海航國際投資集團有限公司
HNA International Investment Holdings Ltd.

Stock Code: 521

Annual Report 2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Zhao Quan *(Chairman)*
Li Tongshuang *(Vice-chairman)*
Xu Haohao *(Executive President)*
Zhang Ke *(appointed on 22 April 2016)*

Non-executive Directors

Leung Shun Sang, Tony
Wang Hao

Independent Non-executive Directors

Leung Kai Cheung
Liem Chi Kit, Kevin
Lam Kin Fung, Jeffrey

EXECUTIVE COMMITTEE

Zhao Quan *(Chairman)*
Li Tongshuang
Xu Haohao
Zhang Ke *(appointed on 22 April 2016)*

AUDIT COMMITTEE

Leung Kai Cheung *(Chairman)*
Liem Chi Kit, Kevin
Lam Kin Fung, Jeffrey

NOMINATION COMMITTEE

Zhao Quan *(Chairman)*
Leung Shun Sang, Tony
Leung Kai Cheung
Liem Chi Kit, Kevin
Lam Kin Fung, Jeffrey

REMUNERATION COMMITTEE

Leung Kai Cheung *(Chairman)*
Zhao Quan
Xu Haohao
Liem Chi Kit, Kevin
Lam Kin Fung, Jeffrey

INVESTMENT COMMITTEE

Zhao Quan *(Chairman)*
Li Tongshuang
Xu Haohao
Leung Shun Sang, Tony
Leung Kai Cheung
Zhang Ke *(appointed on 22 April 2016)*

JOINT COMPANY SECRETARIES

Huang Tianbo
Lau Lap Ngai

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISER AS TO HONG KONG LAW

Orrick, Herrington & Sutcliffe

SHARE REGISTRARS

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Suites 5811-5814, 58/F.
Two International Finance Centre
No. 8 Finance Street, Central
Hong Kong

STOCK CODE

521

WEBSITE

www.hnainterinvest.com

DIRECTORS' BIOGRAPHIES

Mr. Zhao Quan, aged 44, holds a bachelor degree of Science in Computer Science Software Management from Lanzhou University and is an external master tutor of Beijing Forestry University. He was appointed as an Executive Director and the Chairman of the Board in July 2015. He is the chairman of each of the Executive Committee, Nomination Committee and Investment Committee and a member of the Remuneration Committee of the Company. Mr. Zhao is now the chairman of HNA Investment Group Co., Ltd.* (海航投資集團股份有限公司) (a Shenzhen A-share listed company, stock code: 000616), a company under HNA Group Co., Ltd.* (海航集團有限公司), which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is also the chief executive officer and chief investment officer of HNA Industrial Group Co., Ltd.* (海航實業集團有限公司), another company under HNA Group Co., Ltd.* (海航集團有限公司). He joined HNA Group Co., Ltd.* (海航集團有限公司) in 2009, and was engaged with senior management positions, namely the chief financial officer of HNA Group Co., Ltd.* (海航集團有限公司), served concurrently the vice-chairman and also the chairman of HNA Group Finance Co., Ltd.* (海航集團財務有限公司), and also the executive vice-president of HNA Group Co., Ltd.* (海航集團有限公司). Before joining HNA Group Co., Ltd.* (海航集團有限公司), Mr. Zhao worked in State Tax Planning and Finance of Gansu Province, Changan Airlines Co., Ltd.* (長安航空有限責任公司) and Shanxi Airlines Co., Ltd.* (山西航空有限責任公司). Mr. Zhao has over 20 years of working and management experiences in the areas of airlines, finance, airport investment and operation etc., and has extensive knowledge and experience in corporate management.

A service contract was entered into between Mr. Zhao and the Company for a term commencing on 28 July 2015 and expiring on 31 December 2016. Under the service contract, Mr. Zhao is entitled to a monthly salary of HK$200,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. Mr. Zhao's monthly salary was re-stated to HK$220,000 in January 2016. Such salary was determined with reference to Mr. Zhao's experience and duties as well as the then prevailing market conditions.

Mr. Li Tongshuang, aged 40, holds a completion certificate of a MBA program co-organized by China (Hainan) Institute for Reform and Development and Maastricht School of Management, the Netherlands. Mr. Li possesses a first grade qualification of Advanced Project Management Professional from the Ministry of Human Resources and Social Security of The People's Republic of China. He was appointed as an Executive Director and the Managing Director in October 2013, and was re-designated as a Non-executive Director in February 2015. He was then re-designated as an Executive Director and appointed as the Vice-chairman of the Board in July 2015. He is a member of each of the Executive Committee and Investment Committee of the Company. He serves as senior executives for certain companies in HNA Group Co., Ltd.* (海航集團有限公司), which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Li is the chairman of Hainan HNA Infrastructure Investment Group Co., LTD* (海南海航基礎設施投資集團股份有限公司), a company listed on Shanghai Stock Exchange (an A-share listed company, stock code: 600515). He has extensive management knowledge and working experience in hotel operation and property development.

