



**JIA MENG  
HOLDINGS LIMITED**  
**家夢控股有限公司**

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

Stock Code: 8101

THIRD QUARTERLY REPORT  
**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 higher investment risk may be attached than other companies listed on the Stock Exchange. 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.*

*This report will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of seven days from the date of its publication and on the website of the Company at [www.jmbedding.com](http://www.jmbedding.com).*



# CONTENTS

	PAGE(S)
CORPORATE INFORMATION	3
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7
MANAGEMENT DISCUSSION AND ANALYSIS	21
OTHER INFORMATION	29

# 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)  
Mr. Wong Pak Kan Martin  
(appointed on 20 December 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 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)

## 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

Ms. Lai Mei Kwan (Chairman)  
(appointed on 21 September 2016)  
Mr. Tang Kin Chor (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

The Board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 December 2016, together with the unaudited comparative figures for the corresponding periods in 2015, as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2016

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Continuing operations					
Revenue	5	10,650	16,097	40,795	52,503
Cost of sales		(8,023)	(13,748)	(32,665)	(42,205)
Gross profit		2,627	2,349	8,130	10,298
Other income	5	860	—	5,418	3,696
Selling and distribution expenses		(138)	(995)	(3,364)	(3,275)
Administrative expenses		(4,195)	(4,156)	(28,670)	(11,425)
Research expenses		—	21	(364)	(1,956)
Other operating expenses		92	72	(5,369)	(6,310)
Fair value gain/(loss) on financial assets at fair value through profit or loss		69,474	4,329	221,675	21,436
Share of loss from an associate		(56)	—	(67)	—
Finance costs		(1,136)	(837)	(2,326)	(1,757)
Profit/(loss) before income tax from continuing operation credit/(expenses)		67,528	783	195,063	10,707
Income tax credit/(expenses)	6	(11,050)	(834)	(35,341)	(2,679)
Profit/(loss) for the period from continuing operation		56,478	(51)	159,722	8,028

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2016

NOTES	Three months ended 31 December		Nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>Discontinued operation</b>				
Profit for the period from discontinued operation	—	2,678	—	4,747
Profit/(loss) for the period	<b>56,748</b>	2,627	<b>159,722</b>	12,775
<b>Profit/(loss) for the period attributable to owners of the Company:</b>				
— from continuing operation	<b>56,463</b>	(33)	<b>159,864</b>	8,096
— from discontinued operation	—	2,678	—	4,747
	<b>56,463</b>	2,645	<b>159,864</b>	12,843
<b>Profit/(loss) for the period attributable to non-controlling interests:</b>				
— from continuing operation	<b>15</b>	(18)	<b>(142)</b>	(68)
— from discontinued operation	—	—	—	—
	<b>15</b>	(18)	<b>(142)</b>	(68)
(Loss)/earnings per share	8			
From continuing and discontinued operation				
— Basic	<b>HK\$2.13 cents</b>	HK\$0.13 cents	<b>HK\$6.57 cents</b>	HK\$1.22 cents
— Diluted	<b>HK\$2.07 cents</b>	HK\$0.13 cents	<b>HK\$6.34 cents</b>	HK\$1.22 cents
From continuing operations				
— Basic	<b>HK\$2.13 cents</b>	HK\$(0.002) cents	<b>HK\$6.57 cents</b>	HK\$0.77 cents
— Diluted	<b>HK\$2.07 cents</b>	HK\$(0.002) cents	<b>HK\$6.34 cents</b>	HK\$0.77 cents
From discontinued operation				
— Basic	<b>N/A</b>	HK\$0.13 cents	<b>N/A</b>	HK\$0.45 cents
— Diluted	<b>N/A</b>	HK\$0.13 cents	<b>N/A</b>	HK\$0.45 cents

