海航國際投資集團有限公司

HNA INTERNATIONAL INVESTMENT HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "Board") of directors (the "Directors") of HNA International Investment Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015 with comparative figures for the year ended 31 December 2014. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 HK$'000	2014 HK$'000
Continuing operations			
Revenue	4	**336,869**	339,993
Cost of sales		**(282,990)**	(288,035)
Gross profit		**53,879**	51,958
Other income	5	**60,832**	35,545
Other expenses		**(15,122)**	(4,517)
Other gains and losses	6	**63,866**	(101,714)
Selling and distribution costs		**(10,855)**	(9,930)
Administrative expenses		**(92,568)**	(63,370)
Finance costs	7	**(144,345)**	(109,574)
Loss before tax		**(84,313)**	(201,602)
Income tax credit	8	**1,305**	335
Loss for the year from continuing operations	10	**(83,008)**	(201,267)
Discontinued operation			
Loss for the year from discontinued operation	9	**(152,593)**	(149,991)
Loss for the year		**(235,601)**	(351,258)
Other comprehensive expense			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		**(169,580)**	(22,869)
Items that may be subsequently reclassified to profit or loss:			
Fair value loss on available-for-sale investments		**–**	(6,636)
Reclassification adjustment for impairment loss recognised in respect of available-for-sale investments		**–**	6,636
		–	–
Other comprehensive expense for the year		**(169,580)**	(22,869)
Total comprehensive expense for the year		**(405,181)**	(374,127)

	NOTES	2015 HK$'000	2014 HK$'000
Loss for the year attributable to owners of the Company			
– from continuing operations		**(61,217)**	(185,025)
– from discontinued operation	9	**(152,593)**	(149,991)
Loss for the year attributable to owners of the Company		**(213,810)**	(335,016)
Loss for the year attributable to non-controlling interests			
– from continuing operations		**(21,791)**	(16,242)
		(235,601)	(351,258)
Total comprehensive expense attributable to:			
Owners of the Company		**(361,982)**	(356,269)
Non-controlling interests		**(43,199)**	(17,858)
		(405,181)	(374,127)
LOSS PER SHARE	11		(Restated)
From continuing and discontinued operations			
Basic and diluted *(HK cents)*		**(4.28)**	(9.96)
From continuing operations			
Basic and diluted *(HK cents)*		**(1.22)**	(5.50)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	NOTES	**2015** **HK$'000**	2014 *HK$'000*
Non-current assets			
Property, plant and equipment		**331,866**	310,129
Land use rights		**1,178,104**	1,324,738
Intangible assets		**171**	884
Other receivables		**–**	39,284
Available-for-sale investments		**847**	887
Club debentures		**700**	700
Amounts due from related companies		**427,528**	526,546
		1,939,216	2,203,168
Current assets			
Land use rights		**44,457**	17,093
Amounts due from related companies		**121,456**	191,798
Inventories		**7,732**	15,897
Trade receivables	*12*	**104,575**	113,288
Prepayments, deposits and other receivables		**224,500**	222,425
Amounts due from customers for contract work		**88,415**	168,006
Tax recoverable		**4,957**	4,090
Pledged bank deposits		**3,220**	7,460
Bank balances and cash		**2,844,905**	31,096
		3,444,217	771,153
Assets associated with disposal group classified as held-for-sale	*9*	**1,045,743**	1,223,172
		4,489,960	1,994,325

	NOTES	2015 HK$'000	2014 HK$'000
Current liabilities			
Trade and bills payables	*13*	**53,550**	114,621
Other payables, deposits received, receipt in advance and accruals		**203,884**	126,290
Borrowings – due within one year		**201,616**	271,803
Amounts due to related companies		**91**	9,744
Convertible loan notes and related payables		**187,836**	173,036
Embedded derivative components of convertible loan notes		**11,996**	10,868
Tax liabilities		**17,429**	18,239
Financial guarantee liabilities		**6,255**	3,948
Deferred revenue		**34,349**	43,235
Obligations under finance leases		**266**	–
		717,272	771,784
Liabilities associated with disposal group classified as held-for-sale	*9*	**204,024**	331,226
		921,296	1,103,010
Net current assets		**3,568,664**	891,315
Total assets less current liabilities		**5,507,880**	3,094,483

	2015	2014
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred revenue	**232,663**	271,897
Borrowings – due after one year	**518,066**	473,239
Promissory note	**543,773**	609,479
Deferred tax liabilities	**256,074**	269,557
Obligations under finance leases	**991**	–
	1,551,567	1,624,172
Net assets	**3,956,313**	1,470,311
Capital and reserves		
Share capital	**4,731,480**	1,834,488
Reserves	**(1,249,179)**	(863,827)
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	**30,079**	12,518
Equity attributable to owners of the Company	**3,512,380**	983,179
Non-controlling interests	**443,933**	487,132
Total equity	**3,956,313**	1,470,311

Notes:

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Hong Kong HNA Holding Group Co. Limited ("Hong Kong HNA"), a company incorporated in Hong Kong with limited liability, is the immediate parent of the Company. HNA Group Co., Ltd. ("HNA Group"), a company registered in the People's Republic of China (the "PRC"), is the ultimate parent of the Company pursuant to Hong Kong Accounting Standards 1 "Presentation of Financial Statements". The address of the registered office and principal place of business of the Company is Suites 5811-5814, 58/F, Two International Finance Centre, 8 Finance Street, Hong Kong.

Pursuant to a special resolution passed on 17 April 2015, the Company changed its name to HNA International Investment Holdings Limited (海航國際投資集團有限公司), formerly known as Shougang Concord Technology Holdings Limited (首長科技集團有限公司).

The Company is an investment holding company.

The functional currency of the Company is Renminbi ("RMB"), as the Company mainly holds investments in subsidiaries whose operations are primarily in the PRC.

