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**Jimei 集美 지메이**

**JIMEI INTERNATIONAL ENTERTAINMENT GROUP LIMITED**

**集美國際娛樂集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1159)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**ANNUAL RESULTS**

The board (the “Board”) of directors (the “Directors”) of Jimei International Entertainment Group Limited (the “Company”) is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2016, together with the corresponding comparative figures for the year ended 31 December 2015 as follows.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 December 2016*

	<i>Notes</i>	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Revenue	5	<b>195,562</b>	194,857
Cost of goods sold and services provided		<b>(118,490)</b>	(196,142)
Gross profit (loss)		<b>77,072</b>	(1,285)
Other revenue		<b>1,193</b>	441
Operating expenses		<b>(3,938)</b>	(7,028)
Administrative expenses		<b>(42,780)</b>	(41,066)
Impairment loss on property, plant and equipment	7	<b>(1,740)</b>	–
Impairment loss on trade and other receivables	7	<b>(100,855)</b>	(15,413)
Gain on change in fair value of derivative financial liabilities	13	<b>89,221</b>	52,239
Finance costs	6	<b>(68,736)</b>	(10,914)

	<i>Notes</i>	<b>2016</b> <b><i>HK\$'000</i></b>	2015 <i>HK\$'000</i>
Loss before taxation	7	<b>(50,563)</b>	(23,026)
Income tax expense	8	<u>(331)</u>	<u>(961)</u>
<b>Loss for the year</b>		<u><b>(50,894)</b></u>	<u>(23,987)</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange difference on translating of foreign operations		<b>(843)</b>	(1,108)
Decrease in fair value of available-for-sale investments		<u><b>(2,006)</b></u>	<u>(1,394)</u>
<b>Other comprehensive income for the year, net of tax</b>		<u><b>(2,849)</b></u>	<u>(2,502)</u>
<b>Total comprehensive income for the year</b>		<u><b>(53,743)</b></u>	<u>(26,489)</u>
(Loss) profit for the year, attributable to:			
– Owners of the Company		<b>(39,766)</b>	8,734
– Non-controlling interests	14	<u><b>(11,128)</b></u>	<u>(32,721)</u>
		<u><b>(50,894)</b></u>	<u>(23,987)</u>
Total comprehensive income for the year, attributable to:			
– Owners of the Company		<b>(42,560)</b>	6,232
– Non-controlling interests	14	<u><b>(11,183)</b></u>	<u>(32,721)</u>
		<u><b>(53,743)</b></u>	<u>(26,489)</u>
<b>(Loss) earnings per share</b>	9		
– Basic		<u><b>HK cents (8.06)</b></u>	<u>HK cents 1.77</u>
– Diluted		<u><b>HK cents (8.50)</b></u>	<u>HK cents (5.03)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	<i>Notes</i>	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>12,410</b>	14,490
Available-for-sale investments		<b>9,205</b>	5,936
		<b>21,615</b>	20,426
<b>Current assets</b>			
Trade and other receivables	<i>11</i>	<b>227,037</b>	217,166
Bank balances and cash		<b>133,000</b>	316,193
		<b>360,037</b>	533,359
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>14,924</b>	93,836
Amount due to a related company		<b>2,519</b>	2,519
Amounts due to non-controlling interests of subsidiaries		<b>22,580</b>	20,900
Borrowings		<b>12,220</b>	7,220
Derivative financial liabilities	<i>13</i>	<b>6,260</b>	95,481
Convertible bonds	<i>13</i>	<b>50,028</b>	–
Current tax liabilities		<b>1,059</b>	987
		<b>109,590</b>	220,943
<b>Net current assets</b>		<b>250,447</b>	312,416
<b>Total assets less current liabilities</b>		<b>272,062</b>	332,842
<b>Non-current liabilities</b>			
Convertible bonds	<i>13</i>	<b>207,557</b>	214,594
<b>Net assets</b>		<b>64,505</b>	118,248
<b>EQUITY</b>			
Share capital		<b>49,356</b>	49,356
Reserves		<b>59,014</b>	101,574
Equity attributable to owners of the Company		<b>108,370</b>	150,930
Non-controlling interests	<i>14</i>	<b>(43,865)</b>	(32,682)
<b>Total equity</b>		<b>64,505</b>	118,248

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

## 1. GENERAL

Jimei International Entertainment Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Unit No. 3910-11, 39th Floor, COSCO Tower, No. 183 Queen’s Road Central, Hong Kong, respectively.

The Company’s parent is Reach Luck International Limited and the directors of the Company (the “Directors”) consider its ultimate holding company is Reach Luck International Limited. Reach Luck International Limited is incorporated in the British Virgin Islands.