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2016

	Three months ended		Nine months ended	
	31 December 2016	2015	31 December 2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive				
Income that may be reclassified				
subsequently to profit or loss:				
Exchange differences arising				
on translation of financial				
statements of foreign				
operation	<b>(1,365)</b>	(787)	<b>(3,624)</b>	(2,487)
Total comprehensive income for	<b>55,113</b>	1,840	<b>156,098</b>	10,288
the period				
Total comprehensive income for				
the period attributable to				
owners of the Company:				
— from continuing operation	<b>55,122</b>	(801)	<b>156,286</b>	5,662
— from discontinued	—	2,679	—	4,747
operation				
	<b>55,122</b>	1,878	<b>156,286</b>	10,409
Total comprehensive income for				
the period attributable to				
non-controlling interests:				
— from continuing operation	<b>(9)</b>	(38)	<b>(188)</b>	(121)
— from discontinued	—	—	—	—
operation				
	<b>(9)</b>	(38)	<b>(188)</b>	(121)

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 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 are (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 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

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



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

For the nine months ended 31 December 2016

### **3. ACCOUNTING POLICIES**

The accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 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 or 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 nine months ended 31 December 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 nine months period ended 31 December 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 nine months ended 31 December 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 period ended 31 December 2016

	Three months ended 31 December				
	Continuing operations				
	Mattress and soft bed products	Property investment	Securities investment	Money lending	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue from external customers	9,385	840	—	425	10,650
Reportable segment profit	1,615	479	55,772	352	58,218
Unallocated other income					—
Unallocated corporate expenses*					(1,740)
Profit for the period					56,478

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2016

### 4. SEGMENT INFORMATION (Continued)

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

##### For the period ended 31 December 2016 (Continued)

	Nine months ended 31 December				
	Continuing operations				
	Mattress and soft bed products	Property investment	Securities investment	Money lending	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from external customers	38,234	1,482	—	1,079	40,795
Reportable segment (loss)/profit	(13,625)	1,048	177,643	882	165,948
Unallocated other income					—
Unallocated corporate expenses*					(6,226)
Profit for the period					159,722

##### For the period ended 31 December 2015

	Three months ended 31 December				Total HK\$'000 (unaudited)
	Continuing operations			Discontinuing operations	
	Mattress and soft bed products	Property investment	Securities investment	Property management and property agency services	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Revenue from external customers	15,828	269	—	2,359	18,456
Reportable segment (loss)/profit	(1,470)	205	3,183	892	2,810
Unallocated other income					1,787
Unallocated corporate expenses*					(1,970)
Profit for the period					2,627

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2016

### 4. SEGMENT INFORMATION (Continued)

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

For the period ended 31 December 2015 (Continued)

	Nine months ended 31 December				
	Continuing operations			Discontinuing operations	
	Mattress and soft bed products	Property investment	Securities investment	Property management and property agency services	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue from external customers	52,055	448	—	6,424	58,927
Reportable segment (loss)/profit	(6,130)	2,676	17,463	2,960	16,969
Unallocated other income					5,488
Unallocated corporate expenses*					(9,682)
Profit for the period					12,775

\* Unallocated corporate expenses for the nine months ended 31 December 2015 and 2016 mainly included staff cost and legal and professional fees.

#### (b) Geographic information

	Three months ended 31 December		Nine months ended 31 December	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue from external customers				
PRC	4,874	8,927	10,949	17,029
Hong Kong	1,265	2,629	2,561	6,873
USA	—	—	8,538	12,260
Other countries	4,511	6,900	18,747	22,765
	10,650	18,456	40,795	58,927

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2016

### 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		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Customer A	2,012	N/A	12,314	12,260
Customer B	N/A	N/A	10,451	N/A
	2,012	N/A	22,765	12,260

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 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		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing operations				
<b>Revenue</b>				
Sales of goods	9,385	15,828	38,234	52,055
Loan interest income	425	—	1,079	—
Rental income	840	269	1,482	448
	<b>10,650</b>	16,097	<b>40,795</b>	52,503
<b>Other Income</b>				
Interest income	21	—	25	44
Government grants and subsidies (note (a))	—	—	—	188
Exchange gain	66	—	535	221
Fair value gain on revaluation of investment properties	—	—	—	2,789
Reversal of impairment on trade and other receivables	—	—	3,918	439
Sundry income	773	—	940	15
	<b>860</b>	—	<b>5,418</b>	3,696

