

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.*

## **JIA MENG HOLDINGS LIMITED**

**家夢控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8101)**

### **MAJOR TRANSACTION: ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF PIONEER ONE INVESTMENTS LIMITED AND THE RELATED SHAREHOLDER'S LOAN INVOLVING ISSUE OF CONVERTIBLE BOND UNDER A SPECIFIC MANDATE**

#### **THE ACQUISITION**

The Board is pleased to announce that on 29 March 2017 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Sale Share, representing the entire issued share capital of the Target Company, and the Shareholder's Loan for the Consideration of HK\$212,000,000 (subject to downward adjustment in accordance with the Valuation) and to be settled by the Company for and on behalf on the Purchaser by way of issuing a redeemable Convertible Bond in the principal amount of the same to the Vendor.

Based on the Conversion Price of HK\$0.11 per Conversion Share (subject to adjustments), a maximum number of 1,927,272,727 Conversion Shares will be allotted and issued, representing approximately 66.64% of the existing issued share capital of the Company and approximately 39.99% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares.

The Conversion Shares in respect of the Convertible Bond will be allotted and issued under the Specific Mandate proposed to be sought at an EGM. No application will be made for the listing of the Convertible Bond on the Stock Exchange or any other stock exchange. The Company will apply for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition is/are more than 25% but below 100%, the Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Company will seek approval for, among others, the issue of the Conversion Shares under the Specific Mandate from the Shareholders at an EGM.

## **GENERAL**

An EGM will be convened for the purpose of, among other matters, considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the issue of the Conversion Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

A circular containing, among other things, (i) further details of the Agreement and the transactions contemplated thereunder; (ii) details of the Specific Mandate; (iii) other information as required to be disclosed under the GEM Listing Rules; and (iv) the notice of the EGM together with the proxy form will be despatched to the Shareholders on or before 15 May 2017 as to allow sufficient time for the preparation of the relevant information of the Target Company for inclusion in the circular.

**Shareholders and potential investors should note that the Acquisition contemplated under the Agreement is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The Board is pleased to announce that on 29 March 2017 (after trading hours), the Purchaser and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Share, representing the entire issued share capital of the Target Company, and the Shareholder's Loan for the Consideration. Completion of the Acquisition is conditional upon the satisfaction of the Conditions Precedent.

The principal terms of the Agreement are set out below:

## **THE AGREEMENT**

**Date:** 29 March 2017 (after trading hours)

**Parties:** Ultimate Rise Limited as the Purchaser; and  
Legendary Idea Limited as the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

### **Subject matter of the Agreement**

Pursuant to the Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share, representing all the issued shares of the Target Company, and the Shareholder's Loan.

The Target Company holds the entire issued share capital in Dragon Richly Limited, which in turn holds the entire equity interest in 廣州圖霞家居用品有限公司 (Guangzhou Tuxia Home Appliance Limited\*), a company established in the PRC, which then in turn holds the entire equity interest in 廣州歌譽家居用品有限公司 (Guangzhou Geyu Home Appliance Limited\*), a company established in the PRC.

## Shareholding Structure after the Acquisition



## Consideration

The Consideration is payable by the Company for and on behalf of the Purchaser to the Vendor by issuing the Convertible Bond to the Vendor upon Completion. The value of the Consideration shall be adjusted downward in accordance with the Valuation to be determined by the market value of the 廣州歌譽家居用品有限公司 as at 31 December 2016 based on the Valuation Report, but in any event the Consideration shall not be adjusted to lower than HK\$ 150,000,000.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into account, among others, (i) the Performance Target; (ii) the operating performance of the Target Group; (iii) the business prospect of the Target Group; (iv) the downward adjustment of the value of the Consideration; (v) the Profit Adjustments; (vi) the Shareholder's Loan; and (vii) the Valuation not less than HK\$ 150,000,000 as stated in Conditions Precedent point (c) set out below.

The Conversion Shares comprising a maximum of 1,927,272,727 new Shares represent approximately 66.64% of the existing issued share capital of the Company and approximately 39.99% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares.