The Company is an investment holding company where the Group, comprising the Company and its subsidiaries, is principally engaged in entertainment and gaming business, and trading of chemical products, and energy conservation and environmental protection products.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) Adoption of new/revised HKFRSs – effective 1 January 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16	Clarification of Acceptable Methods of Depreciation
Amendments to HKAS 27	Equity Method in Separate Financial Statements

#### ***Amendments to HKAS 1 – Disclosure Initiative***

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

Included in the clarifications is that an entity’s share of other comprehensive income from equity accounted interests in associates and joint ventures is split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

The adoption of the amendments has no impact on these consolidated financial statements.

### ***Amendments to HKAS 16 – Clarification of Acceptable Methods of Depreciation***

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments are applied prospectively.

The adoption of the amendments has no impact on these consolidated financial statements as the Group has not previously used revenue-based depreciation methods.

### ***Amendments to HKAS 27 – Equity Method in Separate Financial Statements***

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on these financial statements of the Company as the Company has not elected to apply the equity method in its separate financial statements. Furthermore, the Company is neither an intermediate parent entity nor an investment entity.

#### **(b) New/revised HKFRSs that have been issued but are not yet effective**

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions <sup>2</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

### ***Amendments to HKAS 7 – Disclosure Initiative***

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

### ***Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses***

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

### ***Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions***

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

### ***HKFRS 9 – Financial Instruments***

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at Fair Value Through Other comprehensive Income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at Financial Assets and Liabilities at Fair Value Through Profit or Loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

### ***HKFRS 15 – Revenue from Contracts with customers***

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

### ***Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)***

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

### ***HKFRS 16 – Leases***

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has already commenced an assessment of the impact of adopting the above Standards and amendments to existing Standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group’s accounting policies and financial statements.

### **3. BASIS OF PREPARATION**

#### **Statement of compliance**

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”).

#### **Basis of measurement**

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.



### **Functional and presentation currency**

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

## **4. SEGMENTAL INFORMATION**

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker (“CODM”) that are used to make strategic decisions.

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group’s reportable segments:

- Entertainment and gaming business – receiving commission and services income from casino entertainment and gaming promotion services; and
- Chemical products, and energy conservation and environmental protection products – trading of chemical products and energy conservation and environmental protection products.

## Segment revenue, results, assets and liabilities

The following is an analysis of the Group's revenue and results by operating segments:

For the year ended 31 December 2016

	Entertainment and gaming business segment <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue – External sales	<u>193,143</u>	<u>2,419</u>	<u>195,562</u>
Segment loss	(41,337)	(4,426)	(45,763)
<b>Unallocated income(expense) items:</b>			
Central administration costs and directors' salaries*			(25,633)
Other revenue			348
Gain on change in fair value of derivative financial liabilities ( <i>note 13</i> )			89,221
Finance costs ( <i>note 6</i> )			<u>(68,736)</u>
Loss before taxation			<u>(50,563)</u>
<b>Segment Assets</b>	<u>296,874</u>	<u>12,753</u>	<u>309,627</u>
<b>Segment Liabilities</b>	<u>32,564</u>	<u>4,909</u>	<u>37,473</u>

\* The costs mainly represent directors' remuneration, staff costs in Hong Kong, entertainment costs, legal and professional fees, rental expenses incurred by the Company for central administrative function.

**For the year ended 31 December 2015**

	Entertainment and gaming business segment <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue – External sales</b>	<u>178,772</u>	<u>16,085</u>	<u>194,857</u>
Segment loss	(32,149)	(2,505)	(34,654)
<b>Unallocated income(expense) items:</b>			
Central administration costs and directors' salaries*			(30,071)
Other revenue			374
Gain on change in fair value of derivative financial liabilities ( <i>note 13</i> )			52,239
Finance costs ( <i>note 6</i> )			<u>(10,914)</u>
Loss before taxation			<u>(23,026)</u>
<b>Segment Assets</b>	<u>269,325</u>	<u>17,922</u>	<u>287,247</u>
<b>Segment Liabilities</b>	<u>111,337</u>	<u>4,790</u>	<u>116,127</u>

\* The costs mainly represent directors' remuneration, staff costs in Hong Kong, entertainment costs, legal and professional fees, rental expenses incurred by the Company for central administrative function.