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2016

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing operations				
Current tax — PRC	<b>82</b>	148	<b>113</b>	148
Current tax — Hong Kong	<b>1,771</b>	680	<b>4,604</b>	3,066
Deferred tax current year	<b>9,197</b>	6	<b>30,624</b>	(535)
	<b>11,050</b>	834	<b>35,341</b>	2,679

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 nine months ended 31 December 2016 and three months ended 31 December 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 nine months ended 31 December 2016

### 7. DISCONTINUED OPERATION

A discontinued operation is a component of the Group that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. It represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

On 30 December 2015, the Group had, through its indirect wholly-owned subsidiary, Colorful Focus Limited (the "Vendor") entered into a disposal agreement ("Disposal Agreement") with Wise Link International Limited, an independent third party. Pursuant to the Disposal Agreement, the Vendor disposed the entire issued share capital of Full Profit Property Services Company Limited (the "Full Profit"), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company at HK\$6,000,000. Since then, the Group ceased its provision of property management and property agency services. The disposal was completed on 30 December 2015.

The results of the discontinued operation have been presented separately in the condensed consolidated income statement as this segment represents a major line of business that has been disposed.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2016

### 7. DISCONTINUED OPERATION (Continued)

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	—	2,359	—	6,424
Cost of sales	—	—	—	—
Gross profit	—	2,359	—	6,424
Other income	—	—	—	5
Selling and distribution expenses	—	—	—	—
Administrative expenses	—	(1,291)	—	(2,884)
Profit before income tax	—	1,068	—	3,545
Income tax expenses	—	(176)	—	(585)
	—	892	—	2,960
Profit for the period attributable to:				
— Owners of the Company	—	892	—	2,960
— Non-controlling interests	—	—	—	—
	—	892	—	2,960

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2016

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

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share				
— Continuing operations	<b>56,463</b>	(33)	<b>159,864</b>	8,096
— Discontinued operations	—	2,678	—	4,747
Total profit/(loss) from continuing and discontinued operations	<b>56,463</b>	2,645	<b>159,864</b>	12,843

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2016

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

	Number of shares			
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
'000	'000	'000	'000	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<b>2,654,353</b>	2,030,687	<b>2,434,749</b>	1,056,193
Effect of dilutive potential ordinary shares:				
Share options	<b>78,807</b>	—	<b>88,175</b>	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>2,733,160</b>	2,030,687	<b>2,522,924</b>	1,056,193

### 9. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2016 (2015: Nil).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2016

### 10. SHARE CAPITAL

	Number of ordinary share '000	Amount HK\$000
Authorised:		
At 1 April 2016 and 31 December 2016, ordinary shares of HK\$0.025 each	10,000,000	250,000
Issued and Fully paid:		
At 1 April 2016, ordinary shares of HK\$0.025 each	2,313,600	57,840
Issue of ordinary shares for placing (note (a))	115,680	2,892
Issue of ordinary shares for placing (note (b))	462,720	11,568
At 31 December 2016, ordinary shares of HK\$0.025 each	2,892,000	72,300

Note (a): 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\$0.1 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.

Note (b): On 11 November 2016, the Group completed a placing of 462,720,000 new ordinary shares of HK\$0.025 each at a placing price of HK\$0.1 per placing share.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2016

