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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 2015  
AND  
CHANGE OF COMPANY WEBSITE**

**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 2015, together with the corresponding comparative figures for the year ended 31 December 2014 as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
Revenue	5	<b>194,857</b>	52,165
Cost of goods sold and services provided		<b>(196,142)</b>	(50,779)
Gross (loss)profit		<b>(1,285)</b>	1,386
Other revenue		<b>441</b>	393
Other gains and losses		–	1,187
Operating expenses		<b>(7,028)</b>	–
Administrative expenses		<b>(41,066)</b>	(16,497)
Impairment loss on trade and other receivables	7/11(iii)	<b>(15,413)</b>	–
Gain on change in fair value of derivative financial liabilities	13	<b>52,239</b>	–
Finance costs	6	<b>(10,914)</b>	(4,205)

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss before taxation	7	<b>(23,026)</b>	(17,736)
Income tax expense	8	<u>(961)</u>	<u>–</u>
<b>Loss for the year</b>		<u><b>(23,987)</b></u>	<u>(17,736)</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange difference on translating of foreign operations		<b>(1,108)</b>	(625)
(Decrease)increase in fair value of available-for-sale investments		<u>(1,394)</u>	<u>394</u>
<b>Other comprehensive income for the year, net of tax</b>		<u><b>(2,502)</b></u>	<u>(231)</u>
<b>Total comprehensive income for the year</b>		<u><b>(26,489)</b></u>	<u>(17,967)</u>
Profit(loss) for the year, attributable to:			
– Owners of the Company		<b>8,734</b>	(17,736)
– Non-controlling interests	14	<u>(32,721)</u>	<u>–</u>
		<u><b>(23,987)</b></u>	<u>(17,736)</u>
Total comprehensive income for the year, attributable to:			
– Owners of the Company		<b>6,232</b>	(17,967)
– Non-controlling interests	14	<u>(32,721)</u>	<u>–</u>
		<u><b>(26,489)</b></u>	<u>(17,967)</u>
<b>Earnings (loss) per share</b>			
– Basic	9	<u><b>HK cents 1.77</b></u>	<u>HK cents (6.79)</u>
– Diluted		<u><b>HK cents (5.03)</b></u>	<u>HK cents (6.79)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>14,490</b>	1,327
Available-for-sale investments		<b>5,936</b>	7,330
		<u><b>20,426</b></u>	<u>8,657</u>
<b>Current assets</b>			
Trade and other receivables	<i>11</i>	<b>217,166</b>	25,548
Bank balances and cash		<b>316,193</b>	157,053
		<u><b>533,359</b></u>	<u>182,601</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>93,836</b>	1,886
Amount due to a related company		<b>2,519</b>	–
Amount due to a non-controlling interest of a subsidiary		<b>20,900</b>	–
Borrowings		<b>7,220</b>	7,758
Derivative financial liabilities	<i>13</i>	<b>95,481</b>	–
Current tax liabilities		<b>987</b>	42
		<u><b>220,943</b></u>	<u>9,686</u>
<b>Net current assets</b>		<u><b>312,416</b></u>	<u>172,915</u>
<b>Total assets less current liabilities</b>		<u><b>332,842</b></u>	<u>181,572</u>
<b>Non-current liabilities</b>			
Convertible bonds	<i>13</i>	<b>214,594</b>	36,874
<b>Net assets</b>		<u><b>118,248</b></u>	<u>144,698</u>
<b>EQUITY</b>			
Share capital		<b>49,356</b>	49,356
Reserves		<b>101,574</b>	95,342
Equity attributable to owners of the Company		<b>150,930</b>	144,698
Non-controlling interests		<b>(32,682)</b>	–
<b>Total equity</b>		<u><b>118,248</b></u>	<u>144,698</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

## 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”)

### Adoption of new/revised HKFRSs – effective 1 January 2015

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

### New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

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

### **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. An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be 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.

### **Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

### **HKFRS 9 (2014) – 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 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.

## **Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception**

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12.

## **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.

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 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 financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, regarding preparation of accounts and directors’ report and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance, Cap. 622. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements.