## Segment assets and liabilities

The reconciliation between the segment assets and liabilities and the respective consolidated balances is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Assets</b>		
Segment assets	309,627	287,247
Bank balances and cash**	59,430	257,702
Other unallocated assets	12,595	8,836
	<u>381,652</u>	<u>553,785</u>
Consolidated assets	<u>381,652</u>	<u>553,785</u>
<b>Liabilities</b>		
Segment liabilities	37,473	116,127
Convertible bonds ( <i>note 13</i> )	257,585	214,594
Derivative financial liabilities ( <i>note 13</i> )	6,260	95,481
Borrowings	12,220	7,220
Other unallocated liabilities	3,609	2,115
	<u>317,147</u>	<u>435,537</u>
Consolidated liabilities	<u>317,147</u>	<u>435,537</u>

\*\* *Certain bank balances and cash are allocated to operating segments.*

## Other segment information

### For the year ended 31 December 2016

	Entertainment and gaming business segment <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products segment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Additions to non-current assets	14	449	5,775	6,238
Depreciation of property, plant and equipment	299	394	568	1,261
Impairment loss on property, plant and equipment	1,740	–	–	1,740
Impairment loss on trade and other receivables	99,819	1,036	–	100,855
Gain on change in fair value of derivative financial liabilities	–	–	89,221	89,221
Finance costs	–	–	68,736	68,736
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### For the year ended 31 December 2015

	Entertainment and gaming business segment <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products segment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Additions to non-current assets	12,312	8	1,830	14,150
Depreciation of property, plant and equipment	110	393	457	960
Impairment loss on trade and other receivables	15,413	–	–	15,413
Gain on change in fair value of derivative financial liabilities	–	–	52,239	52,239
Finance costs	–	–	10,914	10,914
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### Information about major customers

Revenue from major customers of the corresponding years contributing over 10% of total revenue of the Group are as follows:

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Customer A	<b>99,324</b>	–
Customer B	<b>77,351</b>	136,754
	<b>176,675</b>	136,754

The revenue from Customers A and B for the years ended 31 December 2016 and 2015 is contributed from gaming and entertainment business segment.

Save as disclosed above, none of the individual customers contributing over 10% of total revenue for both years.

### Geographical information

The Group's operations are mainly located in Australia, the Kingdom of Cambodia and the People's Republic of China excluding Hong Kong ("PRC").

The following table provides an analysis of revenue from external customers derived from operations in countries outside Hong Kong, irrespective of the origin of the goods and information about its non-current assets by geographical location of the assets.

	<b>Revenue from external customers</b>	
	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Australia	<b>181,927</b>	161,141
Kingdom of Cambodia	<b>11,216</b>	17,631
PRC	<b>2,419</b>	16,085
	<b>195,562</b>	194,857

	<b>Non-current assets</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	1,748	1,821
Australia	10,100	12,093
Kingdom of Cambodia	76	108
PRC	486	468
	<u>12,410</u>	<u>14,490</u>
	<b><u>12,410</u></b>	<b><u>14,490</u></b>

*Note:* Non-current assets exclude available-for-sale investments.

## 5. REVENUE

The Group is engaged in entertainment and gaming business as well as trading of chemical products, and energy conservation and environmental protection products. Revenue represents commission income from promotion arrangement, service income from patrons and the net invoiced value of sales for the year.

	<b>2016</b>	2015
	<b>HK\$'000</b>	<b>HK\$'000</b>
Sales of goods	2,419	16,085
Promotion commission	185,829	166,071
Rendering of services	7,314	12,701
	<u>195,562</u>	<u>194,857</u>
	<b><u>195,562</u></b>	<b><u>194,857</u></b>

## 6. FINANCE COSTS

	<b>2016</b>	2015
	<b>HK\$'000</b>	<b>HK\$'000</b>
Effective interests on borrowings wholly repayable within five years:		
Convertible bonds ( <i>note 13</i> )	68,191	10,440
Borrowings	545	474
	<u>68,736</u>	<u>10,914</u>
	<b><u>68,736</u></b>	<b><u>10,914</u></b>

## 7. LOSS BEFORE TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss before taxation for the year is arrived at after charging:		
Directors' remuneration	<u>8,961</u>	<u>8,615</u>
Other employee costs		
– Salaries and other benefits	19,860	15,072
– Retirement benefits scheme contributions	<u>465</u>	<u>336</u>
	<u>20,325</u>	<u>15,408</u>
Total employee costs	<u>29,286</u>	<u>24,023</u>
Auditor's remuneration	580	550
Depreciation of property, plant and equipment	1,261	960
Cost of inventories recognised as expense	2,267	15,665
Impairment loss on property, plant and equipment	1,740	–
Impairment loss on trade and other receivables	<u>100,855</u>	<u>15,413</u>

## 8. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of comprehensive income represents:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax for the year		
– Australian income tax	310	915
– Kingdom of Cambodia tax on profits	<u>21</u>	<u>46</u>
Income tax expense	<u>331</u>	<u>961</u>

Australian income tax has been provided at the rate of 30% (2015: 30%) on the estimated assessable profits for the year.

