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JIA MENG HOLDINGS LIMITED

家夢控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8101)

DISCLOSABLE TRANSACTION: ACQUISITION OF 25% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF NEW SHARES UNDER GENERAL MANDATE TOGETHER WITH ACQUISITION OF 25% OF THE TOTAL LOANS OUTSTANDING FROM THE TARGET COMPANY TO THE VENDOR AS AT THE COMPLETION DATE

THE ACQUISITION

The Board is pleased to announce that on 29 August 2016 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, the Vendor and the Company entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares, representing 25% of the issued share capital of the Target Company together with the Proportional Shareholder's Loan. The Consideration will be satisfied by the issue of 115,680,000 New Shares by the Company at the share price of HK\$0.10 per New Share.

The principal asset of the Target Company is the Property, which comprises a whole floor of CFC TOWER (中福商業大廈), No. 28 Mody Road, Kowloon. The Property is a commercial office building with a gross area of approximately 3,370 square feet.

GEM LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Chapter 19 of GEM Listing Rules for the Acquisition is more than 5% but all the applicable percentage ratios are less than 25%, the Acquisition constitutes a disclosable transaction subject to reporting and announcement requirement under Chapter 19 of GEM Listing Rules.

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 August 2016 (after trading hours), the Purchaser, the Vendor and the Company (as the issuer of the New Shares) entered into the Agreement in respect of the Acquisition.

The principal terms of the Agreement are set out below:

THE ACQUISITION AGREEMENT

Date

29 August 2016 (after trading hours)

Parties

- (i) Purchaser: Wisdom Empire Limited
- (ii) Vendor: Sau San Tong Holdings Inc.; and
- (iii) The Company as the issuer of the New Shares

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the principal business of the Vendor is investment holding; and (ii) save as the Vendor and its associates (as defined in the Listing Rules) currently owns 106,048,000 shares of the Company which represents approximately 4.58% of the issued share capital of the Company, the Vendor and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Assets to be acquired

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares together with the Proportional Shareholder's Loan. The Sale Shares represent 25% of the issued share capital of the Target Company.

As at the date of this announcement, the Vendor is the legal and beneficial owner of the Sale Shares.

Information on the Property

The Property comprises a whole floor of CFC TOWER (中福商業大廈), No. 28 Mody Road, Kowloon. The Property is a commercial office building with a gross area of approximately 3,370 square feet.

According to the Vendor, as at the date of this announcement, the Property is currently leased to a subsidiary of SST for two years commencing from 1 September 2016 at a monthly rental of HK\$50,000 and occupied for providing slimming and beauty services.

As per the audited financial statements of the Target Company made up to 31 March 2016, as at 31 March 2016 an amount of HK\$46,437,988 was due from the Target Company to the Vendor being an unsecured interest-free loan payable on demand. It is intended that the Purchaser shall as part of the Consideration payable on Completion acquire the Proportional Shareholder's Loan, being 25% of the total loan due from the Target Company to the Vendor as at the Completion Date and the same shall be assigned by the Vendor to the Purchaser upon Completion.

As at the date of this announcement, the Property is not subject to any mortgage or loan arrangement (apart from the shareholders loan).

Consideration

Pursuant to the Agreement, the Consideration will be satisfied by the issue of 115,680,000 New Shares by the Company at the share price of HK\$0.10 per New Shares.

The 115,680,000 New Shares of the Company will be issued to the Vendor or such nominee(s), as they may direct, upon the Completion Date or such date as may be agreed by both parties.

The issue price of HK\$0.10 per New Share represents:

- (a) a premium of approximately 16.28% to the closing price of HK\$0.086 per Share as quoted on the GEM on the Last Trading Day;
- (b) a premium of approximately 12.61% to the average of the closing price per Share of approximately HK\$0.088 as quoted on the GEM for the last five consecutive Trading Days up to and including the Last Trading Day;
- (c) a premium of approximately 9.89% to the average of the closing price per Share of approximately HK\$0.091 as quoted on the GEM for the last fifteen consecutive Trading Days up to and including the Last Trading Day.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the prevailing market price of similar properties of similar size, character and location.

Ranking of the New Shares

The New Shares shall rank *pari passu* in all respects among themselves and with the existing issued Shares on the date of allotment and issue of the New Shares.

Conditions precedent

Completion is conditional upon the following:

- (a) the Stock Exchange granting approval to the issue and dealing in the New Shares;

- (b) the Purchaser having completed its due diligence investigation on the business, financial legal and all other aspects of the Target Company and reasonably satisfied with the results of its diligence review;
- (c) the Vendor having shown good title of the Target to the Property free from all encumbrances;
- (d) (where applicable) all the notification, publication and/or shareholders' approval requirements under Chapter 19 of the GEM Listing Rules for the entering into and performance of the Agreement have been obtained and/or complied with by the Company and SST respectively;
- (e) all requisite consents, clearances, authorisations and approvals (or, as the case may be, the relevant waivers) in connection with the entering into and performance of the Agreement have been obtained by the Vendor and the Purchaser; and
- (f) all the representations, undertakings and warranties given by the Vendors under the Agreement are and shall remain true, accurate, correct and complete and not misleading in all respects up to the Completion.

If any of the above conditions is not fulfilled (or be capable of waiver, is not waived by the Purchaser as appropriate) on or before 30 September 2016 (or such later date as agreed between the Vendor and the Purchaser), all rights and obligations of the parties to the Agreement shall cease and terminate (save and except for those relating to confidentiality and other general matters which shall continue to have full force and effect) and none of the parties to the Agreement shall have any claim against the other save for claim (if any) in respect of such continuing clauses or any antecedent breach of the terms of the Agreement.

Completion

Completion shall take place on the Completion Date.

