



**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  
**2016**

## **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

Room 602, New World Tower 1, 16–18 Queen's Road Central, Central, Hong Kong

## WEBSITE

[www.jmbedding.com](http://www.jmbedding.com)

## BOARD OF DIRECTORS

### Executive directors

Mr. Hung Cho Sing (*Chairman*)  
(appointed on 23 May 2016)  
Mr. Yim Yin Nang  
Mr. Wong Siu Ki  
Mr. Matthew Chung (appointed on 11 April 2016)

### Independent non-executive directors

Mr. Tang Kin Chor (appointed on 11 April 2016)  
Mr. Chan Chun Wing (appointed on 23 May 2016)  
Ms. Lai Mei Kwan (appointed on 21 September 2016)  
Mr. Au-Yeung Hau Cheng  
(resigned on 11 April 2016)  
Mr. Chan Wai Cheung, Admiral  
(resigned on 23 May 2016)  
Mr. Fung Kam Man (resigned on 21 September 2016)

## AUTHORISED REPRESENTATIVES

Mr. Wong Siu Ki  
Mr. Wong King Chung

## COMPANY SECRETARY

Mr. Wong King Chung

## COMPLIANCE OFFICER

Mr. Wong King Chung

## AUDIT COMMITTEE

Mr. Chan Chun Wing (*Chairman*)  
(appointed on 23 May 2016)  
Mr. Tang Kin Chor  
(appointed on 11 April 2016)  
Ms. Lai Mei Kwan  
(appointed on 21 September 2016)  
Mr. Au-Yeung Hau Cheong  
(resigned on 11 April 2016)  
Mr. Chan Wai Cheung, Admiral  
(resigned on 23 May 2016)  
Mr. Fung Kam Man  
(resigned on 21 September 2016)

## NOMINATION COMMITTEE

Mr. Tang Kin Chor (*Chairman*)  
(appointed on 11 April 2016)  
Mr. Chan Chun Wing (appointed on 23 May 2016)  
Ms. Lai Mei Kwan (appointed on 21 September 2016)  
Mr. Au-Yeung Hau Cheong  
(resigned on 11 April 2016)  
Mr. Chan Wai Cheung, Admiral  
(resigned on 23 May 2016)  
Mr. Fung Kam Man (resigned on 21 September 2016)

## REMUNERATION COMMITTEE

Mr. Lai Mei Kwan (*Chairman*)  
(appointed on 21 September 2016)  
Mr. Tang Kin Chor (*Chairman*)  
(appointed on 11 April 2016)  
Mr. Chan Chun Wing (appointed on 23 May 2016)  
Mr. Au-Yeung Hau Cheong  
(resigned on 11 April 2016)  
Mr. Chan Wai Cheung, Admiral  
(resigned on 23 May 2016)  
Mr. Fung Kam Man (resigned on 21 September 2016)

## AUDITOR

Elite Partners CPA Limited  
(appointed on 12 April 2016)  
BDO LIMITED (resigned on 12 April 2016)

## 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)  
Bank of Communications (Hong Kong)

## STOCK CODE

8101

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



**To the Board of Directors of Jia Meng Holdings Limited**

## INTRODUCTION

We have reviewed the interim financial information set out on pages 6 to 36 which comprise the unaudited condensed consolidated statement of financial position of Jia Meng Holdings Limited as of 30 September 2016 and the related unaudited condensed consolidated statement of comprehensive income for the three months and six months ended 30 September 2016, 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

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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.

### 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 2015; and the unaudited condensed consolidated statement of comprehensive income and the relevant explanatory notes for the three months ended 30 September 2015 disclosed in this interim financial information have not been reviewed by us in accordance with HKSRE 2410.

#### **Elite Partners CPA Limited**

Certified Public Accountants

#### **Siu Jimmy**

Practising Certificate Number P05898

Hong Kong, 11 November 2016

10/F,  
8 Observatory Road,  
Tsim Sha Tsui,  
Kowloon, Hong Kong

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 2016, together with the unaudited comparative figures for the corresponding period in 2015, as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2016

	Notes	Three months ended 30 September		Six months ended 30 September	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	5	<b>14,147</b>	14,051	<b>30,145</b>	40,471
Cost of sales		<b>(11,016)</b>	(8,588)	<b>(24,642)</b>	(28,456)
Gross profit		<b>3,131</b>	5,463	<b>5,503</b>	12,015
Other income	5	<b>4,337</b>	3,359	<b>4,558</b>	3,753
Selling and distribution expenses		<b>(2,405)</b>	(662)	<b>(3,226)</b>	(2,280)
Administrative expenses		<b>(19,340)</b>	(4,481)	<b>(24,475)</b>	(8,914)
Research expenses		<b>(182)</b>	(659)	<b>(364)</b>	(1,978)
Other operating expenses		<b>(5,461)</b>	(6,381)	<b>(5,461)</b>	(6,381)
Fair value gain/(loss) on financial assets at fair value through profit or loss		<b>92,721</b>	(59,883)	<b>152,201</b>	17,107
Share of loss from an associate		<b>(11)</b>	—	<b>(11)</b>	—
Finance costs		<b>(466)</b>	(537)	<b>(1,190)</b>	(919)
Profit/(loss) before income tax (expenses)/credit	6	<b>72,324</b>	(63,781)	<b>127,535</b>	12,403
Income tax (expenses)/credit	7	<b>(15,030)</b>	10,471	<b>(24,291)</b>	(2,254)
Profit/(loss) for the period		<b>57,294</b>	(53,310)	<b>103,244</b>	10,149