## 11. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Equity attributable to owners of the Company									Non- controlling interests	Total equity
	Share capital	Share premium	Capital reserves	Merger reserves	Statutory reserves	Share option reserves	Translation reserves	Retained earnings	Total		
	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 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	—	—	—	—	—	—	—	12,843	12,843	(68)	12,775
Other comprehensive income: Exchange differences arising on translation of financial statements of foreign operations	—	—	—	—	—	—	(2,432)	—	(2,432)	(55)	(2,487)
Total comprehensive income for the period	—	—	—	—	—	—	(2,432)	12,843	10,411	(123)	10,288
Issue of ordinary shares by placing	2,410	11,579	—	—	—	—	—	—	13,989	—	13,989
Issue of ordinary shares by Rights Issue	43,380	91,125	—	—	—	—	—	—	134,505	—	134,505
At 31 December 2015 (unaudited)	57,840	131,546	10,207	8	6,578	1,034	7,975	44,947	260,135	897	261,032
At 1 April 2016	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	—	—	—	—	—	—	—	159,864	159,864	(142)	159,722
Other comprehensive income: Exchange differences arising on translation of financial statements of foreign operations	—	—	—	—	—	—	(3,624)	—	(3,624)	(46)	(3,670)
Total comprehensive income for the period	—	—	—	—	—	—	(3,624)	159,864	156,240	(188)	156,052
Issue of ordinary shares by placing (Note)	14,460	41,922	—	—	—	—	—	—	56,382	—	56,382
Recognition of equity settled share-based payments	—	—	—	—	—	2,843	—	—	2,843	—	2,843
At 31 December 2016 (unaudited)	72,300	173,468	10,207	8	6,578	4,799	4,671	185,737	457,768	316	458,084

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\$0.1 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.

On 11 November 2016, the Group completed a placing of 462,720,000 new ordinary shares of HK\$0.025 each at a placing price of HK\$0.1 per placing share

# MANAGEMENT DISCUSSION AND ANALYSIS

## DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2016 (2015: Nil).

## Reserves

Movements in the reserves of the Group for the nine months ended 31 December 2015 and 2016 are set out in the note 11 to the condensed consolidated financial statements.

## Financial Review

Chinese economy advanced 6.8% year-on-year in Q4 2016, which is the strongest expansion since the fourth quarter 2015. However, considering full 2016, the economy expanded only 6.7 percent, which is lower than 6.9 percent in 2015. It is the weakest full-year growth since 1990. While the challenge remains, Chinese economy seems stopped from the previous rapid dropping. Accordingly, the turnover of the Group for the nine months ended 31 December 2016 has dropped in moderate fashion of approximately 22.3% from HK\$52.5 million in 2015 to approximately HK\$40.8 million. The turnover from mattresses and soft bed sales has decreased by approximately 26.6% from approximately HK\$52.1 million in the same period of last year to approximately HK\$38.2 million for the nine months ended 31 December 2016. The decrease reflected the general weaken market demand. Nevertheless, the net profit of the Group had improved from the same nine months period of last year. The unaudited consolidated net profit of the Group for the nine months ended 31 December 2016 has improved from last year profit of approximately HK\$12.8 million to this year profit of approximately HK\$159.7 million. This was mainly attributed to the exceptionally well performance of the securities investment segment. The details of the performance of each segment are discussed in the following paragraph.

## MANAGEMENT DISCUSSION AND ANALYSIS

There is a new segment being introduced in this period, which is the money lending business.

For property investment business, after the disposal of China Universal Limited in last financial year, the Group has shifted its property investment focus back to core areas in Hong Kong, and it has recorded turnover of HK\$1.5 million for the nine months ended 31 December 2016, which is approximately 230.8% increase from last year. This is due to the Group has increased significantly in its investment in investment property.

Securities investment business has recorded segment profit of HK\$177.6 million for the nine months ended 31 December 2016, representing approximately 917.3% increase from previous period. The Group recorded fair value gain on financial assets at fair value through profit or loss approximately HK\$221.7 million for the nine months ended 31 December 2016 which included realised and unrealised fair value gain approximately HK\$26.3 million and HK\$195.4 million respectively. Which represent approximately 934.1% increase from the fair value gain on financial asset at fair value through profit loss of approximately HK\$21.4 million of last year. The fair value gain mainly arose from the Group's investment on shares listed on the Hong Kong Stock Exchange. During the first 9 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 31 December 2016 was approximately HK\$163.5 million which resulted in a unrealized fair value gain of approximately HK\$161.6 million.