GENERAL MANDATE TO ISSUE THE NEW SHARES

It is intended that the New Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the Annual General Meeting of the Company which was held on 21 August 2015.

The allotment and issue of the New Shares is not subject to any additional Shareholders' approval.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the New Shares.

INFORMATION ON THE TARGET COMPANY AND THE VENDOR

The Target Company is a company incorporated in Hong Kong with limited liability on 4 November 2003. The Vendor is the majority shareholder of the Target Company. The principal business of the Target Company is investment holding and its principal asset is the Property.

The Vendor was incorporated in British Virgin Islands with property investment as its principal activity.

The audited total asset value and net liability of the Target Company as at 31 March 2016 were approximately HK\$49,859,000 and HK\$8,516,000.

Set out below is the audited financial information of the Target Company as prepared in accordance with Hong Kong Financial Reporting Standards for the years ended 31 March 2015 and 2016:

	For the year ended 31 March 2016	For the year ended 31 March 2015
	<i>Approximately</i>	<i>Approximately</i>
Turnover	—	—
Loss before/(after) taxation	(HK\$506,555)	(HK\$3,255)

INFORMATION ON THE GROUP

The Group is principally engaged in (i) design, manufacture and sale of mattresses and soft bed products in the PRC and export of mattresses to overseas markets, (ii) securities investment in Hong Kong and (iii) property investment.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in, among others, property investment and is optimistic about the prospect of the property market in core areas of Hong Kong in the long run and therefore considers that the Acquisition represents a good investment opportunity in commercial property for the Group. The Group intends that the Target Company shall hold the Property for investment purposes or lease out the Property for rental income depending on the market circumstances.

The Board considers that the Acquisition would enable the Group to generate steady rental income which would strengthen the asset and/or income base of the Group and provide capital appreciation potential to the Group.

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 of the applicable percentage ratios under Chapter 19 of GEM Listing Rules for the Acquisition is more than 5% but all the applicable percentage ratios are less than 25%, the Acquisition constitutes a disclosable transaction subject to reporting and announcement requirement under Chapter 19 of GEM Listing Rules.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company (1) as at the date of this announcement, (2) on the issue of the New Shares, assuming in all cases that there are no other changes to the share capital or any issue of Shares before the allotment and issue of the New Shares are set out below:

	As at the date of this announcement		Immediately after the issue of the New Shares	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Vendor and its associates	106,048,000	4.58%	221,728,000	9.13%
Other public shareholders	<u>2,207,552,000</u>	<u>95.42%</u>	<u>2,207,552,000</u>	<u>90.87%</u>
Total	<u><u>2,313,600,000</u></u>	<u><u>100.00%</u></u>	<u><u>2,429,280,000</u></u>	<u><u>100.00%</u></u>

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST TWELVE MONTHS

Set out below is a summary of the fund raising activities of the Company during the past 12 months immediately preceding the Last Practicable Date:

Date of announcement	Event	Net proceeds and intended use	Actual use of proceeds (as at the Latest Practicable Date)
14 October 2015	Rights issue 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	<p>The net proceeds from the Rights Issue, after deducting professional fees and all related expenses, were approximately HK\$134.5 million was intended for the following purposes:</p> <ul style="list-style-type: none"> — approximately HK\$85 million for the acquisition of certain properties in the PRC and/or Hong Kong for retail purpose — approximately HK\$27.1 million for the acquisition of certain properties in the PRC and/or Hong Kong for Group’s own use — approximately HK\$20 million for the further development of the existing and future business of the Group 	<p>Approximately HK\$51.3 million, about 38.1% of the proceeds was used for the acquisition of certain properties in Hong Kong for property investment purpose.</p> <p>Approximately HK\$20 million, about 14.9% of the proceeds was used for the money lending business of the Group.</p>

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share together with the Proportional Shareholder’s Loan by the Purchaser from the Vendor pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 29 August 2016 entered into between the Purchaser and the Vendor for the acquisition of the Sale Share together with the Proportional Shareholder’s Loan

“Board”	the board of Directors
“Company”	Jia Meng Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Completion”	completion of the Acquisition
“Completion Date”	the fifth Business Day after the last outstanding conditions precedent in the Agreement shall have been fulfilled or waived or such other date as the Vendor and the Purchaser may mutually agree in writing on which Completion shall take place
“connected persons(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration for the acquisition of the Sale Share together with the Proportional Shareholder’s Loan
“Director(s)”	director(s) of the Company
“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
“Last Practicable Date”	29 August 2016, being the latest practicable date prior to the printing of this announcement for ascertaining certain information for inclusion in this announcement
“Last Trading Date”	29 August 2016, being the last trading day prior to the date of the Agreement
“New Shares”	the new shares of the Company to be allotted and issued
“Property”	comprises a whole floor of CFC TOWER (中福商業大廈), No. 28 Mody Road, Kowloon
“Proportional Shareholder’s Loan”	25% of the total loan owed by the Target Company to the Vendor as at the Completion Date

“PRC”	The People’s Republic of China
“Purchaser”	Wisdom Empire Limited, a company incorporated in British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Sale Shares”	25 issued shares of the Target Company, representing 25% of 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)
“SST”	Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on GEM (Stock Code: 8200) and the holding company of the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Sau San Tong Investment Holdings Limited, a company incorporated in Hong Kong with limited liability
“Trading Day”	Has the meaning ascribed to this terms under GEM Listing Rules
“Vendor”	Sau San Tong Holdings Inc., a company incorporated in British Virgin Islands with limited liability and which is an independent third party to the Company
“%”	Per cent

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

Hong Kong, 29 August 2016

As at the date of this announcement, 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 Mr. Chan Chun Wing, Mr. Fung Kam Man and Mr. Tang Kin Chor.

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>.