### **Audit Reports, 2018 Performance Target and adjustment mechanism**

By the end of each Performance Undertaking Year, the Company shall procure the Target Company to:

- (i) engage an auditor designated by the Purchaser to:
  - (a) conduct a formal audit on the financial performance of the Target Group as soon as possible; and
  - (b) prepare the Audited Financial Statements in accordance with Hong Kong Accounting Standard; and
- (ii) provide the Vendor with the Audited Financial Statements within 90 days.

If the 2018 Actual Performance is less than the 2018 Performance Target, the Vendor shall surrender to the Company the Convertible Bond of the value of the 2018 Profit Adjustment and the same shall be cancelled forthwith without compensation. The 2018 Profit Adjustment is calculated as follow:

$$\text{Consideration} \times \frac{(\text{2018 Performance Target} - \text{2018 Actual Performance})}{(\text{2018 Performance Target} + \text{2019 Performance Target} + \text{2020 Performance Target})}$$

For the avoidance of doubt, (i) if the 2018 Actual Performance is greater than the 2018 Performance Target, there will be no 2018 Profit Adjustment made to the value of the Convertible Bond.

### **Conditions precedent**

Completion is conditional upon the following conditions being satisfied or waived in accordance with the Agreement:

- (a) the Purchaser and/or its financial and legal advisers completed the due diligence investigations on the business, financial, legal and all other aspects of the Target Group to the satisfaction of the Purchaser at its discretion;
- (b) the Purchaser (and/or the Company) having obtained all necessary approvals, authorisations, consents and permits from the Stock Exchange and relevant authorities (including but not limited to the unconditional approval for the listing of, and permission to deal in, the Conversion Shares from the Listing Committee of the Stock Exchange and such approvals, authorisations, consents and permits have not been revoked or withdrawn);

- (c) the Purchaser (and/or the Company) having obtained a Valuation Report showing the Valuation is not less than HK\$150,000,000; such report shall be in form and substance satisfactory to the Purchaser and/or the Company;
- (d) having obtained the agreements, consents, authorisations, permits and any other form of approval that may be necessary pursuant to any existing or prospective contractual arrangements of the Target Group, the Vendor and/or the shareholders of the Vendor for Completion;
- (e) having obtained all necessary consents, authorisations, and permits or any other form of approval from any statutory governmental or regulatory authorities, and having fulfilled all legal requirements that the Target Group and the Vendor may be required to comply with, for Completion;
- (f) all the representations, undertakings and warranties given by the Vendor under the Agreement are and shall remain true, accurate, correct and complete and not be misleading in all respects up to Completion; and
- (g) the approval being obtained from the Shareholders to the entering into and implementation of the transactions contemplated under the Agreement, the issuance of the Convertible Bond, and the issuance of the Conversion Shares at the EGM.

The Vendor shall use its best endeavour to ensure that the Conditions Precedent set out above to be fulfilled as soon as possible and to the satisfaction of the Purchaser. In particular, the Vendor shall assist the Purchaser and the Company by providing such necessary information and documents of the Vendor as may be required to be included in the announcement and the circular of the Company pursuant to the requirements of the GEM Listing Rules.

If any of the above conditions is not fulfilled (or waived by the Purchaser as appropriate) on or before the Long Stop Date, the Agreement shall become void and of no further effect, except for (i) the clauses in the Agreement regarding the definitions and interpretations of terms therein, confidentiality, notice detail and governing jurisdiction and (ii) all the accrued rights and/or liabilities of the parties shall not be affected.

### **Share Charge**

To secure the performance of the Company's monetary obligation arises at the Maturity Date and or the Early Redemption Date(s) for the payment to the Vendor the Principal Amount of the unconverted, un-surrendered and unredeemed Convertible Bond (if any), the Purchaser shall, by way of first fixed charge, charge the Sale Share to the Vendor after Completion, until the earlier of the date (i) the Vendor has fully converted the Principal Amount into Conversion Shares in accordance with the terms of the Agreement; or (ii) full payment is made to the Vendor for the Principal Amount in accordance with the terms of the Convertible Bond.