Gross profit of mattresses and soft bed sales decreased from approximately HK\$9.9 million for the nine months ended 31 December 2015 to approximately HK\$5.6 million this year. The gross profit margin, has also decreased to approximately 14.6% from approximately 18.9% recorded in the corresponding period in 2015. The segment loss from mattress and soft bed business is approximately HK\$13.6 million for the nine months ended 31 December 2016 (2015: segment loss approximately HK\$6.1 million). The decrease in segment profit of mattress and soft bed business is in line with the unfavorable economy situation in China during the period.

## MANAGEMENT DISCUSSION AND ANALYSIS

The administrative expenses of the Group primarily comprised expenses incurred for the professional fee, staff costs and social insurance cost. For the nine months ended 31 December 2016, the Group's administrative expenses increased significantly to approximately HK\$28.7 million compared to approximately HK\$11.4 million for the corresponding period of last year, representing an increase of approximately 150.9%. The increase was mainly attributable to bad debt written off, legal and professional fees for various corporate exercises and higher running cost for newly acquired investment properties.

Selling and distribution expenses for the nine months ended 31 December 2016 was approximately HK\$3.4 million comparing to approximately HK\$3.3 million in 2015, representing an increase of approximately 2.7%.

Other operating expenses of approximately HK\$5.3 million (2015: HK\$6.3 million) 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\$5.3 million provision was made for the nine months ended 31 December 2016.



## MANAGEMENT DISCUSSION AND ANALYSIS

### SIGNIFICANT INVESTMENTS

As at 31 December 2016, the Group held approximately HK\$222.3 million equity investments at fair value through profit or loss (2015: approximately HK\$9.0 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 %
Convoy Global Holdings Limited	1	01019	Cayman Islands	(1,046)	2,324	1.0%	1.0%
QPL International Holdings Ltd	2	00243	Bermuda	876	2,808	1.3%	1.2%
Luen Wong Group Holdings Limited	3	08217	Cayman Islands	161,622	163,520	73.6%	67.3%
LEAP Holdings Group Ltd	4	01499	Cayman Islands	(122)	5,481	2.5%	2.3%
Deson Construction International Holdings Limited	5	08268	Cayman Islands	1,032	5,307	2.4%	2.2%
K W Nelson Interior Architect Group Limited	6	08411	Cayman Islands	35,831	37,185	16.7%	15.3%
Individual investment less than 1% of net assets of the Group				(2,779)	5,671	2.6%	2.3%

## MANAGEMENT DISCUSSION AND ANALYSIS

### Notes:

1. Convoy Financial Holdings Limited was principally engaged in the IFA business, money lending business, proprietary investment business, asset management business, corporate finance business and securities dealing business. Dividend of approximately 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.
2. QPL International Holdings Limited was principally engaged in the manufacture and sale of integrated circuit leadframes, heatsinks and stiffeners, securities trading 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\$754,371,000 as at 31 October 2016.
3. Luen Wong Group Holdings Limited was principally engaged in the provision of civil engineering works 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\$87,878,000 as at 30 September 2016.
4. Leap Holdings Group Limited was principally engaged in provision of foundation works and ancillary services, provision of construction wastes handling, 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\$346,636,000 as at 30 September 2016.
5. Deson Construction International Holdings Limited was principally engaged as contractor in the building industry operating in Hong Kong. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$82,418,000 as at 30 September 2016.
6. K W Nelson Interior Architect Group Limited is an interior decorator based in Hong Kong, focusing on commercial premises including office and retail space mainly located in Hong Kong. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$50,139,000 as at 30 June 2016.

During the nine months ended 31 December 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\$89.5 million and income recognised in revenue for the amount of HK\$29.5 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

Details of the transactions are as follows:

	Stock code	Place of incorporation	Sales proceeds HK\$'000	Realised gain/(loss) HK\$'000
Expert Systems Holdings Ltd	08319	Cayman Islands	6,307	2,264
Royal Catering Group Holdings Company Limited	08300	Cayman Islands	5,734	4,249
Goal Forward Holdings Limited	08240	Cayman Islands	5,767	3,538
Allied Sustainability and Environmental Consultants Group Limited	08320	Cayman Islands	4,796	2,636
Master Glory Group Limited	00275	Bermuda	4,672	1,542
LEAP Holdings Group Limited	01499	Cayman Islands	18,423	7,344
QPL International Holdings Ltd	00243	Bermuda	4,096	2,013
Luen Wong Group Holdings Limited	08217	Cayman Islands	2,472	2,348
Investment with individual realised gain/(loss) less than HK\$1,000,000			37,185	3,614

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.