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2016

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<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	<b>(5,838)</b>	(2,217)	<b>(2,283)</b>	(1,698)
<b>Total comprehensive income for the period</b>	<b>51,456</b>	(55,527)	<b>100,961</b>	8,451
Profit/(loss) for the period attributable to:				
— Owners of the Company	<b>57,449</b>	(53,257)	<b>103,400</b>	10,199
— Non-controlling interests	<b>(155)</b>	(53)	<b>(156)</b>	(50)
	<b>57,294</b>	(53,310)	<b>103,244</b>	10,149
Total comprehensive income/(expenses) for the period attributable to:				
— Owners of the Company	<b>51,518</b>	(55,435)	<b>101,140</b>	8,535
— Non-controlling interests	<b>(62)</b>	(92)	<b>(179)</b>	(84)
	<b>51,456</b>	(55,527)	<b>100,961</b>	8,451
Earnings/(loss) per share for loss attributable to owners of the Company during the period				
— Basic	8	<b>2.48 cents</b> (9.21) cents	<b>4.45 cents</b>	1.80 cents



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	Notes	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	5,497	5,745
Prepaid premium for land leases		7,626	8,012
Investment properties		193,500	19,000
Goodwill		2,730	—
Interest in an associate		9,244	—
Deferred tax assets		421	692
<b>Total non-current assets</b>		<b>219,018</b>	33,449
<b>Current assets</b>			
Inventories		3,971	2,111
Financial assets at fair value through profit or loss	12	153,299	13,679
Trade and other receivables	11	77,089	70,085
Convertible bonds		1,800	—
Tax receivables		643	345
Cash and cash equivalents	13	22,825	174,467
<b>Total current assets</b>		<b>259,627</b>	260,687
<b>Total assets</b>		<b>478,645</b>	294,136
<b>Current liabilities</b>			
Trade and other payables	14	30,209	10,665
Bank borrowings	15	34,865	36,048
Other borrowings	16	29,000	—
Tax payables		25,653	1,203
<b>Total current liabilities</b>		<b>119,727</b>	47,916

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	Notes	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
<b>Net current assets</b>		<b>139,900</b>	212,771
<b>Total assets less current liabilities</b>		<b>358,918</b>	246,220
<b>Non-current liabilities</b>			
Deferred income	14	3,052	3,157
Deferred tax liabilities		—	256
Total non-current liabilities		3,052	3,413
<b>Total liabilities</b>		<b>122,779</b>	51,329
<b>Net assets</b>		<b>355,866</b>	242,807
<b>Equity</b>			
Share capital	17	60,732	57,840
Reserves		294,809	184,463
Equity attributable to owners of the Company		355,541	242,303
Non-controlling interests		325	504
<b>Total equity</b>		<b>355,866</b>	242,807

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	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
<b>At 1 April 2015</b>	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	2,410	11,579	—	—	—	—	—	—	13,989	—	13,989
<b>At 30 September 2015 (unaudited)</b>	14,460	40,421	10,207	8	6,578	1,034	8,743	42,303	123,754	936	124,690
<b>At 1 April 2016</b>	57,840	131,546	10,207	8	6,578	1,956	8,295	25,873	242,303	504	242,807
Profit/(loss) for the period	—	—	—	—	—	—	—	103,400	103,400	(156)	103,244
Other comprehensive income:											
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	—	—	—	(2,260)	—	(2,260)	(23)	(2,283)
Total comprehensive income for the period	—	—	—	—	—	—	(2,260)	103,400	101,140	(179)	100,961
Issue of ordinary shares by placing	2,892	6,363	—	—	—	—	—	—	9,255	—	9,255
Recognition of equity settled share-based payments	—	—	—	—	—	2,843	—	—	2,843	—	2,843
<b>At 30 September 2016 (unaudited)</b>	60,732	137,909	10,207	8	6,578	4,799	6,035	129,273	355,541	325	355,866

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Net cash generated from operating activities	<b>11</b>	5,514
Net cash used in investing activities	<b>(186,320)</b>	(29,647)
Net cash generated from financing activities	<b>34,675</b>	60,490
Net (decrease)/increase in cash and cash equivalents	<b>(151,634)</b>	36,357
Cash and cash equivalents at beginning of period	<b>174,467</b>	53,373
Effect of foreign exchange rates, net	<b>(8)</b>	(2,198)
Cash and cash equivalents at end of period	<b>22,825</b>	87,532

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

## 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 Min Ying Industrial Zone, Shitan, Zheng Cheng, Guangdong, the People's Republic of China (the "PRC").