As the Company is listed in the Stock Exchange, for the convenience of the financial statements users, the results and financial position of the Group are expressed in Hong Kong dollars ("HK$"), which are the presentation currency for the consolidated financial statements.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. The Company has delivered the consolidated financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 109(3) of the predecessor Hong Kong Companies Ordinance (Cap. 32). The Company will deliver the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) in due course. The Company's auditor has reported on the consolidated financial statements for 2015 and 2014. The auditor's reports were qualified and contain a statement under section 407(2) and 407(3) of the Hong Kong Companies Ordinance (Cap. 622). The auditor's reports did not contain a statement under section 406(2) of the Hong Kong Companies Ordinance (Cap. 622). For details, please refer to sub-section under "EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT".

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HRFRSs 2011 – 2013 Cycle

The application of these amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9 (as revised in 2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods to be determined.

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker ("CODM"), being the Chief Executive Officer of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

On 30 June 2014, the Group has completed the acquisition of the golf club and hotel business. The golf club and hotel business is reviewed by CODM in a single operating segment.

The Group's reportable and operating segments from continuing operations under HKFRS 8 are as follows:

Intelligent information business	–	Provision of system value-added service solution and development and sales of hardware of computer products
Golf club and hotel business	–	Operation of golf club and provision of hotel and leisure services
Sales of light emitted diode products	–	Provision of system design, and sales of system hardware and light emitted diode products

From year 2011 to year 2015, a reportable and operating segment namely the "DTV technical solutions and equipment business" was classified as a disposal group held-for-sale and included in discontinued operation. Details of this segment is set out in Note 9.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments.

For the year ended 31 December 2015

Continuing operations

	Intelligent information business *HK$'000*	Golf club and hotel business *HK$'000*	Sales of light emitted diode products *HK$'000*	Total *HK$'000*
SEGMENT REVENUE				
External sales	**172,383**	**162,006**	**2,480**	**336,869**
Segment (loss) profit	**(41,047)**	**6,400**	**(653)**	**(35,300)**
Unallocated income and gains				**95,337**
Unallocated expenses				**(62,794)**
Gain on fair value change of the derivative components of convertible loan notes				**24,726**
Finance costs				**(103,715)**
Amortisation of financial guarantee contracts				**1,366**
Loss on financial guarantee contracts				**(3,933)**
Loss before tax (continuing operations)				**(84,313)**

For the year ended 31 December 2014

Continuing operations

	Intelligent information business *HK$'000*	Golf club and hotel business *HK$'000*	Sales of light emitted diode products *HK$'000*	Total *HK$'000*
SEGMENT REVENUE				
External sales	254,674	83,059	2,260	339,993
Segment (loss) profit	(43,544)	14,063	(2,167)	(31,648)
Unallocated income and gains				3,877
Unallocated expenses				(20,040)
Impairment loss recognised in respect of available-for-sale investments				(6,636)
Impairment loss on loan to an investee				(81,744)
Gain on fair value change of the derivative components of convertible loan notes				38,074
Finance costs				(89,927)
Amortisation of financial guarantee contracts				697
Loss on financial guarantee contracts				(14,255)
Loss before tax (continuing operations)				(201,602)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit from each segment without allocation of certain interest income, other miscellaneous income, gains and losses, corporate expenses and those disclosed in the reconciliation above. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2015	2014
	HK$'000	*HK$'000*
Reportable segment assets		
Continuing operations		
Intelligent information business	**449,037**	544,881
Golf club and hotel business	**2,064,891**	2,385,505
Sales of light emitted diode products	**2,881**	3,792
	2,516,809	2,934,178
Reconciliation of reportable segment total to group total:		
Assets associated with disposal group classified as held-for-sale and constituted discontinued operation		
– DTV technical solutions and equipment business *(Note 9)*	**1,045,743**	1,223,172
	3,562,552	4,157,350
Unallocated assets:		
Bank balances and cash	**2,844,905**	31,096
Available-for-sale investments	**847**	887
Pledged bank deposits	**3,220**	7,460
Other unallocated assets	**17,652**	700
Consolidated assets	**6,429,176**	4,197,493

	2015	2014
	HK$'000	*HK$'000*
Reportable segment liabilities		
Continuing operations		
Intelligent information business	**179,083**	181,767
Golf club and hotel business	**572,255**	637,853
Sales of light emitted diode products	**6,748**	15,724
	758,086	835,344
Reconciliation of reportable segment total to group total:		
Liabilities associated with disposal group classified as held-for-sale and constituted discontinued operation – DTV technical solutions and equipment business *(Note 9)*	**204,024**	331,226
	962,110	1,166,570
Unallocated liabilities:		
Obligations under finance leases	**1,257**	–
Bank borrowings	**719,682**	668,786
Loan from a related company	**–**	26,256
Loan from a third party	**–**	50,000
Convertible loan notes and related payables (including embedded derivative components)	**199,832**	183,904
Tax liabilities	**17,429**	18,239
Financial guarantee liabilities	**6,255**	3,948
Promissory note	**543,773**	609,479
Other unallocated liabilities	**22,525**	–
Consolidated liabilities	**2,472,863**	2,727,182

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than bank balances and cash, available-for-sale investments, pledged bank deposits and other unallocated assets; and

- all liabilities are allocated to operating segments other than obligations under finance leases, bank borrowings, loans from a related company and a third party, convertible loan notes and related payables (including embedded derivative components), tax liabilities, financial guarantee liabilities, promissory note and unallocated other payables and deposits received.

5. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank deposits	**1,290**	413
Imputed interest income in respect of other receivables	**648**	3,745
Interest income from advance to Guangzhou HNA Real Estate Development Company Limited ("Guangzhou HNA Real Estate")	**42,950**	22,075
Imputed interest on interest-free amounts due from other related companies	**7,914**	5,054
Imputed interest on interest-free advance to Guangzhou HNA Real Estate	**1,929**	1,887
Others	**6,101**	2,371
	60,832	35,545

