.34 million was used to pay part of the Deposit of the MOU as disclosed in note 11 (a) to the unaudited condensed consolidated financial statement for the establishment of retail network for the sales of the Group's mattress and soft bed products, and (ii) approximately HK\$6 million was used as the general working capital of the Group.

- (iii) On 9 April 2015, a total of 96,400,000 ordinary shares were placed at HK\$0.154 to not less than six placees, an Independent Third Party, pursuant to the terms and conditions of the placing agreement dated 9 April 2015. Reference is made to the announcement of the Company dated 24 April 2015 in relation to the placing of new shares of the Company under a general mandate. The net proceeds from placing, after deducting professional fees and all related expenses, were approximately HK\$14.2 million and not yet utilised as at the date of this report.

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 September 2015, 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 5.67 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	Total number of shares interested	Percentage of shareholding (%)
Mr. Yim Yin Nang (Note 1)	Interest of controlled corporation	67,205,600	67,205,600	11.62%
Mr. Chan Wing Kit ("Mr Chan") (Note 2)	Interest of a controlled corporation Beneficial owner	4,800,000 2,000,000 (long position) (Note 3)	6,800,000	1.18%

Note 1: Platinum Tools Trading Limited is ("Platinum Tools") is 100% owned by Mr. Yim Yin Nang.

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 of the Company 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.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors as at 30 September 2015, 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:

Long positions in Shares

Name of shareholders	Capacity	Number of shares interested	Percentage of shareholding
Platinum Tools Trading Limited (Note 1)	Beneficial owner	67,205,600	11.62%
Mr. Yim Yin Nang (Note 1)	Interest of controlled corporation	67,205,600	11.62%
China Mobile Game and Entertainments Group Limited	Beneficial owner	29,220,000	5.05%

Note:

1. Platinum Tools is 100% owned by Mr. Yim Yin Nang.

Save as disclosed above, as at 30 September 2015, 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 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 is adopted.

Concerning the Share Option Scheme, the maximum number of shares which may be allotted and issued upon the exercise of all options which initially shall not 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.

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 for the period are set out as follow:

OTHER INFORMATION

Grantee	Date granted and vested	Exercisable period (Both dates inclusive)	Exercise price	Outstanding			
				At 1 April 2015	Granted during the period	Lapsed during the period	at 30 September 2015
Director — Mr. Chan	4 Sept 2014	4 Sept 2014 to 3 Sept 2016	0.442	2,000,000	—	—	2,000,000
An Employee	4 Sept 2014	4 Sept 2014 to 3 Sept 2016	0.442	4,000,000	—	4,000,000	—
				<u>6,000,000</u>	<u>—</u>	<u>4,000,000</u>	<u>2,000,000</u>

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 September 2015, 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 2015 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.

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 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 advice and comments to the Directors.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Wai Cheung, Admiral, Mr. Fung Kam Man and Mr. Au-Yeung Hau Cheong. Mr. 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 2015.

The Audit Committee also reviewed the non-compliance quarterly report of the Group for the six months ended 30 September 2015 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 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.

OTHER INFORMATION

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

Yim Yin Nang

CHAIRMAN

Hong Kong, 10 November 2015

As at the date of this report, the executive Directors of the Company are Mr. Yim Yin Nang, Mr. Chan Wing Kit and Mr. Ng Wing Cheong, Stephen; and the independent non-executive Directors of the Company are Mr. Fung Kam Man, Mr. Au-Yeung Hau Cheong and Mr. Chan Wai Cheung, Admiral.