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 PRC and export mattress to overseas markets; (ii) securities investment in Hong Kong (iii) property investment in Hong Kong and (iv) money lending in Hong Kong.

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

## 2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the three months and six months ended 30 September 2016 (“2016/17 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 2016.

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 2016.

## 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 2016 (“2015/16 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 2016. The effect of which was not material to the Group’s results of operations of financial position.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 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 2016, the Group principally operates in four 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; (iii) securities investment; and (iv) property investment. During the six months period ended 30 September 2016, due to the disposal of a subsidiary during the year ended 31 March 2016, the chief operating decision maker has removed one segment which is the provision of property management and property agency services. And a new segment which is money lending business was arising from acquisition of Union Bloom Consultants Limited during the six months ended 30 September 2016.

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:

#### For the six months period ended 30 September 2016

	Mattress and soft bed products HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers	28,849	—	642	654	30,145
Reportable segment (loss)/profit	(15,240)	121,871	569	530	107,730
Unallocated other income					—
Unallocated corporate expenses*					(4,486)
Profit for the period					103,244

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 4. SEGMENT INFORMATION (Continued)

#### (a) Reportable segments (Continued)

	Mattress and soft bed products HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Segment assets	90,426	157,682	193,500	22,803	464,411
Unallocated cash and cash equivalents					1,481
Unallocated corporate assets					12,753
Total assets					478,645
Segment liabilities	64,820	54,310	651	168	119,949
Borrowings					—
Unallocated corporate liabilities					2,830
Total liabilities					122,779



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 4. SEGMENT INFORMATION (Continued)

#### (a) Reportable segments (Continued)

	Mattress and soft bed products HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Other segment information					
Interest income	4	—	—	654	658
Interest expense	(1,120)	(70)	—	—	(1,190)
Depreciation of property, plant and equipment	(87)	—	—	—	(87)
Amortisation of prepaid premium for land leases	(123)	—	—	—	(123)
Fair value gain on financial assets at fair value through profit or loss	—	152,201	—	—	152,201
Income tax expense	(31)	(24,082)	(73)	(105)	(24,291)
Impairment of trade and other receivables	(5,461)	—	—	—	(5,461)
Reversal of provision on trade and other receivable	3,918	—	—	—	3,918
Research expenses	(382)	—	—	—	(382)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 4. SEGMENT INFORMATION (Continued)

#### (a) Reportable segments (Continued)

	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)
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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 4. SEGMENT INFORMATION (Continued)

#### (a) Reportable segments (Continued)

	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)
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

\* Unallocated corporate expense for the six months ended 30 September 2015 and 2016 mainly included staff cost and legal and professional fees.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 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	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>Revenue from external customers</b>				
PRC	<b>3,658</b>	2,879	<b>7,206</b>	8,102
Hong Kong	<b>9,089</b>	2,491	<b>9,089</b>	4,244
Other countries	<b>1,400</b>	8,681	<b>13,850</b>	28,125
	<b>14,147</b>	14,051	<b>30,145</b>	40,471

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 4. SEGMENT INFORMATION (Continued)

#### (b) Geographic information (Continued)

(ii)

	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
<b>Non-current assets (other than deferred assets)</b>		
PRC	13,118	12,887
Hong Kong	205,479	19,870
	<b>218,597</b>	32,757

#### (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	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Customer A	3,697	N/A	8,862	12,398
Customer B	N/A	N/A	8,990	N/A
	<b>3,697</b>	N/A	<b>17,852</b>	12,398

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 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	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>Revenue</b>				
Sales of goods	12,950	11,560	28,849	36,227
Property agency fee and property management service fee	—	2,312	—	4,065
Rental income	543	179	642	179
Loan interest income	654	—	654	—
	<b>14,147</b>	14,051	<b>30,145</b>	40,471
<b>Other income</b>				
Interest income	2	35	4	44
Government grants and subsidies (note)	—	92	—	188
Exchange gain	327	3	469	278
Fair value gain on revaluation of investment properties	—	2,789	—	2,789
Reversal of impairment on trade and other receivables	3,918	439	3,918	439
Sundry income	90	1	167	15
	<b>4,337</b>	3,359	<b>4,558</b>	3,753

Note: 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 2016

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

Profit/(loss) before income tax (expenses)/credit is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Cost of inventories recognised as expense	11,016	8,588	24,642	28,456
Depreciation of property, plant and equipment	51	287	87	499
Amortisation of prepaid premium for land leases	123	53	123	109
Operating lease charges on rented premises	166	163	166	236
Impairment of trade and other receivables	5,461	6,381	5,461	6,381
Recognition of equity settled share-based payments	2,843	—	2,843	—
Staff costs (including directors' remuneration):				
— Wages, salaries and bonus	3,798	3,296	5,307	6,199
— Contribution to defined contribution plans	538	654	945	687
	<b>4,336</b>	3,950	<b>6,252</b>	6,886



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 7. INCOME TAX EXPENSE/(CREDIT)

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax — PRC	14	(22)	31	—
Current tax — Hong Kong	1,494	1,448	2,833	2,795
Deferred tax current year	13,522	(11,897)	21,427	(541)
	<b>15,030</b>	<b>(10,471)</b>	<b>24,291</b>	<b>2,254</b>

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 2016 and three months ended 30 September 2015 and 30 September 2016.