6. OTHER GAINS AND LOSSES

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Gain on fair value change of the derivative components of convertible loan notes	**24,726**	38,074
Loss on disposal of property, plant and equipment	**(129)**	(67)
Net foreign exchange gain (loss)	**79,130**	(1,027)
Impairment loss recognised in respect of amounts due from customers for contract work	**(18,815)**	(19,717)
Impairment loss in respect of trade receivables	**(12,269)**	(11,801)
Impairment loss recognised in respect of available-for-sale investments	**–**	(6,636)
Impairment loss recognised in respect of prepayment	**–**	(53)
Impairment loss recognised in respect of a loan to an investee	**–**	(81,744)
Impairment loss recognised in respect of receivables from the developer of a property	**–**	(3,745)
Impairment loss recognised in respect of other receivables	**(5,715)**	–
Amortisation of financial guarantee contracts	**1,366**	697
Loss on financial guarantee contracts	**(3,933)**	(14,255)
Others	**(495)**	(1,440)
	63,866	(101,714)

7. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank and other borrowings:		
Bank borrowings	**51,445**	30,497
Loan from a related company	**1,226**	195
Loan from a director	**–**	181
Loan from a third party	**376**	8,688
Interest on promissory note	**50,590**	24,479
Interest on convertible loan notes	**40,678**	45,534
Interest on obligations under finance leases	**30**	–
	144,345	109,574

8. INCOME TAX CREDIT

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
PRC Enterprise Income Tax ("EIT")	**17**	2,336
Deferred tax		
Current year	**(1,322)**	(2,671)
	(1,305)	(335)

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for 2015 and 2014. No specific deduction is entitled on the applicable tax rate for 2015 and 2014.

9. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

DTV business

The disposal group classified as held-for-sale was related to the disposal of the Group's entire interest in South China Digital TV Holdings Limited, Yong Jiang Shi Yang Chun Yijiatong Information Technology Limited, Guangzhou Yijiatong Integrative Information Development Company Limited ("Yijiatong"), South China Digital Equipment Company Limited, and South China DTV Technology Development Limited (collectively referred as the "DTV Disposal Group").

The Directors are committed to sell the DTV Disposal Group in the near future as the policy of the Reform (as defined below) remains unchanged. The Directors consider that the disposal transaction remains highly probable and are of the view that it is appropriate to continue classifying the DTV Disposal Group as held-for-sale in the consolidated statement of financial position as at 31 December 2015.

As at 31 December 2015, the net assets value (excluding amounts due to group entities) of the DTV Disposal Group included in the consolidated financial statements (the "2015 Net Assets Value of the DTV Disposal Group") amounted to HK$841,719,000 (as at 31 December 2014: HK$891,946,000). The Directors contemplated that the consideration for the disposal transaction should reasonably be in line with the fair value.

The loss for the year from the discontinued operation is analysed as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Revenue	**–**	–
Cost of sales	**(119,069)**	(122,299)
Gross loss	**(119,069)**	(122,299)
Other gains and losses	**(20,393)**	(4,920)
Other income	**502**	612
Administrative expenses	**(5,496)**	(6,148)
Finance costs	**(8,137)**	(17,236)
Loss before tax	**(152,593)**	(149,991)
Income tax expense	**–**	–
Loss for the year from discontinued operation and attributable to owners of the Company	**(152,593)**	(149,991)

The assets and liabilities associated with disposal group classified as held-for-sale are analysed as follows:

	2015	2014
	HK$'000	*HK$'000*
Property, plant and equipment	**494,937**	621,486
Investment properties	**38,318**	48,803
Goodwill	**13,228**	13,855
Intangible assets	**305,969**	342,082
Trade receivables	**167,794**	175,750
Prepayments and other receivables	**19,198**	21,118
Restricted bank deposits	**238**	–
Bank balances and cash	**6,061**	78
Total assets associated with disposal group classified as held-for-sale	**1,045,743**	1,223,172
Trade and bills payables	**11,864**	27,817
Other payables and accruals	**23,676**	24,787
Tax liabilities	**89,700**	93,953
Bank borrowings	**78,784**	184,669
Amounts due to group entities	**1,264,182**	1,179,377
Total liabilities associated with disposal group classified as held-for-sale	**1,468,206**	1,510,603
Less: Amounts due to group entities	**(1,264,182)**	(1,179,377)
Liabilities associated with disposal group classified as held-for-sale	**204,024**	331,226
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	**30,079**	12,518

For presentation in the consolidated statement of financial position as at 31 December 2015 and 2014 and segment information in Note 4, the amounts due to Group entities amounting to HK$1,264,182,000 (2014: HK$1,179,377,000) has been excluded from the total liabilities associated with disposal group classified as held-for-sale.

Cash flows for the year from the discontinued operation are as follows:

	2015	2014
	HK$'000	*HK$'000*
Net cash outflows used in operating activities	**(35,593)**	(17,193)
Net cash outflows used in investing activities	**(432)**	(3,407)
Net cash inflows from financing activities	**42,008**	20,615
Net cash inflows	**5,983**	15

Loss for the year from discontinued operation has been arrived at after charging (crediting):

	2015	2014
	HK$'000	*HK$'000*
Staff costs, including Directors' remuneration		
– Salaries, wage and other benefits	**27**	528
– Retirement benefit scheme contributions	**14**	21
Total staff costs	**41**	549
Depreciation of property, plant and equipment	**101,518**	103,524
Amortisation of intangible assets	**21,306**	21,731
	122,824	125,255
Auditor's remuneration	**1,016**	1,016
Decrease (increase) in fair value change of investment properties	**8,548**	(675)
Interest income	**(3)**	(7)
Rental income from leasing of investment properties	**(103)**	(316)
Rental income from leasing of motor vehicles	**(97)**	(35)
Interest on bank borrowings	**8,137**	17,236
Net foreign exchange loss	**10,735**	5,570

Reorganisation of DTV business model in November 2010

As disclosed in the Company's 2010 to 2014 annual reports, the Group completed the reorganisation of business model of its DTV business on 8 November 2010. Under the arrangement with Guangdong Southern Yinshi Network Media Company Limited ("Southern Yinshi"), the Group was responsible to provide its equipment to local DTV project companies and technical services to Southern Yinshi (the "2010 Arrangement"), which owned the operation rights in providing multi-media information services based on cabled DTV network in Guangdong Province. In return, the Group was entitled to receive certain percentage of technical service fee income generated from Southern Yinshi and local DTV project companies for 20 years ("2010 Arrangement Income").