#### **Basis of measurement**

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

#### **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 2015

	<b>Entertainment and gaming business segment HK\$'000</b>	<b>Chemical products, and energy conservation and environmental protection products segment HK\$'000</b>	<b>Total HK\$'000</b>
<b>Revenue – External sales</b>	<b>178,772</b>	<b>16,085</b>	<b>194,857</b>
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> )			(10,914)
Loss before taxation			<b>(23,026)</b>
<b>Segment Assets</b>	<b>269,325</b>	<b>17,922</b>	<b>287,247</b>
<b>Segment Liabilities</b>	<b>111,337</b>	<b>4,790</b>	<b>116,127</b>

\* 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 2014

	Chemical products, and energy conservation and environmental protection products segment and consolidated total <i>HK\$'000</i>
<b>Revenue – External sales</b>	<b>52,165</b>
Segment loss	(1,585)
<b>Unallocated income (expense) items:</b>	
Central administration costs and directors' salaries	(13,526)
Other revenue	393
Gain on disposal of a warehouse	1,187
Finance costs	(4,205)
Loss before taxation	<b>(17,736)</b>
<b>Segment Assets</b>	<b>12,931</b>
<b>Segment Liabilities</b>	<b>1,886</b>

Segment result represents profit/(loss) earned by each segment without absorption of unallocated income/(expense) items, as this is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## Segment assets and liabilities

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Assets</b>		
Segment assets	287,247	12,931
Bank balances and cash**	257,702	157,053
Other unallocated assets	8,836	21,274
	<u>553,785</u>	<u>191,258</u>
Consolidated assets	<u>553,785</u>	<u>191,258</u>
<b>Liabilities</b>		
Segment liabilities	116,127	1,886
Convertible bonds ( <i>Note 13</i> )	214,594	36,874
Derivative financial liabilities ( <i>Note 13</i> )	95,481	–
Borrowings	7,220	7,758
Other unallocated liabilities	2,115	42
	<u>435,537</u>	<u>46,560</u>
Consolidated liabilities	<u>435,537</u>	<u>46,560</u>

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

## Other segment information

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>

For the year ended 31 December 2014

	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	–	306	306
Depreciation of property, plant and equipment	–	829	829
Gain on disposal of property, plant and equipment	–	(1,187)	(1,187)
Finance costs	–	4,205	4,205
	<u>–</u>	<u>4,205</u>	<u>4,205</u>

#### Information about major customers

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Customer A	136,754	–
Customer B	–	24,251
Customer C	–	8,305
Customer D	–	7,613
Customer E	–	6,984
	<u>136,754</u>	<u>47,153</u>

The revenue from Customer A for the year ended 31 December 2015 is contributed from gaming and entertainment business segment.

All of the above amounts for the year ended 31 December 2014 were contributed from trading of chemical products, and energy conservation and environmental protection products.

## Geographical information

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

The following table provides an analysis of revenue from external customers derived from operations in Hong Kong, which is the country of domicile of the Group for the purpose of HKFRS 8, and non-Hong Kong, irrespective of the origin of the goods and information about its non-current assets by geographical location of the assets.

	Revenue from external Customers	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	–	40,169
Australia	161,141	–
Kingdom of Cambodia	17,631	–
PRC	16,085	11,996
	<u>194,857</u>	<u>52,165</u>

  

	Non-current assets	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	1,821	442
Australia	12,093	–
Kingdom of Cambodia	108	–
PRC	468	885
	<u>14,490</u>	<u>1,327</u>

*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.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sales of Goods	16,085	52,165
Promotion commission	166,071	–
Rendering of services	12,701	–
	<u>194,857</u>	<u>52,165</u>

## 6. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Effective interests on borrowings wholly repayable within five years:		
Convertible bonds ( <i>Note 13</i> )	10,440	1,651
Borrowings	474	2,554
	<u>10,914</u>	<u>4,205</u>

## 7. LOSS BEFORE TAXATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss before taxation for the year is arrived at after charging (crediting):		
Directors' remuneration	<u>8,615</u>	<u>4,161</u>
Other employee costs		
– Salaries and other benefits	15,072	5,268
– Retirement benefits scheme contribution	<u>336</u>	<u>246</u>
	<u>15,408</u>	<u>5,514</u>
Total employee costs	<u>24,023</u>	<u>9,675</u>
Auditor's remuneration	560	550
Depreciation of property, plant and equipment	960	829
Cost of inventories recognised as expense	15,665	50,779
Gain on disposal of property, plant and equipment (included in other gains and losses)	–	(1,187)
Impairment loss on trade and other receivables	<u>15,413</u>	<u>–</u>

## 8. INCOME TAX EXPENSE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax for the year		
– Australian income tax	915	–
– Kingdom of Cambodia tax on profits	<u>46</u>	<u>–</u>
Income tax expense	<u>961</u>	<u>–</u>



Australian income tax has been provided at the rate of 30% (2014: nil) on the estimated assessable profits for the year.