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

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 30 September 2016

### **8. EARNINGS/(LOSS) PER SHARE**

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the period attributable to owners of the Company of approximately HK\$57,449,000 and approximately HK\$103,400,000 (2015: HK\$(53,257,000) and HK\$10,199,000) for the three months and six months ended 30 September 2016 and weighted average number of ordinary shares of 2,313,600,000 and 2,323,769,000 (2015: 578,400,000 and 566,284,000) in issue during the three months and six months ended 30 September 2016.

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.

### **9. DIVIDEND**

The Board does not recommend the payment of any dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

### **10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 September 2016, the Group has not incurred capital expenditure (six months ended 30 September 2015: HK\$60,000) on acquisition of property, plant and equipment. There was no material disposal during both periods.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 11. TRADE AND OTHER RECEIVABLES

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Trade receivables	<b>11,053</b>	24,248
Other receivables	<b>46,402</b>	44,859
Prepayments	<b>19,634</b>	978
	<b>77,089</b>	70,085

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.

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

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Within 3 months	<b>6,304</b>	4,493
More than 3 months	<b>4,749</b>	19,755
	<b>11,053</b>	24,248

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Listed equity securities in Hong Kong, at market value	<b>153,299</b>	13,679

As at 31 March 2016 and 30 September 2016, the financial assets at fair value through profit or loss, amounted to approximately HK\$13,679,000 and HK\$153,299,000 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\$17,762,000 as at 30 September 2016 which are denominated in Renminbi ("RMB") (31 March 2016: HK\$3,216,000). RMB is not a freely convertible currency.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 14. TRADE AND OTHER PAYABLES

	30 September 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
<b>Current liabilities</b>		
Trade payables	2,538	1,565
Other payables and accruals	25,157	6,118
Receipt in advance	2,165	2,621
Deferred income (note 5)	349	361
	<b>30,209</b>	10,665
<b>Non-current liabilities</b>		
Deferred income (note 5)	3,052	3,157

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 2016 HK\$'000 (unaudited)	31 March 2016 HK\$'000 (audited)
Within 3 months	885	23
More than 3 months	1,653	1,542
	<b>2,538</b>	1,565

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 15. BANK BORROWINGS

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Secured bank borrowing, repayable within one year	<b>34,865</b>	36,048

During the six months period ended 30 September 2016, the Group as borrower has entered into a facility agreement with a bank in respect of a term loan of HK\$54,000,000 (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 2016, the bank borrowing were repayable within one year and thus were classified as current liabilities.

As at 30 September 2016, the Group's interest-bearing bank borrowings are bearing floating interest rate at 0.85% per annum over benchmark interest rate with outstanding amount of approximately HK\$34,865,000 was guaranteed by a subsidiary of the Company (31 March 2016: HK\$36,048,000).

The Group's interest-bearing bank borrowings as at 30 September 2016 amounted to approximately HK\$34,865,000 is secured by a land use right for a piece of land in PRC with carrying amount of approximately HK\$7,626,000 (31 March 2016: HK\$8,012,000) and three buildings in the PRC with carrying amount of approximately HK\$3,119,000 (31 March 2016: HK\$3,119,000).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 16. OTHER BORROWINGS

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Secured other borrowing, repayable within one year	<b>20,000</b>	—
Unsecured other borrowing, repayable within one year	<b>9,000</b>	—
	<b>29,000</b>	—

As at 30 September 2016, the Group's other borrowings are bearing fixed interest rate of 8% to 12% per annum.

The Group's interest-bearing other borrowings as at 30 September 2016 is secured by corporate guarantee provided by Jia Meng Holdings Limited.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 17. SHARE CAPITAL

	Number of ordinary shares '000	Amount HK\$'000
<b>Authorised:</b>		
At 1 April 2016 and 30 September 2016, ordinary shares of HK\$0.025 each	10,000,000	250,000
<b>Issued and fully paid:</b>		
At 1 April 2016, ordinary shares of HK\$0.025 each	2,313,600	57,840
Issue of ordinary shares for placing (note)	115,680	2,892
<b>At 30 September 2016, ordinary shares of HK\$0.025 each</b>	<b>2,429,280</b>	<b>60,732</b>

Note: On 14 September 2016, the Group completed a placing of 115,680,000 new ordinary shares of HK\$0.025 each at a placing price of HK\$0.08 per placing share for acquisition of 25% of issued share capital of the target company, "Sau San Tong Investment Holdings Limited", together with Proportional Shareholder's Loan.