A service contract was entered into between Mr. Li and the Company for a term commencing on 28 July 2015 and expiring on 31 December 2016. Under the service contract, Mr. Li is entitled to a monthly salary of HK$200,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. Mr. Li's monthly salary was re-stated to HK$220,000 in January 2016. Such salary was determined with reference to Mr. Li's experience and duties as well as the then prevailing market conditions.

DIRECTORS' BIOGRAPHIES

Mr. Xu Haohao, aged 32, holds a bachelor degree in Financial Administration from University of Winnipeg. He joined the Finance Department of the Company in January 2014 and was appointed as the Financial Controller in April of the same year overseeing the financial matters; and he was appointed as the Vice President of the Company in July of the same year. Mr. Xu was appointed as an Executive Director of the Company in December 2014 and is a member of each of the Executive Committee, the Remuneration Committee and the Investment Committee of the Company. He was appointed as the Executive President of the Company in February 2015, responsible for the general operation of the Company. As from February 2016, Mr. Xu is also responsible for the matters relating to the Company's external communication, strategy and investment programs, etc. Before joining he had served as the general manager of the finance department of Hong Kong Airlines Limited. Mr. Xu has extensive management knowledge and working experience in financial and corporate management.

A service contract was entered into between Mr. Xu and the Company for a term commencing on 31 December 2014 and expiring on 31 December 2016. Under the service contract, Mr. Xu is entitled to a monthly salary of HK$100,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. Mr. Xu's monthly salary was re-stated to HK$130,000 in February 2015, and further re-stated to HK$143,000 in January 2016. Such salary was determined with reference to Mr. Xu's experience and duties as well as the then prevailing market conditions.

Mr. Zhang Ke, aged 46, holds a master degree of Business Administration from Leonard N. Stern School of Business of New York University, U.S.A. He was appointed as an Executive Director in April 2016. He is a member of each of Executive Committee and Investment Committee. Mr. Zhang, is the chief investment officer of HNA Holding Group Co., Ltd.* (海航實業集團有限公司) and the vice chief investment officer of HNA Capital Holding Co., Ltd. * (海航資本集團有限公司), previously worked as the vice president of the asset and wealth management division of Deutsche Bank Securities, the associate director of capital markets on proprietary trading of Daiwa Securities Capital Markets Co., Ltd., Japan, the vice president of treasury and credit department of JPMorgan Chase Bank, N.A., and the senior investment manager and special assistant of the chairman of Pan Pacific Investment Group, Singapore. Mr. Zhang has more than 20 years of practical experience in international finance, including the securities brokerage and investment bank trading business, commercial banking credit business, private equity investments business, and has been working in the central government's ministry of PRC, and has expertise in international capital markets, international commercial credit, project management of the cross-border investment and mergers and acquisitions, team building and development, and risk management and control compliance procedures. By the end of 2011, Mr. Zhang was elected as the co-chairman of the board of Asian Financial Society of U.S.A., and was re-elected as the chairman in two consecutive terms for 2013 and 2014.

A service contract was entered into between Mr. Zhang and the Company for a term commencing on 22 April 2016 and expiring on 31 December 2016. Under the service contract, Mr. Zhang is entitled to a monthly salary of HK$197,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. Such salary was determined with reference to Mr. Zhang's experience and duties as well as the then prevailing market conditions.

DIRECTORS' BIOGRAPHIES

Mr. Leung Shun Sang, Tony, aged 73, holds a bachelor degree of commerce from The Chinese University of Hong Kong and a master degree in business administration from New York State University. Mr. Leung was appointed as a Non-executive Director of the Company in April 1993 and is a member of each of the Nomination Committee and the Investment Committee of the Company. He is also a non-executive director of each of Shougang Concord International Enterprises Company Limited, Shougang Fushan Resources Group Limited, Shougang Concord Century Holdings Limited, Shougang Concord Grand (Group) Limited and Global Digital Creations Holdings Limited, all of which are listed companies in Hong Kong. Mr. Leung had worked in Citibank N.A. and W.I. Carr Sons & Co. (Overseas) in his early years and he was the managing director of CEF Group. He has over 40 years of experience in securities and banking business, investment, financial markets, corporate strategy and corporate management.