Under the Cambodian Law on Taxation and Prakas of Tax on Profit, the standard tax on profit rate in Kingdom of Cambodia is 20% (2014: nil) for the year.

For the years ended 31 December 2015 and 2014, 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. EARNINGS (LOSS) PER SHARE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Earnings (loss)</b>		
Profit (loss) for the purpose of basic earnings (loss) per share	8,734	(17,736)
Effects of dilutive potential ordinary shares:		
Gain on change in fair value of derivatives component of convertible bonds ( <i>Note 13</i> )	(52,239)	–
Interest on convertible bonds (net of tax) ( <i>Note 13</i> )	10,440	–
Loss for the purpose of diluted loss per share	<u>(33,065)</u>	<u>(17,736)</u>

	2015 '000	2014 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	493,565	261,168
Effect of dilutive potential ordinary shares:		
Convertible bonds ( <i>note</i> )	<u>164,178</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) per share	<u><u>657,743</u></u>	<u><u>261,168</u></u>

*Note:*

For the year ended 31 December 2014, the computation of diluted loss per share did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in decrease in loss per share for the year then ended.

#### 10. DIVIDENDS

No dividend has been paid or declared during each of the years ended 31 December 2015 and 2014. The Directors do not recommend the payment of a final dividend for 2015 (2014: nil).

#### 11. TRADE AND OTHER RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables from trading business ( <i>Notes (i), (v)</i> )	4,701	7,464
Bills receivable from trading business ( <i>Notes (ii), (vi)</i> )	1,077	5,467
Advances to patrons ( <i>Notes (iii), (vii)</i> )	195,406	–
Amounts due from casinos ( <i>Notes (iv), (viii)</i> )	14,408	–
Other receivables		
– Prepayments	651	941
– Trade and other deposits paid	<u>923</u>	<u>11,676</u>
	<u><u>217,166</u></u>	<u><u>25,548</u></u>

The Group generally allows credit periods of 30 to 180 days (2014: 30 to 180 days) to its trade customers from trading business and credit period of 15 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.

*Notes:*

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 30 days	<b>2,853</b>	–
31 to 90 days	–	–
91 to 365 days	<b>793</b>	7,464
Over 1 year	<b>1,055</b>	–
	<u><b>4,701</b></u>	<u>7,464</u>

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 30 days	–	–
31 to 90 days	<b>360</b>	–
91 to 365 days	<b>717</b>	3,127
Over 1 year	–	2,340
	<u><b>1,077</b></u>	<u>5,467</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 30 days	61,817	–
31 to 90 days	26,165	–
91 to 365 days	<u>122,837</u>	–
	210,819	–
Impairment loss on trade and other receivables	<u>(15,413)</u>	–
	<u><u>195,406</u></u>	<u><u>–</u></u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 30 days	<u><u>14,408</u></u>	<u><u>–</u></u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Neither past due nor impaired	3,646	3,183
Past due but not impaired		
0 to 30 days past due	–	–
31 to 90 days past due	–	–
91 – 365 days past due	–	4,281
Over 1 year past due	<u>1,055</u>	–
	<u><u>4,701</u></u>	<u><u>7,464</u></u>

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

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Neither past due nor impaired	<b>1,077</b>	2,252
Past due but not impaired		
0 to 30 days past due	<u>          –</u>	<u>          3,215</u>
	<b><u>          1,077</u></b>	<b><u>          5,467</u></b>

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

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Neither past due nor impaired	<b>87,982</b>	–
Past due but not impaired		
0 to 30 days past due	<b>8,406</b>	–
31 to 90 days past due	<b>91,300</b>	–
91 – 365 days past due	<u>          7,718</u>	<u>                  –</u>
	<b><u>          195,406</u></b>	<b><u>                  –</u></b>

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

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Neither past due nor impaired	<b><u>          14,408</u></b>	<b><u>                  –</u></b>