### 18. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 September 2016 (31 March 2016: Nil).



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 19. 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.

On 24 December 2015, the parties to the Proceeding have reached an agreement to settle the Proceeding. As a result, the restricted Bank Deposits was unfreeze pursuant to the Court Order, and the Proceeding was fully resolved following the settlement of outstanding amount due to the Supplier in January 2016. Save as disclosed above, the Group had no significant contingent liabilities as at 30 September 2016.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 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:

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Within one year	2,089	1,713
Within two to five years	437	1,153
	<b>2,526</b>	2,866

#### As lessor

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

	<b>30 September 2016 HK\$'000 (unaudited)</b>	31 March 2016 HK\$'000 (audited)
Within one year	1,426	—

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 21. ACQUISITION OF SUBSIDIARIES

#### (1) Union Bloom Consultants Limited

On 6 May 2016, the Group has entered into an agreement to acquire the entire equity interest of Union Bloom Consultants Limited, which is a company incorporated in Hong Kong and the principle engaged in money lending, at a consideration of HK\$2,730,000 by cash.

HK\$'000

#### Net assets acquired in this transaction are as follows:

Cash and cash equivalents	6
Trade and other receivables	161
Accruals and other payables	(167)

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Net assets acquired	—
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Consideration satisfied by:

Cash	2,730
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#### An analysis of net cash outflow in respect of the acquisition of a subsidiary is as follow:

Cash consideration	(2,730)
Cash and bank balances acquired	6

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Net cash outflow	(2,724)
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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

### 21. ACQUISITION OF SUBSIDIARIES (Continued)

#### (2) Willing Investments Limited

On 19 May 2016, the Group has entered into an agreement to acquire entire equity interest of Willing Investments Limited, at the consideration of HK\$158,000,000 by cash. The principle business of Willing Investments Limited is investment properties. The acquisition was completed on 31 August 2016 and accounted for as acquisition of assets.

	HK\$'000
<b>Net assets acquired in this transaction are as follows:</b>	
Investment properties (Note)	57,580
Cash and cash equivalents	—
Trade and other receivables	171
Accruals and other payables	(43,124)
<b>Net assets acquired</b>	<b>14,627</b>
Consideration satisfied by:	
Cash	158,000
<b>An analysis of net cash outflow in respect of the acquisition of a subsidiary is as follow:</b>	
Cash consideration	(158,000)
Cash and bank balances acquired	—
<b>Net cash outflow</b>	<b>(158,000)</b>

Note: The fair value of investment properties, which are located in Hong Kong, was approximately HK\$168,000,000 as at 19 May 2016.

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended 30 September 2016

### **22. EVENT AFTER REPORTING PERIOD**

The Group agreed to placing of new shares on best effort basis, up to 462,720,000 new Shares, to no less than six Placees, who and whose ultimate beneficial owners shall be Independent Third Parties, at the price of HK\$0.1 per Placing Share. The placing shares was undertaken by placing agent, Supreme China Securities Limited.

Assuming all the Placing Shares have been placed, the maximum gross proceeds from the Placing will be HK\$46,272,000 and the maximum net proceeds (after deduction of commission payable to the Placing Agent and other expenses incidental to the Placing) will be approximately HK\$44,800,000.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2016 (2015: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

During the period, the turnover of the Group for the six months ended 30 September 2016 was approximately HK\$30.1 million, representing a decrease of approximately 25.5% as compared to the same period in the previous year. The mattresses and soft bed sales has decreased by approximately 20.4% from approximately HK\$36.2 million in the previous period to approximately HK\$28.8 million for the six months ended 30 September 2016. The decrease was both due to 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 21.5% to 14.6%. 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\$15.2 million for the six months ended 30 September 2016 (2015: segment loss approximately HK\$4.7 million). The increase of segment loss of mattress and soft bed business is mainly due to the written off of trade receivables of approximately HK\$5.5 million for the six months ended 30 September 2016 (2015: HK\$6.4 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

Since the Group has adopted diversification approach, it is now currently operating with 4 main segments, and they are: (i) mattress and soft bed products; (ii) securities investment; (iii) property investment; and (iv) money lending. As compare with the same period of last year, the composition of the Group's revenue hasn't been change much, except that the segment of property management and property agency had been disposed. Due to this changes, the contribution of mattresses and soft bed sales over the total revenue has increased from 89.5% to approximately 95.7% for the current 6 months period. The other revenue making segment of property investment has recorded turnover of rental income of approximately HK\$642,000, which is approximately 2.1% of the total revenue. The segment profit is approximately HK\$569,000. As for the money lending segment, the interest income was approximately HK\$654,000, which is approximately 2.1% of the total revenue. The segment profit is approximately HK\$530,000.