## Completion

Completion shall take place on Completion Date, subject to all the Conditions Precedent being satisfied or otherwise waived by the Purchaser in accordance with the Agreement. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company, and the financial results of the Target Company will be consolidated with the results of the Group.

## Vendor's Profit Guarantee

The Vendor undertakes to compensate the Purchaser or the Company in cash and in full in 30 business days:

- (a) the 2019 Profit Adjustment, when and only when the 2019 Actual Performance is lower than the 2019 Performance Target; and
- (b) the 2020 Profit Adjustment, when and only when the 2020 Actual Performance is lower than the 2020 Performance Target.

The 2019 Profit Adjustment is calculated as follow:

$$\text{Consideration} \times \frac{(\text{2019 Performance Target} - \text{2019 Actual Performance})}{(\text{2018 Performance Target} + \text{2019 Performance Target} + \text{2020 Performance Target})}$$

The 2020 Profit Adjustment is calculated as follow:

$$\text{Consideration} \times \frac{(\text{2020 Performance Target} - \text{2020 Actual Performance})}{(\text{2018 Performance Target} + \text{2019 Performance Target} + \text{2020 Performance Target})}$$

In any event, the sum of all Profit Adjustments shall not be higher than the Consideration. For the avoidance of doubt, (i) all Profit Adjustments shall be calculated separately and independently; and (ii) if the Actual Performance is in excess of Performance Target in any particular Performance Undertaking Year, the excess cannot be used to offset the Profit Adjustment in another Performance Undertaking Year.

## KEY TERMS OF THE CONVERTIBLE BOND

The principal terms and conditions of the Convertible Bond are summarised below:

Principal Amount: Consideration of HK\$212,000,000 (subject to downward adjustment in accordance with the Valuation and the 2018 Profit Adjustment when applicable).

Please see the paragraph headed “THE AGREEMENT — Audit Reports, 2018 Performance Target and adjustment mechanism” above for detail.

**Maturity Date:** 36 months after the issuance date of the Convertible Bond (i.e. the Completion Date).

**Interest:** The Convertible Bond will not bear any interest.

**Conversion Price:** HK\$0.11 per Conversion Share (subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bond).

**Conversion Shares:** On the basis of the Conversion Price of HK\$0.11 (subject to adjustments) per Conversion Share and a Principal Amount of HK\$212,000,000 (subject to adjustment), a maximum of 1,927,272,727 Conversion Shares will be issued and allotted upon full conversion of the Convertible Bond, which represent:

- (i) approximately 66.64% of the issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 39.99% of the issued share capital of the Company as enlarged by the issuance and allotment of the Conversion Shares upon full conversion of the Convertible Bond.

On the basis of the Conversion Price of HK\$0.11 (subject to adjustments) per Conversion Share and a Principal Amount of HK\$150,000,000 (being the lowest Valuation acceptable pursuant to the Agreement), a maximum of 1,363,636,363 Conversion Shares will be issued and allotted upon full conversion of the Convertible Bond, which represent:

- (i) approximately 47.15% of the issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 32.04% of the issued share capital of the Company as enlarged by the issuance and allotment of the Conversion Shares upon full conversion of the Convertible Bond.

The Conversion Shares shall be allotted and issued under the Specific Mandate proposed to be sought at an EGM.