## 12. TRADE AND OTHER PAYABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables from trading business ( <i>Note (i)</i> )	596	177
Amounts due to casinos ( <i>Note (ii)</i> )	13,890	–
Amounts due to patrons	70,538	–
Other payables and accruals	4,938	692
Trade deposits received	3,874	1,017
	<u>93,836</u>	<u>1,886</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 30 days	–	–
31 to 90 days	–	–
91 to 365 days	538	177
Over 1 year	58	–
	<u>596</u>	<u>177</u>

- (ii) Ageing analysis of the amounts due to casinos at the respective reporting dates are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 30 days	10,883	–
31 to 90 days	2,891	–
91 to 365 days	116	–
	<u>13,890</u>	<u>–</u>

(iii) Ageing analysis of the amounts due to patrons at the respective reporting dates are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 30 days	40,266	–
31 to 90 days	8,716	–
91 to 365 days	21,556	–
	<u>70,538</u>	<u>–</u>

### 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 each of several independent investors (“Subscribers”) to conditionally issue the 3 years redeemable convertible bonds of the Company in an aggregate principal amount of HK\$365 million at 8% coupon rate per annum. On 2 December 2015, the subscriptions were completed and convertible bonds of HK\$315 million 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 or before 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>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
At 1 January	<b>36,874</b>	–
Issue of new bonds	<b>167,280</b>	35,223
Interest charge for the year ( <i>note 6</i> )	<b>10,440</b>	1,651
	<u><b>214,594</b></u>	<u>36,874</u>
<b>At 31 December</b>	<b>214,594</b>	36,874
Categorised as:		
Non-current liabilities	<u><b>214,594</b></u>	<u>36,874</u>

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

The interest expense of the Tranche 1 Convertible Bonds for the year ended 31 December 2015 is calculated using the effective interest method by applying an effective interest rate of 16% (2014:16%) to the liability component.

#### **Derivative component-classified as current liabilities**

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

#### 14. NON-CONTROLLING INTERESTS

Jimei Entertainment Cambodia Development Limited, a 51% owned subsidiary of the Company, has material non-controlling interests (NCI). There is no other NCI for all other subsidiaries.

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

	<b>2015</b> <b>HK\$'000</b>
<b>For the year ended 31 December</b>	
Revenue	16,120
Loss for the year	(66,777)
Total comprehensive income	(66,777)
Loss allocated to NCI	32,721
Dividends paid to NCI	–
<b>For the year ended 31 December</b>	
Cash flows used in operating activities	(149,275)
Cash flows used in investing activities	(130)
Cash flows generated from financing activities	149,817
Net cash inflow	<u>412</u>
<b>2015</b> <b>HK\$'000</b>	
<b>At 31 December</b>	
Current assets	117,807
Non-current assets	108
Current liabilities	(184,614)
Non-current liabilities	–
Net liabilities	(66,699)
Accumulated non-controlling interests	<u>(32,682)</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND OPERATIONAL REVIEW**

The Group reported a profit attributable to owners of the Company of approximately HK\$8,734,000 for the year ended 31 December 2015 as compared with a loss of approximately HK\$17,736,000 in the year of 2014. The profit was mainly attributable to the gain on change in fair value of derivative financial liabilities of convertible bonds issued by the Company during the year. Basic earnings per share for the year amounted to approximately 1.77 HK cents (2014: basic loss per share were 6.79 HK cents). Net assets of the Group were approximately HK\$118,248,000 as at 31 December 2015 as compared to net assets of approximately HK\$144,698,000 as at 31 December 2014. The decrease in net assets was attributable to the overall loss of the Group after taking into account of the loss attributable to non-controlling interest of approximately HK\$32,721,000 for the year ended 31 December 2015.

### **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 the gaming promotion business in Australia and Cambodia respectively.

For the year ended 31 December 2015, the Group generated revenue and gross loss in the amount of approximately HK\$178.8 million and HK\$1.7 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 legalized 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, 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.

### **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 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 income stream. With the accomplishments made in 2015, the Group is committed to further expanding into the gaming industry in fast-growing markets, particularly in Asia, in order to bring new momentum and income sources.

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

During 2015, the Group has implemented a tighter 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 69.2% to HK\$16,085,000 for the year ended 31 December 2015, with a gross profit of HK\$420,000 as compared to a gross profit of approximately HK\$1,386,000 in 2014.

**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. 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. The Group's management team has been further strengthened by the addition of two new executive Directors, namely Mr. Ng Kuen Hon, and Mr. Tsui Kin Ming, all of who have extensive experience in the entertainment and gaming industry. 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.