Securities investment segment has recorded profit of HK\$121.9 million, representing approximately 753.4% increase from last year of the same period. This was mainly due to both the increase in fund being invested in this segment and the outstanding performance of the segment this year. Fund invested in this segment has been increased by 97.4% from approximately HK\$8.7 million of last year to approximately HK\$17.1 million of this year.

The Group recorded fair value gain on financial assets at fair value through profit or loss approximately HK\$152.2 million for the six months ended 30 September 2016 which included realised and unrealised fair value gain approximately HK\$22.3 million and approximately HK\$129.9 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 6 months of 2016, the Group recognised significant fair value gain from investment in Luen Wong Group Holdings Limited, the shares of which is listed on GEM with listed code of 8217. The investment was acquired at a cost of approximately HK\$2.0 million during the first quarter of 2016. In June 2016, the Group had disposed part of its stock holding and recognized a profit of approximately HK\$2.4 million. Its remaining fair value as at 30 September 2016 is approximately HK\$132.1 million which resulted in a unrealized fair value gain of approximately HK\$130.2 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Significant Investments

As at 30 September 2016, the Group held approximately HK\$153.3 million equity investments at fair value through profit or loss (2015: approximately HK\$13.7 million). Details of the significant investments are as follows:

	Notes	Stock Code	Place of incorporation	Fair value Gain/(loss) HK\$'000	Market Values HK\$'000	Approximate percentage of equity investments at fair value through profit and loss %	Approximate percentage to the net assets %
WLS Holdings Limited	1	08021	Cayman Islands	(360)	4,320	2.8	1.8
Convoy Global Holdings Limited	2	01019	Cayman Islands	(956)	2,415	1.6	1.0
QPL International Holdings Ltd	3	00243	Bermuda	2,174	4,106	2.7	1.7
Luen Wong Group Holdings Limited	4	08217	Cayman Islands	130,232	132,130	86.2	54.4
Millennium Pacific Group Holdings Ltd	5	08147	Cayman Islands	(2,114)	290	0.2	0.1
Wealth Glory Holdings Ltd	6	08269	Cayman Islands	—	—	0.0	0.0
Master Glory Group Limited	7	00275	Bermuda	260	578	0.4	0.2
LEAP Holdings Group Ltd	8	01499	Cayman Islands	159	362	0.2	0.1
Chen Xing Development Holdings Ltd	9	02286	Cayman Islands	(634)	1,282	0.8	0.5
Rui Kang Pharmaceutical Group Investments Limited	10	08037	Bermuda	(13)	737	0.5	0.3
China Information Technology Development Ltd	11	08178	Cayman Islands	754	2,859	1.9	1.2
Deson Construction International Holdings Limited	12	08268	Cayman Islands	297	2,385	1.6	1.0
Shun Wo Group Holdings Limited	13	01591	Cayman Islands	63	1,836	1.2	0.8



## MANAGEMENT DISCUSSION AND ANALYSIS

### Notes:

1. WLS Holdings Limited was principally engaged in the provision of scaffolding and fitting out services, management contracting services, and other services for construction and buildings work, money lending business and securities investment business. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$796,187,000 as at 30 April 2016.
2. Convoy Global Holdings Limited was primarily engaged in the IFA business, money lending business, proprietary investment business, asset management business, corporate finance business and securities dealing business. Dividend and distribution income HK\$38,079,000 was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$4,945,812,000 as at 30 June 2016.
3. QPL International Holdings Limited was principally engaged in the manufacture and sale of integrated circuit leadframes, heatsinks and stiffeners and investment holding. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$748,846,000 as at 30 April 2016.
4. Luen Wong Group Holdings Limited was principally engaged in the provision of civil engineering works. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$27,095,000 as at 31 March 2016.
5. Millennium Pacific Group Holdings Limited was principally engaged in research and development, manufacture, sale of electronic devices, provision of e-commerce and investment holdings business. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$31,333,000 as at 30 June 2016.
6. Wealth Glory Holdings Limited was principally engaged in the manufacture and sale of fresh and dried noodles; investment in coal trading business; trading of natural resources and commodities; development and promotion of brands, design, manufacture and sale of trendy fashion merchandises and other consumer products; investment in securities; and money lending business. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$222,694,000 as at 31 March 2016.
7. Master Glory Group Limited was principally engaged in property development and trading, industrial water supply business, trading of securities and the holding of other strategic investments. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$3,736,066,000 as at 31 March 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