Since the commencement of 2010 Arrangement, all of the Group's DTV equipment and technical services have been provided and rendered to local DTV project companies for serving their cable television subscribers (collectively referred to as "Provision of DTV Technical Services and Leasing of DTV Equipment"). The 2010 Arrangement conveyed the right to use the DTV equipment to the local DTV project companies. On this basis, the management of the Group considered that the 2010 Arrangement contains leasing of equipment to local DTV project companies for 20 years.

Centralisation of cable digital broadcasting networks since December 2011

As disclosed in the Company's announcement dated 14 December 2011, the Company had been advised by Southern Media Corporation, a state-owned enterprise in the PRC, about the reorganisation of the cable digital broadcasting networks of Guangdong Province into one centralised network under one provincial broadcasting network company (the "Reform") which is led by the Steering Group on the Reform of Guangdong Cultural Structure (廣東省文化體制改革工作領導小組). Upon the completion of the Reform, the cable digital broadcasting networks of Guangdong Province would be ultimately owned and operated by Guangdong Broadcasting Network Co., Ltd. (廣東省廣播電視網絡股份有限公司) ("Guangdong Network"), a state-owned enterprise in the PRC. As a result of the Reform, the Group no longer would be able to operate the DTV business under the existing structure and the Group decided to exit the DTV business.

On 23 December 2011, the Group entered into a sales agreement with Hong Kong Guang Hua Resources Investments Company Limited ("Guang Hua"), an independent third party (the "Guang Hua Sales Agreement"), to dispose of the DTV Disposal Group at a total proceeds of HK$1,350,000,000 (including settlement of balances with the group entities). These companies were the wholly-owned subsidiaries of the Group, which carried out the Group's DTV business. On 29 February 2012, the Group entered into a supplemental agreement to revise the total proceeds from HK$1,350,000,000 to HK$1,420,000,000.

Based on the understanding of the management of the Group, then the DTV Disposal Group would be eventually transferred by Guang Hua to Guangdong Network.

In the preparation of the Group's consolidated financial statements for the year ended 31 December 2011, the Directors determined that the sale was highly probable and the Group's subsidiaries operating DTV business were available for immediate sale. Based on the facts and circumstances as at 31 December 2011, the Directors expected the disposal to be completed upon obtaining the approval of Southern Yinshi and shareholders of the Company before 30 June 2012. Consequently, DTV business had been classified as discontinued operation and presented separately in consolidated statement of financial position as at 31 December 2011.

Delay in completion of disposal of DTV business in 2012, 2013 and 2014

This transaction had been approved by the shareholders of the Company on 25 May 2012.

As detailed in the Company's announcement on 2 January 2013, approval from Southern Yinshi had not been obtained as at 31 December 2012. Guang Hua and the Group have agreed that the time for fulfilment or waiver of the aforesaid outstanding condition to be further extended to 30 June 2013 or such other date as might be further agreed with Guang Hua. Based on the facts and circumstances as at 31 December 2012, the management of the Group remained confident that the approval from Southern Yinshi would ultimately be obtained after the completion of the Reform and the delay in completing the disposal was caused by the delay in implementing the Reform. Although the expected completion date of the Reform was delayed, the policy about the Reform remained unchanged. Thus, the Directors considered the transaction remained highly probable and the DTV Disposal Group was still continued to be classified as held-for-sale in the consolidated statement of financial position as at 31 December 2012.

As of 31 December 2012, the recoverable amount of the DTV Disposal Group, based on the estimated net proceeds from the disposal pursuant to the Guang Hua Sales Agreement, was expected to exceed the carrying amounts of the DTV Disposal Group and accordingly, no impairment loss had been recognised. As disclosed in the Company's announcement dated 2 July 2013, the approval from Southern Yinshi had not yet been obtained. The Group and Guang Hua could not agree upon extension of the time for fulfilment or waiver of such approval. As a result, the Guang Hua Sales Agreement lapsed on 30 June 2013.

Due to the delay in completing the disposal, the Directors initiated discussion with Guangdong Network and were seeking for a potential buyer for the disposal of the DTV Disposal Group. In 2013, Guangdong Network, Yijiatong and another state-owned enterprise jointly engaged a valuer in the PRC to perform valuation of the DTV Disposal Group. There was no formal sales agreement and no valuation of the DTV Disposal Group has been concluded as at 31 December 2014.

As at 31 December 2014, the net assets value (excluding amounts due to group entities) of the DTV Disposal Group included in the consolidated financial statements (the "2014 Net Assets Value of the DTV Disposal Group") amounted to HK$891,946,000 and the Directors were confident that the recoverable amount of the DTV Disposal Group would not be less than the 2014 Net Assets Value of the DTV Disposal Group.

Memorandum of understanding entered into between the Company and a strategic buyer ("MOU")

On 7 March 2016, the Company entered into a MOU with China TriComm Ltd., an independent third party to the Group, to negotiate in good faith with a view to entering into a definitive agreement for disposal of DTV Disposal Group to China TriComm Ltd., by no later than 31 May 2016, or any later date as may be agreed at the consideration to be agreed between the parties therein with reference to the net asset value of the DTV Disposal Group and the amount of the shareholders' loan to be assigned.

As at the date of approval of these consolidated financial statements, the negotiation with China TriComm Ltd. is still in progress. The Directors are of the view that the disposal of DTV Disposal Group is considered highly probable and an agreement will be reached between the parties, and as such no impairment in respect of DTV Disposal Group is expected as at 31 December 2015 because the net proceeds from the disposal pursuant to the MOU is expected to exceed the 2015 Net Assets Value of the DTV Disposal Group. The ultimate outcome of the negotiation cannot be assessed at this stage, and as the Group is required to measure the DTV Disposal Group at the lower of its carrying amount and fair value less cost of disposal, accordingly there may be an impact on the carrying amounts of the DTV Disposal Group depending on the ultimate conclusion of the negotiation.

(i) Property, plant and equipment

The DTV equipment is depreciated on a straight-line basis over their estimated useful lives of 10 years.

During the year ended 31 December 2015, DTV Disposal Group acquired property, plant and equipment of approximately HK$189,000 (2014: HK$5,692,000) to operate its DTV business.