- Conversion:** No fraction of a Conversion Share shall be issued on conversion and no amount in lieu thereof shall be refunded. Any conversion shall be made in the amount of HK\$1,000,000 or the multiples thereof and if at any time, the Principal Amount shall be less than HK\$1,000,000, the whole (but not part only) of the Principal Amount shall be convertible.
- The Company shall not allot and issue Conversion Shares to the holder(s) of the Convertible Bond or shall such holder(s) be permitted to exercise the Convertible Bond (or any part thereof) if upon such allotment and issue or exercise (as the case may be), such holder(s) and parties acting in concert with it shall be interested (whether directly or indirectly) in 30% or more of the then issued share capital of the Company at the date of the relevant exercise, or be obliged to make a general offer under the Takeovers Code, or the public float of the Company be unable to meet the requirements under the GEM Listing Rules.
- If the conversion of the Convertible Bond will result in the holder(s) of the Convertible Bond and parties acting in concert with it being interested in 30% or more of the issued share capital of the Company or be obliged to make a general offer under the Takeovers Code, or cause the public float of the Company be unable to meet the requirements under the GEM Listing Rules, the holder(s) may only exercise its right of conversion after disposing part of the Shares then held by it.
- Conversion Rights:** Please see the paragraph headed “THE AGREEMENT — Audit Reports, 2018 Performance Target and adjustment mechanism” of this announcement for details.
- Conversion Period:** From the day on which the Vendor receives the Audited Financial Statements, subject to dispute resolution mechanism if any dispute arises over the content of the relevant Audited Financial Statements, or the first anniversary of the Completion Date (whichever is later) to the Maturity Date.
- Conversion Price:** HK\$0.11 per Conversion Share (subject to adjustments as detailed below, provided that the Conversion Price shall not be less than the par value of the Shares).

The events which occurrence would result in adjustments for the Conversion Price include the following:

- (i) an alternation of the nominal value of the Share by reason of any consolidation or subdivision;
- (ii) an issue of Shares to all or substantially all Shareholders as a class by way of rights, or a grant of options or warrants to subscribe for or purchase any Shares (save for option schemes being an incentive scheme for the employees and/or the directors of the Purchaser and/or the Company), in each case at less than 85% of market price on the last dealing day preceding the date of announcement of the terms of the issue or grant;
- (iii) an issue of any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all Shareholders as a class by way of rights, or a grant of options or warrants to subscribe for or purchase any securities;
- (iv) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 80% of the market price on the date of announcement of the terms of the issue of such securities;
- (v) a modification of the rights of conversion, exchange or subscription attaching to any securities so that the consideration per Share is less than 80% of the market price on the date of announcement of the proposals for such modification; and
- (vi) where the Company and the holder(s) of the Convertible Bond consider that it would be appropriate for an adjustment to be made to the Conversion Price in the circumstances other than those referred to in (i) to (v) above.

As at the date of this announcement, the Company has not identified the occurrence of any event which may result in the adjustment for the Conversion Price. Further announcement will be made by the Company in accordance with the GEM Listing Rules if any event which will result in the adjustment for the Conversion Price occurs.

- Early redemption at the request of the Vendor or the transferee of the Convertible Bond: From the 18th month after the Completion Date to Maturity Date, the holder(s) of the Convertible Bond shall have the right to require the Company to redeem in whole or in part of the unconverted, unredeemed and un-surrendered Convertible Bond of such Principal Amount as determined by the holder(s) of the Convertible Bond. To exercise such right, the holder(s) of the Convertible Bond must notify the Company in writing by giving the Early Redemption Notice, stating therein the amount of Principal Amount that shall be redeemed by the Company on the Early Redemption Date.
- Ranking of the Conversion Shares: The Conversion Shares shall rank *pari passu* in all respects with all other existing Shares at the date of allotment of the Conversion Shares and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of allotment of the Conversion Shares.
- Voting: The holder(s) of the Convertible Bond shall not be entitled to receive notice of, attend or vote at any general meetings of the Company by reason only of it holding the Convertible Bond.
- Transferability: The Convertible Bond cannot be assigned or transferred to a connected person of the Company unless with the prior written consent of the Company.
- Application for listing: An application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Conversion Shares.

## **THE CONVERSION PRICE**

The Conversion Price is HK\$0.11 per Convertible Share (subject to adjustments, which represents:

- (i) a discount of approximately 11.29% to the closing price of HK\$0.124 per Share as quoted on the Last Trading Day;
- (ii) a discount of approximately 13.25% to the average of the closing price per Share of approximately HK\$0.127 on the GEM for the last five consecutive Trading Days up to and including the Last Trading Day; and
- (iii) a discount of approximately 5.82% to the average of the closing price per Share of approximately HK\$0.117 as quoted on the GEM for the last fifteen consecutive Trading Days up to and including the Last Trading Day.