An engagement letter was entered into with Mr. Leung for a term of three years commencing on 1 January 2014. Under the engagement letter, Mr. Leung is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ended 31 December 2015, the director's fee of Mr. Leung was HK$162,925. For the financial year ending 31 December 2016, the director's fee of Mr. Leung will be increased to HK$220,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Leung. Such director's fees were determined with reference to Mr. Leung's experience and duties as well as the then prevailing market conditions.

Mr. Wang Hao, aged 38, holds a master degree in business administration from City University of Seattle, U.S.A. Mr. Wang was appointed as the Executive Director, the Chairman of the Board and the Chief Executive Officer of the Company in June 2015, and stepped down as the Chairman of the Board in July 2015. He has been redesignated as a Non-executive Director and resigned as the Chief Executive Officer in February 2016. Mr. Wang currently is the vice-chairman and chief executive officer of HNA Group (International) Company Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Wang has mainly served positions including the manager of aircraft procurement of Hainan Airlines Group Co., Ltd.* (海南航空股份有限公司) (a Shanghai A-share listed company, stock code: 600221), the general manager of Finance Department of HNA Group Co., Ltd.* (海航集團有限公司), the chief financial officer of Hainan Airlines Group Co., Ltd.* (海南航空股份有限公司) and the chief financial officer of HNA Capital Group Co., Ltd.* (海航資本集團有限公司). He was also the chairman of Bohai Leasing Co., Ltd.* (渤海租賃股份有限公司) (a Shenzhen A-share listed company, stock code: 000415). Mr. Wang has over 15 years of working experience in the financial and corporate management, and has extensive knowledge and experience in corporate management.

A service contract was entered into with Mr. Wang for a term commencing on 3 June 2015 and expiring on 31 December 2016. Under the service contract, Mr. Wang will be entitled to a monthly salary of HK$200,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. Mr. Wang's monthly salary was re-stated to HK$220,000 in January 2016. Such service contract was terminated upon the redesignation of Mr. Wang to a Non-executive Director.

An engagement letter was entered into with Mr. Wang for a term commencing on 4 February 2016 to 31 December 2016. Under the engagement letter, Mr. Wang is entitled to a director's fee of HK$120,000 per annum as may be determined by the Board from time to time. For the financial year ending 31 December 2016, the salary and the director's fee of Mr. Wang will be approximately HK$350,667, which will be paid in proportion to the actual length of services provided by Mr. Wang. Such director's fee was determined with reference to Mr. Wang's experience and duties as well as the then prevailing market conditions.

DIRECTORS' BIOGRAPHIES

Mr. Leung Kai Cheung, aged 70, graduated from The Chinese University of Hong Kong with a bachelor degree in business. Mr. Leung was appointed as an Independent Non-executive Director of the Company in June 2006 and is the chairman of each of the Audit Committee and the Remuneration Committee and a member of each of the Nomination Committee and the Investment Committee of the Company. He is also an independent non-executive director of each of Shougang Concord International Enterprises Company Limited and BeijingWest Industries International Limited, both of which are listed companies in Hong Kong. Mr. Leung had been a senior executive of Citibank, N.A., the general manager of Barclays Bank PLC in charge of Kowloon and New Territories district and was the chairman of Star International Enterprises Limited. Mr. Leung has extensive financial knowledge and business management experience and is familiar with the business environment of both Hong Kong and Mainland China and the operation of listed companies.

An engagement letter was entered into with Mr. Leung for a term of three years commencing on 1 January 2014. Under the engagement letter, Mr. Leung is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ended 31 December 2015, the director's fee of Mr. Leung was HK$240,000. For the financial year ending 31 December 2016, the director's fee of Mr. Leung will be increased to HK$300,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Leung. Such director's fees were determined with reference to Mr. Leung's experience and duties as well as the then prevailing market conditions.

Mr. Liem Chi Kit, Kevin, aged 35, holds a bachelor degree (honours) in commerce from University of Toronto and a master degree in taxation from University of Waterloo. Mr. Liem was appointed as an Independent Non-executive Director of the Company in June 2013 and is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He is a CFA charter holder and a certified public accountant (USA). Mr. Liem is a chief investment officer of TTG (HK) Limited and a research analyst of HKGolden 50. He is a member of the professional education committee of Hong Kong Securities and Investment Institute (HKSI). Mr. Liem has extensive experience in securities, financial market and investment.