8. Leap Holdings Group Limited was principally engaged in provision of foundation works and ancillary services and construction wastes handling. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$166,461,000 as at 31 March 2016.
9. Chen Xing Development Holdings Limited was principally engaged in property development with focuses on development projects of residential and commercial properties. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately RMB\$957,360,000 as at 30 June 2016.
10. Rui Kang Pharmaceutical Group Investments Limited was principally engaged in (i) manufacture, research and development, sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; (ii) provision of medical laboratory testing services and health check services in Hong Kong; and (iii) trading of securities in Hong Kong. The manufacture and sale of consumer cosmetics and health supplement wine, and trading of dental materials and equipment in the PRC were regarded as discontinued operation. Dividend and income HK\$4,198,000 was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$320,014,000 as at 30 June 2016.
11. China Information Technology Development Limited was principally engaged in the development and sale of computer software and hardware, the provision of system integration and related support services in the People's Republic of China (the "PRC"). No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$ 584,193,000 as at 30 June 2016.
12. Deson Construction International Holdings Limited was principally engaged as a contractor in the construction business to provide building construction works, electrical and mechanical engineering works and alterations, addition, renovation, refurbishment and fitting-out works, mainly in Hong Kong, Mainland China and Macau. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$ 35,906,000 as at 31 March 2016.
13. Shun Wo Group Holdings Limited is an investment holding company. Its subsidiaries were principally engaged as contractor of foundation works in Hong Kong. The foundation works undertaken by the Group mainly included ELS works, socketed H-piling and mini-piling works and pile caps construction works. Their services are mainly required in the construction of residential, industrial and commercial buildings. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$62,029,000 as at 31 March 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2016, the Group disposed some of the investments on market and the sales proceeds generated from the investments in marketable securities amounted to approximately HK\$67.1 million and income recognised in revenue for the amount of HK\$22.3 million.

Details of the transactions are as follows:

	Stock code	Place of incorporation	Sales proceeds HK\$'000	Realised gain/(loss) HK\$'000
GET Holdings Ltd	08100	Cayman Islands	742	20
AP Rentals Holdings Ltd	01496	Cayman Islands	2,662	390
Hypebeast Ltd	08359	Cayman Islands	1,794	481
Expert Systems Holdings Ltd	08319	Cayman Islands	6,307	2,266
Huisheng International Holdings Ltd	01340	Cayman Islands	3,366	36
Ever Harvest Group Holdings Limited	01549	Cayman Islands	1,625	34
Royal Catering Group Holdings Company Limited	08300	Cayman Islands	5,734	4,234
CROSSTEC Group Holdings Limited	03893	Cayman Islands	1,649	134
GCL New Energy Holdings Limited	00451	Bermuda	2,093	80
Wan Kei Group Holdings Limited	01718	Cayman Islands	679	(24)
Easy One Financial Group Limited	00221	Cayman Islands	465	(27)
Sino Haijing Holdings Ltd	01106	Cayman Islands	2,867	(134)
Sunrise (China) Technology Group Limited	08226	Cayman Islands	408	67
Hanny Holdings Limited	00275	Bermuda	4,238	1,355
LEAP Holdings Group Limited	01499	Cayman Islands	18,423	8,050
Chen Xing Development Holdings Ltd	02286	Cayman Islands	936	404
Rui Kang Pharmaceutical Group Investments Limited	08037	Bermuda	2,098	80
Wealth Glory Holdings Ltd	08269	Cayman Islands	4,489	531
QPL International Holdings Ltd	00243	Bermuda	4,096	2,013
Luen Wong Group Holdings Limited	08217	Cayman Islands	2,472	2,348

## MANAGEMENT DISCUSSION AND ANALYSIS

In view of the recent volatile and weakness in the stock market, the Board will adopt cautious measures to manage the Group's investment portfolio with an aim to provide positive return to the Group in the near future.

The gross profit for mattresses and soft bed sales was approximately HK\$4.2 million for the six months ended 30 September 2016, which represents a approximately 45.9% decrease from the corresponding period in 2015. It reflects the substantially thinner margin for the mattresses and soft bed business. Gross profit decreased from approximately HK\$7.8 million for the six months ended 30 September 2015 to approximately HK\$4.2 million this year. The other three business segments do not have variable cost that is directly related to their respective turnover, and hence not relevant for gross profit analysis.

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 2016, the Group's administrative expenses increase significantly to approximately HK\$24.5 million compared to approximately HK\$8.9 million for the corresponding period of last year, representing an increase of approximately 174.6%. The increase was mainly due to the increase of the administrative expense. This is in line with the Group's diversification strategy, which incurred more legal and professional fees for various corporate exercises.

Selling and distribution expenses for the six months ended 30 September 2016 was approximately HK\$3.2 million comparing to approximately HK\$2.3 million in 2015, representing an increase of approximately 41.5%. the increase reflecting both the increase of the selling cost for the industry in general and more resources were devoted into selling and marketing activities due to lack of product differentiation of mattresses and soft bed products.

## MANAGEMENT DISCUSSION AND ANALYSIS

Other operating expenses of approximately HK\$5.5 million represent bad debt written off, impairment of trade and other receivables.

The Group recorded a net profit of approximately HK\$103.2 million for the six months ended 30 September 2016 (2015: HK\$10.1 million).