Under the Cambodian law on Taxation and Prakas of Tax on Profit, the standard tax rate on profit in Kingdom of Cambodia is 20% (2015: 20%) for the year.



For the years ended 31 December 2016 and 2015, no provision for Hong Kong Profits Tax has been made as the Group has no assessable income derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, tax rate of the PRC subsidiaries is 25% for both years.

## 9. (LOSS) EARNINGS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>(Loss) earnings</b>		
(Loss) profit for the purpose of basic (loss) earnings per share	<b>(39,766)</b>	8,734
Effects of dilutive potential ordinary shares:		
Gain on change in fair value of derivatives component of convertible bonds ( <i>note 13</i> )	<b>(89,221)</b>	(52,239)
Interest on convertible bonds ( <i>notes 6&amp;13</i> )	<b>68,191</b>	10,440
Loss for the purpose of diluted loss per share	<b><u>(60,796)</u></b>	<b><u>(33,065)</u></b>
	<b>2016 '000</b>	2015 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b>493,565</b>	493,565
Effect of dilutive potential ordinary shares:		
– Convertible bonds	<b><u>222,000</u></b>	<u>164,178</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) per share	<b><u>715,565</u></b>	<b><u>657,743</u></b>

## 10. DIVIDENDS

No dividend has been paid or declared during each of the years ended 31 December 2016 and 2015. The Directors do not recommend the payment of a final dividend for 2016 (2015: nil).

## 11. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables from trading business ( <i>notes (i), (v)</i> )	5,197	4,701
Bills receivable from trading business ( <i>notes (ii), (vi)</i> )	–	1,077
Advances to patrons ( <i>note (iii), (vii)</i> )	162,835	195,406
Amounts due from casinos ( <i>note (iv), (viii)</i> )	30,753	14,408
Other receivables		
– Loan receivable	20,330	–
– Prepayments	812	651
– Trade and other deposits paid	7,110	923
	<u>227,037</u>	<u>217,166</u>

The Group generally allows credit periods of 30 days to 180 days (2015: 30 to 180 days) to its trade customers from trading business and credit period of 90 days (2015: 15 days to 90 days) to its patrons from entertainment and gaming business. The Group generally does not charge interest for credit granted. The Group did not hold any collateral from the trade debtors in trading business but may require personal cheque or other acceptable forms of security from patrons.

- (i) Trade debtors from trading business with the following ageing analysis, based on invoice dates, as of the end of reporting period:

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 30 days	349	2,853
31 to 90 days	15	–
91 to 365 days	2,343	793
Over 1 year	<u>3,526</u>	<u>1,055</u>
	<b>6,233</b>	4,701
Impairment loss on trade and other receivables	<u>(1,036)</u>	–
	<b><u>5,197</u></b>	<b><u>4,701</u></b>

- (ii) Bills receivable from trading business with the following ageing analysis, based on invoice dates, as of the end of reporting period:

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 30 days	–	–
31 to 90 days	–	360
91 to 365 days	–	717
Over 1 year	<u>–</u>	<u>–</u>
	<b>–</b>	1,077
	<b><u>–</u></b>	<b><u>1,077</u></b>

- (iii) Advances to patrons with the following ageing analysis, based on the date of credit granted, as of the end of reporting period:

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 30 days	<b>4,714</b>	61,817
31 to 180 days	<b>65,342</b>	141,285
181 to 365 days	<b>139,857</b>	7,717
Over 1 year	<b>67,653</b>	–
	<hr/>	<hr/>
	<b>277,566</b>	210,819
Allowance for doubtful debt	<b>(114,731)</b>	(15,413)
	<hr/>	<hr/>
	<b>162,835</b>	195,406
	<hr/> <hr/>	<hr/> <hr/>

- (iv) Amounts due from casinos with the following ageing analysis, based on the date of credit granted, as of the end of reporting period:

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 30 days	<b>30,753</b>	14,408
	<hr/> <hr/>	<hr/> <hr/>

- (v) The ageing of trade debtors from trading business which are past due but not impaired are as follows:

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Neither past due nor impaired	<b>349</b>	3,646
Past due but not impaired		
0 to 30 days past due	<b>2,358</b>	–
31 to 90 days past due	–	–
91 – 365 days past due	<b>2,490</b>	–
Over 1 year past due	–	1,055
	<hr/>	<hr/>
	<b>5,197</b>	4,701
	<hr/> <hr/>	<hr/> <hr/>