### Business Review and Prospect

Since the management had already foreseen the greater economic downturn in 2016 a year ago, various diversification measures had been put into places to mitigate the risk of over reliance on PRC mattresses and soft bed sales business. During the period under review, the Group has invested approximately HK\$158 million in acquiring an office property in Central. The Group has also further invested approximately HK\$28.3 million in securities trading business, which is roughly 2.3 times of the amount being invested in 2015. A new segment of money lending business was started in May 2016 to generate steady interest income. The management will continue its endeavor to explore new opportunities and new business model to invest and to maximize the return of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF PROCEEDS FROM THE PLACING OF SHARES DURING IPO

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 31 December 2016</b>	<b>Approximate amount of net proceeds unutilised up to 31 December 2016</b>
<b>Net proceeds</b> (HK\$ in million)	<b>(HK\$ in million)</b>	<b>(HK\$ in million)</b>
Participate in overseas trade fairs	3.2	0.1
Production design, research and development and hire of new designer	2.4	—
Enter into distributorship arrangement with our specialty retailers and promote our brand image and products with them	2.0	0.7
Construct new production facility	4.6	4.6
General working capital	1.2	—
<b>Total</b>	<b>13.4</b>	<b>5.4</b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

On 11 November 2016, a total of 462,720,000 ordinary shares at HK\$0.1 were placed to not less than six places, an Independent Third Party, pursuant to the terms and conditions of the placing agreement dated 26 October 2016. Reference is made to the announcement of the Company dated 26 October 2016 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\$44.80 million. Approximately HK\$20.6 million of the net proceeds had been utilized for the repayment of loan, the balance was used for general working capital purpose.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

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

As at 31 December 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 interested	Number of shares	Number of underlying shares	Percentage of shareholding %
Mr. Wong Siu Ki	Beneficial owner	12,000,000	(Note 1)	0.41%
Mr. Hung Cho Sing	Beneficial owner	23,136,000	(Note 1)	0.80%

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.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors as at 31 December 2016, 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.

<b>Name of shareholders</b>	<b>Capacity</b>	<b>Number of shares interested</b>	<b>Percentage of shareholdings</b>
Sau San Tong China Development Limited (“SSTCDL”)	Beneficial owner	221,728,000	7.67%
Sau San Tong Holdings Limited (“SSTHL”)	Interest in controlled corporation (Note)	221,728,000	7.67%

Note: SSTCDL is a company incorporated in the BVI and is wholly owned by SSTHL. SSTHL is deemed to be interested in the shares beneficially owned by SSTCDL.

Save as disclosed above, as at 31 December 2016, 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.

## OTHER INFORMATION

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.



## OTHER INFORMATION

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.

### Share option scheme

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 31 December 2016
Director — Mr. Chan	4 Sep 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 Sep 2016	8 Sep 2016 to 7 Sep 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 Sep 2016	8 Sep 2016 to 7 Sep 2021	0.087	—	3,136,000	—	—	3,136,000
An employee B	8 Sep 2016	8 Sep 2016 to 7 Sep 2021	0.087	—	23,136,000	—	—	23,136,000
Consultant	8 Sep 2016	8 Sep 2016 to 7 Sep 2021	0.087	—	23,136,000	—	—	23,136,000
				34,234,234	72,544,000	(2,234,234)	—	104,544,000

## 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 nine months ended 31 December 2016 or at any time during such period.

## **OTHER INFORMATION**

### **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 Chun Wing, Ms. 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 nine months ended 31 December 2016.

The Audit Committee also reviewed the non-compliance quarterly report of the Group for the nine months ended 31 December 2016 and no material non-compliance issue has been identified.

## **OTHER INFORMATION**

### **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.

### **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, 8 February 2017

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