In the long run, it is the Group's intention to diversify its business activities. On 17 March 2016, the Company has entered into a Framework Agreement with two Independent Third Parties in relation to a possible development project in Cambodia. The Company and one of the Independent Third Parties intend to establish a JV Company, the principal business activity of which is the development of an entertainment complex, including property, hotel, golf course, theme park and other entertainment and tourism business in Cambodia and the other Independent Third Party intends to provide engineering, construction and consultancy services to the JV Company. The Group is eager for exploration of prosperous business opportunities with sustainable development.

## **MATERIAL ACQUISITION AND DISPOSAL**

On 20 July 2015, the Group entered into the contract of sale with a vendor pursuant to which the Group agreed to purchase, and the vendor agreed to sell, an apartment at a consideration of AUD2,000,000 (equivalent to approximately HK\$11,600,000), and the completion took place on 28 August 2015 accordingly pursuant to the terms and conditions of the contract of sale. The apartment is a residential property located at apartment 1302 Aquarius, 15-21 Bow River Crescent, Burswood, Western Australia (the "Property"). In light of the expanding gaming promotion business of the Group and the increasing capacity of the Group's operation in Australia, the Group uses the Property as a staff quarter for staff stationed in Australia.

Save as disclosed above, 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 2015.

## **CAPITAL STRUCTURE**

As at 31 December 2015, the Company's equity attributable to its owners was approximately HK\$150,930,000 (2014: HK\$144,698,000). As at 31 December 2015, the short term and long term interest-bearing debts to equity attributable to its owners was 1.79 (2014: 0.05).

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operation by internally generated cash flow.

Prudent financial management and selective investment criteria have enabled the Group to maintain a stable financial position. As at 31 December 2015, the Group's bank balances and cash amounted to approximately HK\$316,193,000 (2014: HK\$157,053,000).

As at 31 December 2015, the current ratio was approximately 2.41 (2014: approximately 18.85) based on current assets of approximately HK\$533,359,000 (2014: HK\$182,601,000) and current liabilities of approximately HK\$220,943,000 (2014: HK\$9,686,000).

## **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 States 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 49 (2014: 25) employees in Hong Kong and Macau as at 31 December 2015. 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 2015, the Group had no significant contingent liability (2014: nil).

## **MAJOR CORPORATE EVENT**

During the reporting period, the Company conducted following major event:

### **Issue of convertible bonds under general mandate**

On 5 November 2015, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers have severally and conditionally agreed to subscribe, and the Company has conditionally agreed to issue, the Convertible Bonds in an aggregate principal amount of HK\$365,000,000, in respect of the issue and allotment of an aggregate of 73,000,000 Shares to the Subscribers at the Subscription Price of HK\$5 per Subscription Share.

Among the aggregate principal amount of HK\$365,000,000, Subscriptions of Convertible Bonds in an aggregate principal amount of HK\$315,000,000 were completed on 2 December 2015. The net proceeds were approximately HK\$314,700,000. Based on the initial Conversion Price of HK\$5.00 per Conversion Share, a maximum number of 63,000,000 Conversion Shares may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds.

## **SUBSEQUENT EVENTS**

On 17 March 2016, the Company has entered into a Framework Agreement with two Independent Third Parties in relation to a possible development project in Cambodia. Pursuant to the Framework Agreement, the Company and one of the Independent Third Parties intend to establish the JV company, the principal business activity of which is the development of an entertainment complex, including property, hotel, golf course, theme park and other entertainment and tourism business in Cambodia and the other Independent Third Party intends to provide engineering, construction and consultancy services to the JV Company. Details of which can be referred to the Company's announcement dated 17 March 2016.



## **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 2015 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 23 June 2015.

### **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 23 June 2015.

## **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 2015.

## **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 and risk management and internal control systems.

The audit committee of the Board 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 2015, 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 2015, 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.

## **CHANGE OF COMPANY WEBSITE**

The Board also announces that the website of the Company has been changed to [www.jimeigp.com.hk](http://www.jimeigp.com.hk) with immediate effect.

By Order of the Board  
**Jimei International Entertainment Group Limited**  
**Dr. Lam Yin Lok**  
*Chairman*

Hong Kong, 31 March 2016

*As at the date of this announcement, our executive Directors are Dr. Lam Yin Lok, Mr. Tsui Kin Ming, Mr. Ng Kuen Hon, 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.*