- (vi) The ageing of bills receivable from trading business which are past due but not impaired are as follows:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Neither past due nor impaired	<u>–</u>	<u>1,077</u>

- (vii) The ageing of advances to patrons which are past due but not impaired are as follows:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Neither past due nor impaired	<b>33,408</b>	87,982
Past due but not impaired		
0 to 30 days past due	<b>22,286</b>	8,406
31 to 180 days past due	<b>100,464</b>	99,018
181 – 365 days past due	<u>6,677</u>	<u>–</u>
	<u><b>162,835</b></u>	<u>195,406</u>

- (viii) The ageing of amounts due from casinos which are past due but not impaired are as follows:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Neither past due nor impaired	<u><b>30,753</b></u>	<u>14,408</u>

The below table reconciled the impairment loss of trade and other receivable for the year:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
At 1 January	<b>15,413</b>	–
Impairment loss recognised	<b>100,855</b>	15,413
Exchange realignment	<u>(501)</u>	<u>–</u>
At 31 December	<u><b>115,767</b></u>	<u>15,413</u>

## 12. TRADE AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables from trading business ( <i>note (i)</i> )	1,393	596
Amounts due to casinos ( <i>note (ii)</i> )	3,353	13,890
Amounts due to patrons ( <i>note (iii)</i> )	583	70,538
Other payables and accruals	5,490	4,938
Trade deposits received	4,105	3,874
	<u>14,924</u>	<u>93,836</u>

- (i) Ageing analysis of the trade payables from trading business, based on invoice dates, at the respective reporting dates are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 30 days	133	–
31 to 90 days	703	–
91 to 365 days	–	538
Over 1 year	557	58
	<u>1,393</u>	<u>596</u>

- (ii) Ageing analysis of the amounts due to casinos, based on the date of credit granted, at the respective reporting dates are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 30 days	378	10,883
31 to 90 days	600	2,891
91 to 365 days	2,375	116
	<u>3,353</u>	<u>13,890</u>

- (iii) Ageing analysis of the amounts due to patrons, based on the date of credit granted, at the respective reporting dates are as follows:

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 30 days	<b>23</b>	40,266
31 to 90 days	<b>448</b>	8,716
91 to 365 days	<b>112</b>	21,556
	<hr/> <b>583</b> <hr/>	<hr/> 70,538 <hr/>

### 13. CONVERTIBLE BONDS/DERIVATIVE FINANCIAL LIABILITIES

#### (i) Zero-coupon Tranche 1 Bonds due 2017

On 11 July 2014, the Company entered into a subscription agreement with a then independent investor (“bondholder”) to issue the 3-year Zero Coupon Convertible Bonds with an aggregate principal amount of HK\$55,650,000. The subscription was completed on 19 September 2014 and the Company issued the Tranche 1 Convertible Bonds. The consideration of the Tranche 1 Convertible Bonds was used to finance the establishment of the Group’s entertainment and gaming business.

The Tranche 1 Convertible Bonds are denominated in Hong Kong dollars and are convertible at the option of the bondholder at any time after the date of issuance up to and including the date which is five business days prior to the maturity date of 19 September 2017, into new shares of the Company at a price of HK\$0.35 per share, subject to anti-dilutive adjustments. Upon full conversion a total of 159,000,000 new ordinary shares would be issued by the Company. The Company shall redeem any Tranche 1 Convertible Bonds which remain outstanding on the maturity date at its principal amount.

The Tranche 1 Convertible Bonds contain liability and equity components. The equity component is included in the equity headed “convertible bonds reserve”.

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan. The effective interest rate of the liability component is approximately 16% per annum.

(ii) **8% coupon Tranche 2 Bonds due 2018**

On 5 November 2015, the Company entered into a subscription agreement with seven independent investors (“Subscribers”) to conditionally issue the 3 years redeemable convertible bonds of the Company in an aggregate principal amount of HK\$365,000,000 at 8% coupon rate per annum. On 2 December 2015, the subscriptions were completed and convertible bonds of HK\$315,000,000 were issued with maturity on 1 December 2018 (the “Tranche 2 Convertible Bonds”) by the Company to certain Subscribers (“Bondholders 2”). The consideration of the Tranche 2 Convertible Bonds was used as general working capital of the Group and as funds for future development of the existing business of the Group, including development of the entertainment and gaming business in Australia and Cambodia.