The Conversion Price was determined after arm's length negotiation between the Purchaser and the Vendor with reference to, among other things, (i) the Performance Target; (ii) the latest unaudited net asset value of the Target Group; (iii) the operating performance of the Target Group; and (iv) the business prospect of the Target Group. The Directors consider the Conversion Price a fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **THE CONVERSION SHARES**

On the basis of the Conversion Price of HK\$0.11 per Conversion Share (subject to adjustments and a Principal Amount of HK\$212,000,000, a maximum of 1,927,272,727 Conversion Shares will be issued and allotted upon full conversion of the Convertible Bond, which represent: (i) approximately 66.64% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 39.99% of the issued share capital of the Company as enlarged by the issuance and allotment of the Conversion Shares upon full conversion of the Convertible Bond.

The Conversion Shares shall be allotted and issued under the Specific Mandate proposed to be sought at an EGM. Application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Conversion Shares.

No dividends (including distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to the Conversion Shares that the Vendor is entitled to, but not yet, convert into.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company (i) as at the date of this announcement, (ii) upon full conversion of the Convertible Bond in the Principal Amount of HK\$212,000,000 and (iii) upon full conversion of the Convertible Bond in the Principal Amount of HK\$150,000,000 respectively, assuming there is no other change in the shareholding structure of the Company since the date of this announcement:

	As at the date of this announcement		Assuming the Convertible Bond carries the Principal Amount of HK\$212,000,000 and upon full conversion of such Convertible Bond		Assuming the Convertible Bond carries the Principal Amount of HK\$150,000,000 and upon full conversion of such Convertible Bond	
	<i>Number of Shares</i>	<i>Approximate</i>	<i>Number of Shares</i>	<i>Approximate</i>	<i>Number of Shares</i>	<i>Approximate</i>
The Vendor	Nil	Nil	1,927,272,727	39.99%	1,363,636,363	32.04%
Sau San Tong China Development Limited	221,728,000	7.67%	221,728,000	4.6%	221,728,000	5.21%
H N Group Limited	156,720,000	5.42%	156,720,000	3.25%	156,720,000	3.68%
Other public Shareholders	<u>2,513,552,000</u>	<u>86.91%</u>	<u>2,513,552,000</u>	<u>52.16%</u>	<u>2,513,552,000</u>	<u>59.07%</u>
Total	<u>2,892,000,000</u>	<u>100%</u>	<u>4,819,272,727</u>	<u>100%</u>	<u>4,255,636,363</u>	<u>100%</u>

## INFORMATION OF THE TARGET GROUP

The Vendor wholly owns the Target Company which is a holding company ultimately holding 廣州歌譽家居用品有限公司 (Guangzhou Geyu Home Appliance Limited\*) whose principal business is the manufacture of custom-made furniture under the brand name of “一家一品” with the exclusive right to operate under such brand name in the region of Southern China for 5 years.

Given the Target Company, Dragon Richly Limited and 廣州圖霞家居用品有限公司 (Guangzhou Tuxia Home Appliance Limited\*) have no business activities since their respective incorporation/establishment, they have not recorded any profit/loss from their respective dates of incorporation/establishment to the date of this announcement.

The audited total assets and net assets of 廣州歌譽家居用品有限公司 (Guangzhou Geyu Home Appliance Limited\*) as at 31 December 2016 were approximately RMB16,774,000 and RMB3,511,000 respectively.

Set out below is the financial information of 廣州歌譽家居用品有限公司 (Guangzhou Geyu Home Appliance Limited\*) for the years ended 31 December 2015 and 31 December 2016:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Approximately</i>	<i>Approximately</i>
	<i>(audited)</i>	<i>(audited)</i>
Net assets	1,334	3,511
Profit/(loss) (before taxation)	(498)	2,713
Profit/(loss) (after taxation)	(498)	2,177

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in (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 Group intends to invest in custom-made furniture business in PRC so as to diversify its source of income and revenue stream.