The Group assessed the impairment of its properties by comparing the fair values of its properties against its carrying amounts. At 31 December 2015, the carrying amount is HK$9,757,000 (2014: HK$10,510,000)The fair values of the DTV business's properties as at 31 December 2015 have been arrived at on the basis of a valuation carried out on that date by Vigers Appraisal & Consulting Limited ("Vigers") (2014: Messrs. Guangdong Jinghua Assets & Real Estate Appraisal Co., Ltd. ("Guangdong Jinghua")). The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar location and condition. As the fair values of the properties are higher than the carrying amounts, no impairment loss has been recognised. The Group has not provided for impairment loss of the remaining items of property, plant and equipment of HK$485,180,000 (2014: HK$610,976,000) as the amount will be recovered in full through the recoverable amount of DTV Disposal Group which is expected to be higher than the 2015 Net Assets Value of the DTV Disposal Group.

(ii) Investment properties at fair value

	HK$'000
As at 1 January 2014	49,329
Increase in fair value recognised in profit or loss	675
Exchange adjustment	(1,201)
As at 31 December 2014	48,803
Decrease in fair value recognised in profit or loss	(8,548)
Exchange adjustment	(1,937)
As at 31 December 2015	38,318

The fair values of the investment properties of the DTV business as at 31 December 2015 have been arrived at on the basis of a valuation carried out on that date by Vigers (2014: Guangdong Jinghua). The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar location and condition.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. All of the investment properties of the DTV business are classified as level 3 of the fair value hierarchy. The valuation technique is based on the open market value by reference to recent market transactions for comparable properties and the key input is the price per square metre with floor adjustment as the only significant unobservable input.

All of the DTV business property interests in leasehold land in the PRC to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

Fair value as at 31 December 2015	Valuation technique	Significant unobservable inputs	Weighted average price	Relationship of unobservable input to fair value
Office units located in Guangdong, the PRC – completed properties HK$38,318,000	Direct comparison	Floor adjustment	RMB21,500 per square metre	The higher the floor adjustment, the higher the fair value

(iii) *Intangible assets*

The intangible assets in the DTV Disposal Group represent contract acquisition costs for acquiring the rights to provide technical services and equipment. The contract acquisition costs are amortised over the terms of the contract of 20 years on a straight-line basis.

The Group assessed the impairment of its intangible assets. In the circumstance that the DTV Disposal Group is sold, the intangible assets will still be valid and enforceable in accordance with the contract signed with the DTV operator in Guangdong Province. As the amount will be recovered in full through the recoverable amount of DTV Disposal Group, which is expected to be higher than the 2015 Net Assets Value of the DTV Disposal Group, the management determined that there is no impairment loss recognised.

(iv) *Trade receivables*

An aged analysis of the trade receivables as at the end of the reporting period, based on invoice date, and net of allowance for doubtful debts, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Over 2 years	**167,794**	175,750

All the trade receivables included in assets held-for-sale are past due as at the reporting date for which the Group has not provided for impairment loss as the amounts are still considered recoverable as the amount will be recovered in full through the recoverable amount of DTV Disposal Group which is expected to be higher than the 2015 Net Assets Value of the DTV Disposal Group. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired:

	2015	2014
	HK$'000	*HK$'000*
Over 2 years	**167,794**	175,750

The trade receivables are all denominated in functional currencies of respective group entities in 2015 and 2014.

(v) *Trade and bills payables*

An aged analysis of the trade and bills payables associated with disposal group classified as held-for-sale at the end of reporting period based on the invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 – 90 days	**–**	1,738
91 – 180 days	**–**	2,256
181 – 365 days	**20**	183
1 – 2 years	**2,787**	23,302
Over 2 years	**9,057**	338
	11,864	27,817

The trade and bills payables associated with disposal group classified as held-for-sale are all denominated in functional currencies of respective entities in 2015 and 2014.

(vi) *Bank borrowings*

	2015	2014
	HK$'000	*HK$'000*
Bank borrowings	**78,784**	184,669
Secured	**–**	35,883
Unsecured	**78,784**	148,786
	78,784	184,669
Carrying amount repayable:		
Within one year *(Note)*	**78,784**	155,037
More than one year, but not exceeding two years	**–**	29,632
	78,784	184,669

Note: During the year ended 31 December 2013, the Group failed to repay a bank loan amounted to HK$102,486,000 in accordance with the repayment schedule. Based on the initial repayment term, amount of HK$31,112,000 was due for repayment in 2013 and the remaining HK$2,563,000 and HK$68,811,000 was repayable in 2014 and 2015 respectively. As agreed with the relevant bank in 2014 and in accordance with the revised repayment term, amount of HK$72,117,000, HK$25,628,000 and HK$4,741,000 was repayable in 2014, 2015 and 2016 respectively. During the year ended 31 December 2014, HK$64,115,000 was repaid and the remaining amount of HK$35,883,000 had not been settled, which would be repaid on or before 30 June 2015 as agreed with the relevant bank. This bank loan is secured by investment properties of HK$48,803,000 and buildings of HK$10,510,000 at 31 December 2014. During the year ended 31 December 2015, this bank borrowing was fully repaid and the security was released upon full repayment.

The bank borrowings associated with disposal group classified as held-for-sale are variable rate borrowings carrying interest at two to five years benchmark interest rate of The People's Bank of China with 0% – 20% mark up.

The effective interest rates (which are also equal to contracted interest rates) on this borrowing is 6.55% (2014: ranged from 6.55% to 7.07%) per annum.

During the years ended 31 December 2015 and 2014, there was no new loan associated with DTV Disposal Group classified as held-for-sale obtained by the Group.

The borrowings of the disposal group were all denominated in functional currencies of respective group entities in 2015 and 2014.

10. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from continuing operations has been arrived at after charging:

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Staff costs, including Directors' remuneration		
– Salaries, wages and other benefits	**83,195**	56,251
– Retirement benefit scheme contributions	**5,086**	3,243
Total staff costs	**88,281**	59,494
Depreciation of property, plant and equipment	**16,491**	9,365
Amortisation of intangible assets	**696**	2,011
Amortisation of land use rights	**60,452**	8,620
Total depreciation and amortisation	**77,639**	19,996
Auditor's remuneration	**2,999**	3,236
Cost of inventories recognised as expenses	**22,213**	26,794
Contract costs recognised as expenses	**123,393**	219,626
Research and development expenses (included in other expenses)	**592**	989
Acquisition related costs for the golf club and hotel business (included in other expenses)	**–**	3,528

11. LOSS PER SHARE

From continuing and discontinued operations

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

	2015	2014
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(213,810)**	(335,016)

	2015	2014
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**5,000,358**	3,364,014

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the years of 2015 and 2014 have been adjusted to reflect the impact of the rights issue affected during the year ended 31 December 2015.

The computation of diluted loss per share does not assume exercise of share options and conversion of convertible loan notes in 2015 and 2014 because the assumed exercise of share options and conversion of convertible loan notes would result in decrease in loss per share from continuing operations.

From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
Loss figures are calculated as follows:		
Loss for the year attributable to owners of the Company	**(213,810)**	(335,016)
Less: Loss for the year from discontinued operation	**(152,593)**	(149,991)
Loss for the purposes of basic and diluted loss per share from continuing operations	**(61,217)**	(185,025)

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK3.06 cents per share (2014: loss of HK4.46 cents per share).

The calculation of basic and diluted loss per share from discontinued operation attributable to owners of the Company are based on the following data:

	2015	2014
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share attributable to owners of the Company	**(152,593)**	(149,991)

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

12. TRADE RECEIVABLES

Trading terms with customers are on credit, except for new customers, where cash on delivery is normally required. Invoices are normally payable within 90 days upon issuance. Each customer has a designated credit limit.

The following is an aged analysis of the trade receivables as at the end of the reporting period, based on invoice date, and net of allowance for doubtful debts:

	2015	2014
	HK$'000	*HK$'000*
0 – 90 days	**79,677**	61,604
91 – 180 days	**7,266**	37,024
181 – 365 days	**10,995**	1,069
1 – 2 years	**6,637**	13,591
	104,575	113,288

13. TRADE AND BILLS PAYABLES

The following is an aged analysis of the trade and bills payables based on the invoice date as at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
0 – 90 days	**10,627**	81,256
91 – 180 days	**4,214**	3,441
181 – 365 days	**20,316**	3,873
1 – 2 years	**875**	10,671
Over 2 years	**17,518**	15,380
	53,550	114,621

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year 2015 (2014: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 15 June 2016 to Friday, 17 June 2016 (both days inclusive) to determine the entitlement to attend and vote at the Company's annual general meeting to be held on Friday, 17 June 2016 (the "AGM"). During such period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 14 June 2016 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded total revenue of HK$336.9 million in 2015 with a decrease in the amount of HK$3.1 million compared to HK$340.0 million in 2014. This decrease was mainly due to the significant slowdown in new project contracts of intelligent information business, which generated less revenue in the amount of HK$82.3 million (-32.3%) as compared to 2014. This revenue gap was largely offset by the increased revenue in the amount of HK$79.0 million contributed by the golf club and hotel business in 2015. Under a strategic consideration, the Group successfully acquired the golf club and hotel business on 30 June 2014 to restructure its then existing business portfolio with the aim of enhancing the Group's overall profitability.

The Group's loss for the year reduced significantly by HK$115.7 million, close to 33% as compared to 2014. The loss was mainly attributable to the poor performance of intelligent information business and depreciation expenses of the held-for-sale DTV business of the Group.

Despite the economic slowdown and anti-extravagance policy enforced by the Chinese Government in recent years, the golf club and hotel business still recorded approximately 3% growth in revenue in 2015 and its EBITDA (excluding non-operating adjustment) also increased by roughly 17% when compared to full-year record of 2014. In particular, the core segment golf club itself contributed nearly 84% to the total revenue of the combined golf club and hotel business. Under the effective management team, the golf club recorded nearly 7% increase in revenue in 2015 on a year-on-year basis.

The tourism industry has been supported by the Chinese Government since the 12th Five-Year Plan through encouraging and promoting the development of the tourism industry, and the tourism industry is one of the strategic pillar industries in developing the Chinese economy and improving the social well-being of citizens. The Group believes that, the nation as a whole is moving towards a more consumer-based economy with a growing middle class that commands strong purchasing power and has an appetite for leisure and tourism, and thus the golf club business will continue to grow steadily.

FINANCIAL REVIEW

Revenue, Cost of Sales and Gross Profit of the Group

For the year ended 31 December 2015, turnover of the Group amounted to HK$336.9 million (2014: HK$340.0 million), representing a year-on-year decline of HK$3.1 million (-0.9%).

The analysis of the Group's segment revenue is as follows:

	2015	2014
	HK$'000	*HK$'000*
Continuing operations – segment revenue		
Golf club and hotel business	**162,006**	83,059
Intelligent information business	**172,383**	254,674
Others	**2,480**	2,260
	336,869	339,993

Cost of sales of the Group in 2015 was HK$283.0 million, representing a decrease of HK$5.0 million (-1.7%) from HK$288.0 million in 2014. The decrease in the cost of sales of the Group in 2015 was mainly due to significant drop in revenue with respect to the intelligent information business.

In light of the above, the gross profit of the Group amounted to HK$53.9 million in 2015 (2014: HK$52.0 million) with an increase of HK$1.9 million (3.7%) as compared with last year.

Loss Attributable to Owners of the Company for the year 2015

Loss attributable to owners of the Company for the year 2015 amounted to HK$213.8 million, representing a significant reduction of HK$121.2 million (-36.2%) from HK$335.0 million in 2014.

SEGMENT INFORMATION

Golf Club and Hotel Business

The golf club and hotel business segment refers to the operations of golf club and provision of hotel and leisure services.

This segment revenue and profit reached HK$162.0 million (six month period from 1 July to 31 December 2014: HK$83.0 million) and HK$6.4 million (six month period from 1 July to 31 December 2014: HK$14.1 million) respectively for the year 2015. The remarkable increase in revenue by HK$79.0 million (95%) is due to different periods covered in the two years. HK$162.0 million represented fully year revenue in while HK$83.0 million covered only a six months period in 2014 after acquisition of the golf club and hotel business by the Group on 30 June 2014.