The Tranche 2 Convertible Bonds are denominated in Hong Kong dollars and are convertible at the option of the Bondholders 2 at any time on or after the 90th day of the date of issuance up to and prior to the maturity date of 1 December 2018, into new shares of the Company at a price of HK\$5 per share, subject to adjustment on the occurrence of dilutive or concentrative event. Upon full conversion a total of 63,000,000 new ordinary shares would be issued by the Company. The Company shall redeem any Tranche 2 Convertible Bonds which remain outstanding on the maturity date at its principal amount together with the outstanding interest.

The Tranche 1 and Tranche 2 Convertible Bonds recognised in the consolidated statement of financial position at the date of issuance on 19 September 2014 and 2 December 2015 respectively are calculated as follows:

	<b>Tranche 2 Convertible Bonds HK\$'000</b>	<b>Tranche 1 Convertible Bonds HK\$'000</b>
Face value of Convertible Bonds issued	315,000	55,650
Equity component on initial recognition upon issuance of Convertible Bonds	–	(20,427)
Derivative financial liabilities component on initial recognition upon issuance of Convertible Bonds	<u>(147,720)</u>	<u>–</u>
Liability component on initial recognition upon issuance of Convertible Bonds, i.e. 2 December 2015/19 September 2014	<u><u>167,280</u></u>	<u><u>35,223</u></u>



The Tranche 2 Convertible Bonds contain liability component and derivative component. The derivative component is measured at fair value on initial recognition while any excess of proceeds over the amount initially recognised as the derivative component is recognised as a financial liability. The fair value of derivative components of the convertible bonds at the issue date was valued by an independent valuer. The fair value of the derivative financial liability valued by the independent valuer is based on valuation technique whose variables include that uses only data from observable market. The effective interest rate of the liability component is approximately 31% per annum.

The carrying values of the liability component of the Tranche 1 and Tranche 2 Convertible Bonds recognised in the consolidated statement of financial position at the end of the reporting period are as follows:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
At 1 January	<b>214,594</b>	36,874
Issue of new bonds	–	167,280
Interest charge for the year ( <i>note 6</i> )	<b>68,191</b>	10,440
Interest payment	<b>(25,200)</b>	–
<b>At 31 December</b>	<b><u>257,585</u></b>	<b><u>214,594</u></b>
Categorised as:		
Convertible bonds – current liabilities	<b>50,028</b>	–
Convertible bonds – non-current liabilities	<b>207,557</b>	214,594
	<b><u>257,585</u></b>	<b><u>214,594</u></b>

The interest charge of the Tranche 2 Convertible Bonds for the year ended 31 December 2016 is calculated using the effective interest method by applying an effective interest rate of approximately 31% (2015: 31%) to the liability component.

The interest charge of the Tranche 1 Convertible Bonds for the year ended 31 December 2016 is calculated using the effective interest method by applying an effective interest rate of 16% (2015:16%) to the liability component.

Derivative component-classified as current liabilities

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
At 1 January	<b>95,481</b>	–
Issue of new bonds	–	147,720
Gain on change in fair value of derivative financial liabilities	<b>(89,221)</b>	(52,239)
<b>At 31 December</b>	<b><u>6,260</u></b>	<b><u>95,481</u></b>

#### 14. NON-CONTROLLING INTERESTS

Jimei Entertainment Cambodia Development Limited, which is 51% owned subsidiary of the Company, has material non-controlling interests (“NCI”). The non-controlling interests of another subsidiary that is not 100% owned by the Company is considered to be immaterial and therefore be excluded.

Summarised financial information in relation to the NCI of Jimei Entertainment Cambodia Development Limited, before intra-group eliminations, are presented below:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
<b>For the year ended 31 December</b>		
Revenue	<b>9,154</b>	16,120
Loss for the year	<b>(22,265)</b>	(66,777)
Total comprehensive income for the year	<b>(22,265)</b>	(66,777)
Loss allocated to NCI	<b>10,910</b>	32,721
Dividends paid to NCI	–	–
<b>For the year ended 31 December</b>		
Cash flows generated from (used in) operating activities	<b>41,404</b>	(149,275)
Cash flows generated from (used in) investing activities	<b>32</b>	(130)
Cash flows (used in) generated from financing activities	<b>(40,754)</b>	149,817
Net cash inflow	<b>682</b>	412
<b>At 31 December</b>		
Current assets	<b>13,523</b>	117,807
Non-current assets	<b>76</b>	108
Current liabilities	<b>(102,563)</b>	(184,614)
Net liabilities	<b>(88,964)</b>	(66,699)
Accumulated non-controlling interests	<b>(43,592)</b>	(32,682)