The Board considers in the long run the Acquisition represents a good expansion opportunity for the Group and would enable the Group to enter into the lucrative custom-made furniture market in PRC.

On the above basis, the Board is of the view that the terms of the Agreement and the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition is/are more than 25% but below 100%, the Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Company will seek approval for, among others, the issue of the Conversion Shares under the Specific Mandate from the Shareholders at an EGM.

## GENERAL

An EGM will be convened for the purpose of, among other matters, considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the issue of the Conversion Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

A circular containing, among other things, (i) further details of the Agreement and the transactions contemplated thereunder; (ii) details of the Specific Mandate; (iii) other information as required to be disclosed under the GEM Listing Rules and (iv) the notice of the EGM together with the proxy form will be despatched to the Shareholders on or before 15 May 2017 as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“2018 Actual Performance”	the Actual Performance of 2018 Performance Undertaking Year
“2018 Performance Target”	a yearly target of HK\$ 14,444,444, approximately being the equivalent of RMB13,000,000 at an exchange rate of HK\$1 = RMB0.9
“2018 Performance Undertaking Year”	the Performance Undertaking Year ending on 31 March 2018
“2018 Profit Adjustment”	the Profit Adjustment computed using the 2018 Performance Target and 2018 Actual Performance
“2019 Actual Performance”	the Actual Performance of 2019 Performance Undertaking Year
“2019 Performance Target”	a yearly target of HK\$ 20,000,000, being the equivalent of RMB18,000,000 at an exchange rate of HK\$1 = RMB0.9
“2019 Performance Undertaking Year”	the Performance Undertaking Year ending on 31 March 2019
“2019 Profit Adjustment”	the Profit Adjustment computed using the 2019 Performance Target and 2019 Actual Performance
“2020 Actual Performance”	the Actual Performance of 2020 Performance Undertaking Year

“2020 Performance Target”	a yearly target of HK\$23,333,333, approximately being the equivalent of RMB21,000,000 at an exchange rate of HK\$1 = RMB0.9
“2020 Performance Undertaking Year”	the Performance Undertaking Year ending on 31 March 2020
“2020 Profit Adjustment”	the Profit Adjustment computed using the 2020 Performance Target and 2020 Actual Performance
“Actual Performance”	the audited consolidated net profit (after tax) (to be converted in HK\$ at an exchange rate of HK\$1 = RMB0.9, if applicable) of the Target Group under Hong Kong Accounting Standard for the relevant Performance Undertaking Year (for the avoidance of doubt, if the Target Group records net loss (after tax) for a Performance Undertaking Year, the Actual Performance shall be treated as zero for calculation of the relevant Profit Adjustment)
“Acquisition”	the acquisition of the Sale Share and the Shareholder’s Loan by the Purchaser from the Vendor pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement entered into on 29 March 2017 between the Purchaser and the Vendor for the Acquisition
“Audited Financial Statements”	the audited consolidated financial statements of the Target Group of any Performance Undertaking Year prepared in accordance with the terms of the Agreement
“Board”	the board of Directors
“business day”	a day on which licensed banks in Hong Kong is generally open for business (other than a Saturday or Sunday or public holiday in Hong Kong)
“BVI”	the British Virgin Islands
“Company”	Jia Meng Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“Completion”	completion of the Acquisition
“Completion Date”	the fifth business day after all the Condition Precedents are fulfilled or, if not yet fulfilled, waived by the Purchaser in accordance with the terms of the Agreement (or any other time as agreed by the Vendor and the Purchaser)