Intelligent Information Business

The intelligent information business segment refers to the development and provision of system integration solutions, system design and sales of system hardware.

The segment turnover and loss for 2015 amounted to HK$172.4 million (2014: HK$254.7 million) and HK$41.0 million (2014: HK$43.5 million), respectively. As a result of the slowdown in new project contracts, the revenue for the year 2015 decreased considerably as compared to prior year. The intelligent information business has been experiencing losses since 2012.

DTV Business Services

The Group was no longer engaged in the DTV business technology solutions and similar businesses. There was no operating income for the year (2014: Nil) and the total loss of DTV business was HK$152.6 million (2014: HK$150.0 million). It has been the intention of the Group to dispose this held-for-sale business.

Other Businesses

Other businesses include the provision of management services, sales of light emitted diode products and others products by the Group. The revenue and operating loss of the Group amounted to HK$2.5 million (2014: HK$2.3 million) and HK$0.7 million (2014: HK$2.2 million) for the year 2015 respectively.

Liquidity and Financing Activities

In November 2015, in order to expand the existing investment portfolio, the Group raised HK$2.8 billion by issuing 7,328,568,922 rights shares at HK$0.376 per share. During 2015, the Group also had new bank borrowings of HK$431.0 million to support daily working capital for the Group. Hence, the debt to assets ratio reduced significantly. As a result, the Group's financial stability has improved considerately so as to enable the Group for further business expansion. After the aforesaid rights issue, the total capital (equity and total debt) increased from HK$2.5 billion as at 31 December 2014 to HK$5.0 billion as at 31 December 2015. Meanwhile, the total assets of the Group also increased from HK$4.2 billion as at 31 December 2014 to HK$6.4 billion as at 31 December 2015.

The Group's net debt to net total capital as at 31 December 2015 was nil, compared with 62.1% as at 31 December 2014.

With plenty of cash on hand as well as available banking facilities, the Group's liquidity position remains strong to satisfy its capital commitments and working capital requirements.

Capital Structure

As at 31 December 2015, the number of shares in issue and issued share capital of the Company were 11,399,996,101 (31 December 2014: 3,698,713,179) and approximately HK$4.7 billion (31 December 2014: HK$1.8 billion), respectively. The Group had bank and other borrowings of HK$798.5 million, of which HK$280.4 million were repayable within one year and HK$518.1 million were repayable after one year. Amongst the borrowings, 71.1% were pledged with prepayment for land, buildings and accounts receivable.

Charge on Assets

As at 31 December 2015, assets pledged to banks to secure banking facilities (including bank borrowings and bills payables and mortgage granted on membership fee income) granted to the Group are as follows:

	As at	
	31 December 2015	31 December 2014
	HK$'000	*HK$'000*
DTV business – investment properties	**–**	48,803
DTV business – Buildings	**–**	10,510
Hotel and buildings for golf business	**260,256**	282,161
Prepayment for land	**1,222,561**	1,341,831
Bank deposits	**3,220**	7,460
Accounts receivable	**–**	33,209
Automobiles	**1,329**	–
Total	**1,487,366**	1,723,974

Foreign Exchange Exposure

The ordinary operations and investments of the Group are mainly in Hong Kong and the PRC, with revenue and expenditures denominated in Hong Kong dollars, Renminbi and United States dollars. The operation results of the Group may be affected by the volatility of Renminbi. The Group will review its foreign exchange exposures regularly and may consider using financial instruments to hedge against such exposures at appropriate times. As at 31 December 2015, there were no derivative financial instruments employed by the Group.

Contingent Liabilities

As at 31 December 2015, the contingent liabilities of the Group were arisen from guarantees of HK$99.7 million (31 December 2014: HK$104.4 million) in total for credit facilities granted to third parties, and the amount drawn down was HK$79.6 million (31 December 2014: HK$97.5 million).

Material Acquisitions, Disposals, Significant Investment and Future Plans of Material Investment

On 27 November 2015, the Group entered into a memorandum of understanding with a potential buyer to dispose the intelligent information business and a sale and purchase agreement was finally entered between the parties therein on 13 January 2016.

On 7 March 2016, the Group entered into a memorandum of understanding to sell the DTV business. A definitive agreement is expected to be finalized by 31 May 2016, or any later date as may be agreed by the Group and the buyer.

Save as disclosed above, the Group had no other material acquisitions, disposals, significant investments and future plans of material investment during the year ended 31 December 2015.

Employees and Remuneration Policies

The Group had a total of 909 employees as at 31 December 2015.

The remuneration policies of the Group are to ensure the remuneration package as a whole is fair and competitive, so as to motivate and retain current employees as well as to attract potential talents. The determination of these remuneration packages has already been taken into account carefully, amongst others, practices under different local geographical locations in which the Group operates. The employees' remuneration packages are comprised of salaries, discretionary bonuses, together with retirement schemes, medical insurances and share options to form a part of such welfare benefits.

Business prospects

In 2016, we are of the opinion that there is an upward momentum in the fluctuating United States economy. With the lower risk of deterioration of the European economies, it is difficult to obtain a fundamental improvement in the short term. However the economic situation in UK would be better than other European Union economic entities. New emerging market consists of risks and opportunities, among others, Chinese economy will continue to face pressure from structural adjustments. Notwithstanding the relative high pressure on overall growth rate, there are still various structural opportunities. With the dependence on crude oil export, OPEC countries would face greater risk on economic growth. However, India is likely to have better economic growth.

Based on our understanding as above, for business plan in 2016, the Group will continue to drive its development and restructuring strategy, expedite the disposal process of intelligent information business and DTV business. Disposal of the intelligent information business was approved by the shareholder in March 2016. A memorandum of understanding for disposing DTV business has been entered into and we are in the process of negotiating the terms of the sale and purchase agreement with the buyer. Announcement will be issued immediately according to the Listing Rules once confirmation has been obtained. At the same time, in consistent with the Group's prudent and steady investment principal, we mainly focus on merger and acquisition opportunities in developed economies and will seek new investment opportunities in sectors such as property investment, real estate development, public infrastructure. We will also actively explore overseas investment opportunities in golf course in order to enhance the existing principal business of the Group. Meanwhile, the Group will consider investment opportunities that can create synergy with HNA Group. Abide by the above strategies, the Group will strive to build a business conglomerate which delivers stable cash flow and great growth prospects and to achieve a good balance between risks and benefits.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The auditor expressed a qualified opinion as well as included an emphasis of matter paragraph in the auditor's report. The basis for the opinion is extracted from the accditors report.