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND OPERATIONAL REVIEW**

The Group reported a loss attributable to owners of the Company of approximately HK\$39,766,000 for the year ended 31 December 2016 as compared with a profit of approximately HK\$8,734,000 in the year of 2015. The loss was mainly attributable to the impairment loss on trade and other receivables of HK\$100,855,000 incurred during the year of 2016 compared with the amount of HK\$15,413,000 incurred in 2015. Basic loss per share for the year amounted to approximately 8.06 HK cents (2015: Basic earnings per share of approximately 1.77 HK cents). Net assets of the Group were approximately HK\$64,505,000 as at 31 December 2016 as compared to net assets of approximately HK\$118,248,000 as at 31 December 2015. The decrease in net assets was attributable to the loss of the Group for the year ended 31 December 2016.

### **SEGMENTAL ANALYSIS**

#### ***Entertainment and Gaming***

With the commitment in diversifying business into entertainment and gaming industry to broaden the income sources, the Group has entered into junket arrangements with Crown Perth, NagaWorld and The Star during the year, which enable the Group to tap into the gaming promotion business in Australia and Cambodia respectively.

For the year ended 31 December 2016, the Group generated revenue and gross profit in the amount of approximately HK\$193.1 million and HK\$76.9 million respectively from entertainment and gaming business.

### **Cooperation with Crown Perth in Australia**

The Group signed the junket arrangement with Crown Perth in February 2015 and immediately started the gaming promotion business in Crown Perth Casino since then. Under the junket arrangement, the Group assisted to promote approximately 8 to 10 gaming tables at the Crown Perth Casino, a licensed casino located in Perth, Western Australia which was officially opened in 1985. Crown Perth Casino is solely owned and operated by Crown Perth, a subsidiary of Crown Resorts Limited (the “Crown Group”) which is a leading gaming and entertainment group based in Australia and also a fully-integrated entertainment precinct renowned for its world-class facilities, entertainment, premium restaurants and luxury accommodation.

Australia is a mature gaming market with casino legalised in 1970s. The junket arrangement with Crown Perth allows the Group to tap into prosperous overseas gaming market in Australia which is of good income potential. It also enables the Group to establish a long-term partnership with the Crown Group, a globally reputable casino operator, and thereby enhances the Group’s reputation and competitive position in the gaming industry.

### **Cooperation with NagaWorld in Cambodia**

In May 2015, the Group entered into another junket arrangement with NagaWorld, an indirectly wholly-owned subsidiary of NagaCorp Ltd. (“NagaCorp”), to promote not less than 7 gaming tables within NagaWorld Casino, a licensed casino located in Phnom Penh, Cambodia which was opened in 1995 and has been developed into one of the finest integrated casino hotels and a renowned entertainment complex in Indochina. The cooperation allows the Group to continually develop its gaming promotion business with a more diversified portfolio of good income potential by tapping into the Cambodia’s gaming market and establishing a long term partnership with NagaCorp.

This junket arrangement came to an end in January 2017, details of which is disclosed in Event After The Reporting Period of this report.

## **Cooperation with The Star in Australia**

In November 2015, the Group signed the junket arrangement with The Star, to promote not less than 6 gaming tables within The Star Casino, a licensed casino located in Sydney, New South Wales, Australia solely owned and operated by The Star. Through cooperation, the Group can continually develop its gaming promotion business through a more diversified portfolio of good income potential by tapping the Australian gaming market and establishing a long term partnership with The Star.

Under the leadership of a seasoned and energetic core management team, who collectively have over decades of experience in the gaming sector around the world, the Group could tap into the gaming markets in Australia and Cambodia by signing junket arrangements with world-leading casino operators within one year, demonstrating its strong capability to diversify its business and enhance its revenue stream. With the accomplishments made in 2015, the Group is committed to further expand into the gaming industry in fast-growing markets, particularly in Asia, in order to bring new momentum and revenue sources.

## ***Trading of chemical products, and energy conservation and environmental protection products***

During 2016, the Group continued to tighten credit control policy towards its trading businesses, its chemical products business, and energy conservation and environmental protection products business. As a result, the Group's revenue decreased by 85% to HK\$2,419,000 for the year ended 31 December 2016, with a gross profit of approximately HK\$152,000 as compared to a gross profit of approximately HK\$420,000 in 2015.