### Business Review and Prospect

For the mattress and soft bed sales business, PRC domestic and global market had continued suffering from the economic downward spiral. It is inevitable to expect the market for the remaining of the year will continue to be as challenging as last year. Since the Group had already foreseen the difficult time in this year, we had dedicated our effort to improve our sales channel and network to maintain sales momentum. In addition, more resources were devoted to retain existing customers. The target is still to shorten the receivables cycle and improve the recoverability of trade receivables. And, the management has successfully contained the long outstanding trade receivable situation.

The property market in Hong Kong has experienced a slightly rebound during the year and the Group had invested HK\$177 million in office properties during the period. Such investment not only would generate stable rental income for the Group, it is also an effective strategy in time of economic turmoil to avoid risk and preserve capital. Regarding to the securities investment segment, it has shown very encourage results recently. Even though such outstanding performance may not be easy to sustain, the management believes that we would continue do well with a little more cautious toward the potential extreme volatility of the change in share prices. Overall, the diversification of the Group business shall continue, and the management will continue to look for good investment projects that broaden income source and maximise the return to the shareholders of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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), 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>Approximate amount of net proceeds utilised up to 30 September 2016 (HK\$ in million)</b>	<b>Approximate amount of net proceeds unutilised up to 30 September 2016 (HK\$ in million)</b>	<b>Approximate amount of net proceeds unutilised up to 30 September 2016 (HK\$ in million)</b>
Participate in overseas trade fairs	3.2	3.0	0.2
Production design, research and development and hire of new designer	2.4	2.4	0.0
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	0.0
<b>Total</b>	<b>13.4</b>	<b>7.9</b>	<b>5.5</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

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

- (i) On 11 December 2014, a total of 80,000,000 ordinary shares at HK\$0.213 were placed to not less than six places, 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. The proceeds have been used as the general working capital of the Group.
- (ii) On 9 April 2015, a total of 96,400,000 ordinary shares were placed at HK\$0.154 to not less than six places, an Independent Third Party, pursuant to the terms and conditions of the placing agreement dated 9 April 2015. The net proceeds from placing, after deducting professional fees and all related expenses, were approximately HK\$14.2 million. The proceeds have been used as the general working capital of the Group.
- (iii) 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. The net proceeds from the rights issue, after deducting professional fees and all related expenses, were approximately HK\$134.5 million and approximately HK\$85 million was used for the acquisition of properties in Hong Kong for retail purpose; and approximately HK\$20 million was used for the further development of the existing and future business of the Group.

## 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 30 September 2016, 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 interest	Number of shares	Number of underlying shares	Percentage of shareholding %
Mr. Wong Siu Ki	Beneficial owner	12,000,000	(Note 1)	0.49%
Mr. Hung Cho Sing	Beneficial owner	23,136,000	(Note 1)	0.95%

Note 1: 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 30 September 2016, there was no person 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.



## OTHER INFORMATION

### 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).

## OTHER INFORMATION

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	At 1 April 2016	Granted during the period	Lapsed during the period	Adjusted during the effective of open offer	Outstanding at 30 September 2016
Director — Mr. Chan	4 Sept 2014	4 Sept 2014 to 3 Sept 2016	0.396	2,234,234	—	(2,234,234)	—	—
Director — Mr. Wong	12 Jan 2016	12 Jan 2016 to 11 Jan 2018	0.079	12,000,000	—	—	—	12,000,000
Director — Mr. Hung	8 Sept 2016	8 Sept 2016 to 7 Sept 2021	0.087	—	23,136,000	—	—	23,136,000
An employee A	12 Jan 2016	12 Jan 2016 to 11 Jan 2018	0.079	20,000,000	—	—	—	20,000,000
An employee A	8 Sept 2016	8 Sept 2016 to 7 Sept 2021	0.087	—	3,136,000	—	—	3,136,000
An employee B	8 Sept 2016	8 Sept 2016 to 7 Sept 2021	0.087	—	23,136,000	—	—	23,136,000
Consultant	8 Sept 2016	8 Sept 2016 to 7 Sept 2021	0.087	—	23,136,000	—	—	23,136,000
				34,234,234	72,544,000	(2,234,234)	—	104,544,000

## **OTHER INFORMATION**

### **DIRECTORS' INTERESTS IN CONTRACTS**

No contracts of significance in relation to the Group's business to which the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the six months ended 30 September 2016 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.



## **OTHER INFORMATION**

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Chun Wing, Mr. Lai Mei Kwan and Mr. Tang Kin Chor. Mr. Chan Chun Wing 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 2016.

The Audit Committee also reviewed the non-compliance quarterly report of the Group for the six months ended 30 September 2016 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**  
**Hung Cho Sing**  
CHAIRMAN

Hong Kong, 11 November 2016

*As at the date of this report, the executive Directors are Mr. Hung Cho Sing, Mr. Yim Yin Nang, Mr. Wong Siu Ki and Mr. Matthew Chung; and the independent non-executive Directors are Ms. Lai Mei Kwan, Mr. Tang Kin Chor and Mr. Chan Chun Wing.*