Basis for Qualified Opinion

As described in Note 9 to the consolidated financial statements, the sales agreement entered into between the Group and Hong Kong Guang Hua Resources Investments Company Limited ("Guang Hua"), an independent third party, in relation to the disposal of certain subsidiaries of the Group (collectively referred to as the "DTV Disposal Group") lapsed on 30 June 2013. As at 31 December 2014 and 2015, the Directors of the Company were still seeking for a potential buyer for the disposal of the DTV Disposal Group and considered the disposal transaction remained highly probable, however, no formal sales agreement had been concluded as at 31 December 2014 and 2015. The Directors were of the view that the carrying amounts of the assets included in the DTV Disposal Group were measured in accordance with applicable HKFRSs taking into account of the potential disposal. The Directors were also confident that the recoverable amount of the DTV Disposal Group in its entirety would not be less than the net assets value of the DTV Disposal Group included in the consolidated statement of financial position as at 31 December 2014.

In the absence of a formal sales agreement and an appropriate valuation as at 31 December 2014 and 2015, we were unable to obtain sufficient information to assess, as at 31 December 2014 and 2015, (i) whether the disposal of the DTV Disposal Group was highly probable and the classification of the DTV Disposal Group as held-for-sale in the consolidated financial statements remained appropriate; and (ii) whether certain assets included in the DTV Disposal Group were measured in accordance with applicable HKFRSs. We were also unable to obtain sufficient information to assess whether the DTV Disposal Group in its entirety at 31 December 2014 was measured at the lower of its net assets value and fair value less cost of disposal in accordance with HKFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations" issued by the HKICPA. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the recoverable amounts of certain assets included in the DTV Disposal Group as at 31 December 2014 and 2015, whether the DTV Disposal Group in its entirety as at 31 December 2014 was measured at the lower of its net assets value and fair value less costs of disposal in accordance with HKFRS 5. Any adjustment to the carrying amounts may have a consequential significant effect on the net assets and the performance for the relevant financial periods. We issued a disclaimer of opinion in respect of the consolidated financial statements for the year ended 31 December 2014 accordingly.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 9 to the consolidated financial statements which explains that the Group has entered into a memorandum of understanding (the "MOU") subsequent to the end of the reporting period with China TriComm Ltd. ("TriComm"), an independent third party, to dispose the DTV Disposal Group to TriComm at a consideration to be agreed between the parties with reference to the net asset value of the DTV Disposal Group and the amount of the shareholders' loan to be assigned (the "Disposal"). The Directors of the Company consider the Disposal is highly probable and are confident that net proceeds from the Disposal pursuant to the MOU would not be less than the net asset value of the DTV Disposal Group of approximately HK$841,719,000 included in the consolidated financial statements as at 31 December 2015. As at the date of this report, the negotiation is still in progress and no binding sales agreement has been concluded. Depending on the ultimate outcome of the negotiation, it might result in a significant loss on the Disposal. However, the ultimate outcome of the negotiation cannot be assessed at this stage.

Report on Other Matters under Sections 407(2) and 407(3) of the Hong Kong Companies Ordinance

In accordance with the Hong Kong Companies Ordinance, we have the following matterr to report. In our opinion, in respect alone of the inability to obtain sufficient appropriate audit evidence regarding the DTV Disposal Group as at 31 December 2014 and 2015 as described in the Basis for Qualified Opinion paragraph above:

- we were unable to determine whether adequate accounting records had been kept; and

- we have not obtained all the information and explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit."

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the financial year ended 31 December 2015, except the following deviation:

– Under the code provision of A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year, Mr. Wang Hao acted as the chairman and chief executive officer from 3 June 2015 to 27 July 2015 as the Company had not identified a suitable candidate to take up the role of the chairman during the period. Mr. Wang Hao then stepped down as the chairman on 28 July 2015, as the Company appointed Mr. Zhao Quan and Mr. Li Tongshuang as the chairman and vice-chairman of the Company respectively.

– Under the code provision of F.1.2 of the CG Code, a board meeting should be held to discuss, inter alia, the appointment of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution. During the year, Mr. Huang Tianbo ("Mr. Huang")was appointed as one of the joint company secretaries of the Company on 28 July 2015 and the appointment was approved by a written resolution instead of a physical board meeting. It was because Mr. Huang joined the Company in October 2013 and since then he has extensive knowledge about the business operations of the Company as well as the matters relating to the corporate governance and compliance issues of the companies listed on the Stock Exchange. In addition, the Board has a certain extent of familiarity with Mr. Huang at the date of his appointment.

Details of the Company's compliance with the provisions of the CG Code during the year will be set out in the Corporate Governance Report in the Company's 2015 annual report.

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

The Board proposes to adopt a new articles of association of the Company (the "New Articles") at the AGM in substitution for the memorandum and articles of association of the Company to bring the constitution of the Company in line with the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The adoption of the New Articles is subject to the approval of the shareholders of the Company by way of a special resolution at the AGM. A circular containing, among other things, the notice of the AGM and details of the proposed adoption of the New Articles will be despatched to the shareholders of the Company as soon as practicable.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By order of the Board
HNA International Investment Holdings Limited
Zhao Quan
Chairman

Hong Kong, 31 March 2016

As at the date of this announcement, the Board comprises Mr. Zhao Quan (Executive Director and Chairman), Mr. Li Tongshuang (Executive Director and Vice-chairman), Mr. Xu Haohao (Executive Director and Executive President), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Wang Hao (Non-executive Director), Mr. Leung Kai Cheung (Independent Non-executive Director), Mr. Liem Chi Kit, Kevin (Independent Non-executive Director) and Mr. Lam Kin Fung, Jeffrey (Independent Non-executive Director).