“Conditions Precedent”	the conditions precedent of the Agreement as set out under the paragraph headed “THE AGREEMENT — Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration of HK\$212,000,000 (subject to downward adjustment in accordance with the Valuation) to be settled by way of the Company issuing to the Vendor the Convertible Bond in accordance with the terms of the Agreement
“Conversion Period”	from the day on which the Vendor receives the Audited Financial Statements, subject to dispute resolution mechanism if any dispute arises over the content of the relevant Audited Financial Statements, or the first anniversary of the Completion Date (whichever is later) to the Maturity Date
“Conversion Price”	the conversion price of HK\$0.11 per Conversion Share (subject to adjustment as set out and in accordance with the terms and conditions of the Convertible Bond)
“Conversion Shares”	Shares to be allotted and issued to the Vendor by the Company upon conversion of the Convertible Bond at the Conversion Price
“Convertible Bond”	the convertible bond of the Company to be issued to the Vendor as the Consideration pursuant to the Agreement with a principal amount of the Consideration and convertible into the Conversion Shares at the Conversion Price
“Director(s)”	director(s) of the Company
“Early Redemption Date”	the 30th business day after the Company’s receipt of the relevant Early Redemption Notice
“Early Redemption Notice”	the written notice to be given by the Vendor to the Company stating the amount of the Principal Amount that the Company is obliged to redeem from the Vendor on the Early Redemption Date
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the terms of the Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate for the issue of the Conversion Shares
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Accounting Standard”	Hong Kong Financial Reporting Standard as amended from time to time by Hong Kong Institute of Certified Public Accountants
“Last Trading Day”	28 March 2017, being the last trading day prior to the date of the Agreement
“Long Stop Date”	30 June 2017, or such other date as agreed between the Vendor and the Purchaser
“Maturity Date”	36 months after the issuance date of the Convertible Bond (i.e. the Completion Date)
“Performance Target”	as the context requires, an audited consolidated net profit (after tax) of the Target Group reported for the respective Performance Undertaking Years in accordance with Hong Kong Accounting Standard
“Performance Undertaking Year”	as the context requires, the financial years ending on 31 March 2018, 31 March 2019, and 31 March 2020 respectively
“PRC”	the People’s Republic of China
“Profit Adjustment”	(only applicable when the Actual Performance of any Performance Undertaking Year is lower than the corresponding Performance Target of the same year) calculated as follow:  $\text{Consideration} \times \frac{(\text{Performance Target of a particular Performance Undertaking Year} - \text{Actual Performance of the same year})}{(\text{2018 Performance Target} + \text{2019 Performance Target} + \text{2020 Performance Target})}$
“Principal Amount”	the outstanding principal amount of the unconverted, unredeemed and un-surrendered Convertible Bond
“Purchaser”	Ultimate Rise Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“RMB”	the designated legal currency of the PRC from time to time

“Sale Share”	1 share of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	all the loan(s) (if any) in aggregate owed by the Target Company to the Vendor or any agent of the Vendor and all the titles, benefits and interests attached thereon as of the Completion Date
“Specific Mandate”	the specific mandate to be granted by the Shareholders at an EGM authorising the allotment and issue of Conversion Shares under the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code of Takeovers and Mergers
“Target Company”	Pioneer One Investments Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and its subsidiaries
“Trading Day”	has the meaning ascribed to this term under GEM Listing Rules
“Valuation Report”	the business valuation report to be released within 1 month after the date of the Agreement by an independent professional valuer appointed and engaged by the Purchaser and/or the Company on the market value of 廣州歌譽家居用品有限公司 (Guangzhou Geyu Home Appliance Limited*) as at 31 December 2016
“Valuation”	the market value of 廣州歌譽家居用品有限公司 (Guangzhou Geyu Home Appliance Limited*) as at 31 December 2016 stated in the Valuation Report (if the value stated therein is a range, the lower end of such range)
“Vendor”	Legendary Idea Limited, a company incorporated in the BVI with limited liability
“%”	per cent

For the purpose of this announcement, unless otherwise stated, all amounts in RMB are translated into HK\$ at an exchange rate of HK\$1 = RMB 0.9.

\* *For identification purpose only*

On behalf of the Board  
**Jia Meng Holdings Limited**  
**Wong Siu Ki**  
*Executive Director*

Hong Kong, 29 March 2017

*As at the date of this announcement, 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.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 announcement is accurate and complete in all material aspects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its publication and on the website of the Company at <http://www.jmbedding.com>.*