## **FUTURE PLANS AND PROSPECTS**

In the past year, the Group has established its entertainment and gaming business through entering into the Crown Perth Junket Arrangement, the NagaWorld Junket Arrangement and the Star Junket Arrangement. Whereas the NagaWorld Junket Arrangement came to an end in January 2017, the Group shall continue to explore the possibility of further extending its business into the gaming and entertainment market to further broaden its income sources. Under the leadership of an experienced and energetic core management team, we have full confidence we can steadily develop our business.

The Group shall strive to take a prudent approach in business development to safeguard a higher shareholder's return.

After several negotiations and exploration, the Company has terminated the Framework Agreement with two Independent Third Parties in relation to a possible development project in Cambodia, under which the Company was exploring the feasibility of the project, as mentioned in last year's annual report. The Group will continue to explore prosperous business opportunities with sustainable development.

## **MATERIAL ACQUISITION AND DISPOSAL**

There is no material acquisition and disposal conducted by the Group during the year that should be notified to the shareholders of the Company.

## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016.

## **CAPITAL STRUCTURE**

As at 31 December 2016, the Company's equity attributable to its owners was approximately HK\$108,370,000 (2015: HK\$150,930,000). As at 31 December 2016, the short term and long term interest-bearing debts to equity attributable to its owners was 2.09 (2015: 1.79).

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operation by internally generated cash flow and through issuance of convertible bonds.

Prudent financial management and selective investment criteria have enabled the Group to maintain a stable financial position. As at 31 December 2016, the Group's bank balances and cash amounted to approximately HK\$133,000,000 (2015: HK\$316,193,000).

As at 31 December 2016, the current ratio was approximately 3.29 (2015: approximately 2.41) based on current assets of approximately HK\$360,037,000 (2015: HK\$533,359,000) and current liabilities of approximately HK\$109,590,000 (2015: HK\$220,943,000).

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong dollars, Renminbi, Australian dollars and United State dollars which have been relatively stable during the year. The Group was not exposed to material foreign exchange risk and has not employed any financial instruments for hedging purposes.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group employed 43 (2015: 49) employees in Hong Kong and Macau as at 31 December 2016. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Employees may also be invited to participate in the share option scheme of the Group.

## **CONTINGENT LIABILITY**

As at 31 December 2016, the Group had no significant contingent liability (2015: nil).

## **MAJOR CORPORATE EVENT**

There is no major event during the year that should be notified to the shareholders of the Company.

## **EVENT AFTER THE REPORTING PERIOD**

As mentioned in this report, the Group entered into junket arrangement with NagaWorld, an indirectly wholly-owned subsidiary of NagaCorp Ltd. ("NagaCorp"), to promote not less than 7 gaming tables within NagaWorld Casino, a licensed casino located in Phnom Penh, Cambodia which was opened in 1995 and has been developed into one of the finest integrated casino hotels and a renowned entertainment complex in Indochina in May 2015. This junket arrangement came to an end on 31 January 2017 as a result of the non-renewal of relevant contractual documents.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Directors consider that the Company has complied with all applicable provisions of the Corporate Governance Code contained in Appendix 14 (the “Code”) of the Listing Rules throughout the year ended 31 December 2016 except for deviations as stated below:

### **Code Provision A.6.7**

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged commitments, one of the independent non-executive directors was unable to attend the Company’s annual general meeting held on 20 May 2016.

### **Code Provision E.1.2**

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. Due to other pre-arranged commitments, the chairman of the Board was unable to attend the Company’s annual general meeting held on 20 May 2016.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2016.

## **AUDIT COMMITTEE**

As required by Rule 3.21 of the Listing Rules, the Company has established an Audit Committee with written terms of reference which deal clearly with its authority and duties. Its principal duties are to review and supervise the Group’s financial reporting process, risk management and internal control systems.



The Audit Committee has discussed with the external auditors of the Company on the accounting principles and practices adopted by the Group and the consolidated results of the Group for the year ended 31 December 2016, and is of the opinion that the preparation of the consolidated results complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **PUBLICATION OF RESULTS AND ANNUAL REPORT**

The results announcement is available for reviewing on the website of Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) under "Latest Listed Companies Information" and the website of the Company at [www.jimeigp.com.hk](http://www.jimeigp.com.hk). The annual report will be dispatched to the shareholders and will also be available on these websites.

By Order of the Board

**Jimei International Entertainment Group Limited**

**Dr. Lam Yin Lok**

*Chairman*

Hong Kong, 29 March 2017

*As at the date of this announcement, our executive Directors are Dr. Lam Yin Lok, Mr. Tsui Kin Ming, Mr. Hung Ching Fung and Mr. Chau Chit; and our independent non-executive Directors are Mr. Daniel Domingos António, Mr. Kwok Chi Chung and Mr. Chow Wing Tung.*