An engagement letter was entered into with Mr. Liem for a term of three years commencing on 1 January 2014. Under the engagement letter, Mr. Liem is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ended 31 December 2015, the director's fee of Mr. Liem was HK$240,000. For the financial year ending 31 December 2016, the director's fee of Mr. Liem will be increased to HK$300,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Liem. Such director's fees were determined with reference to Mr. Liem's experience and duties as well as the then prevailing market conditions.

DIRECTORS' BIOGRAPHIES

Mr. Lam Kin Fung, Jeffrey, GBS, JP, aged 64, holds a bachelor degree in mechanical engineering from Tufts University in the United States and was conferred university fellow of Tufts University and The Hong Kong Polytechnic University. Mr. Lam was appointed as an Independent Non-executive Director of the Company in October 2013 and is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He is an independent non-executive director of each of Bracell Limited, C C Land Holdings Limited, China Overseas Grand Oceans Group Limited, Chow Tai Fook Jewellery Group Limited and Wynn Macau, Limited, all of which are listed companies in Hong Kong. He was an independent non-executive director of Hsin Chong Construction Group Limited, a listed company in Hong Kong, from August 2002 to May 2014. He has over 30 years of experience in toy industry and is currently the managing director of Forward Winsome Industries Limited which is engaged in toy manufacturing.

In addition, Mr. Lam is a member of the National Committee of the Chinese People's Political Consultative Conference. He is also a member of the Legislative Council of the Hong Kong Special Administrative Region (the "HKSAR"), a non-official member of the Executive Council of the HKSAR, the chairman of the Mega Events Funds Assessment Committee, a member of the board of The Airport Authority Hong Kong, the chairman of the Independent Commission Against Corruption (ICAC) Complaint Committee, a general committee member of the Hong Kong General Chamber of Commerce and a council member of The Hong Kong Trade Development Council, a honorary member of the Court of The Hong Kong Polytechnic University, a member of the Fight Crime Committee and a director on the board of Heifer International – Hong Kong. Mr. Lam also holds a number of other public and community service positions.

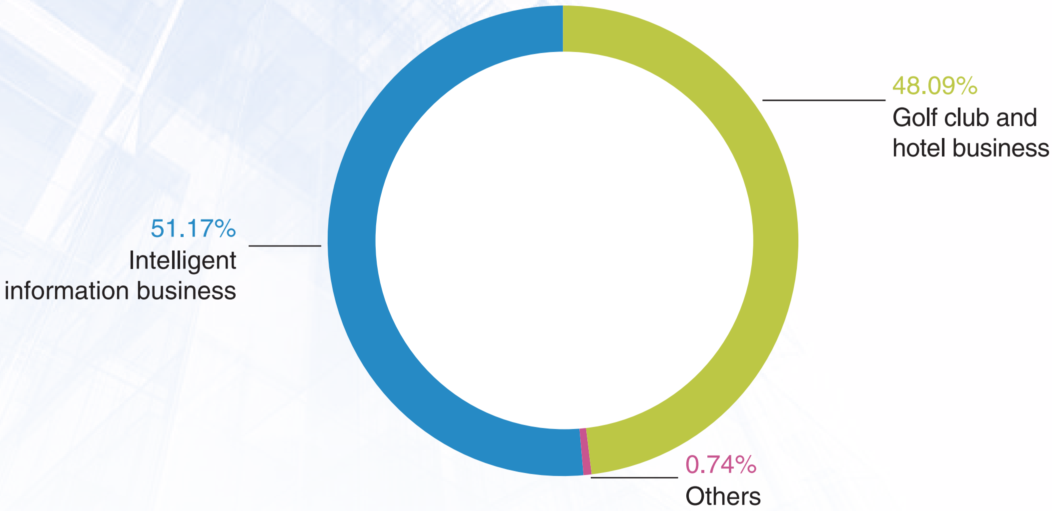
Mr. Lam was awarded the Young Industrialist Award of Hong Kong in 1989 and the Outstanding Achievement Award – Hong Kong Toy Industry in 1999. In 1996, he was appointed Justice of the Peace and became a member of the Most Excellent Order of the British Empire. Mr. Lam was awarded the Silver Bauhinia Star in 2004 and the Gold Bauhinia Star in 2011 respectively.

An engagement letter was entered into with Mr. Lam for a term of three years commencing on 1 January 2014. Under the engagement letter, Mr. Lam is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ended 31 December 2015, the director's fee of Mr. Lam was HK$240,000. For the financial year ending 31 December 2016, the director's fee of Mr. Lam will be increased to HK$300,000 for a full year which will be paid in proportion to the actual length of services provided by Mr. Lam. Such director's fees were determined with reference to Mr. Lam's experience and duties as well as the then prevailing market conditions.

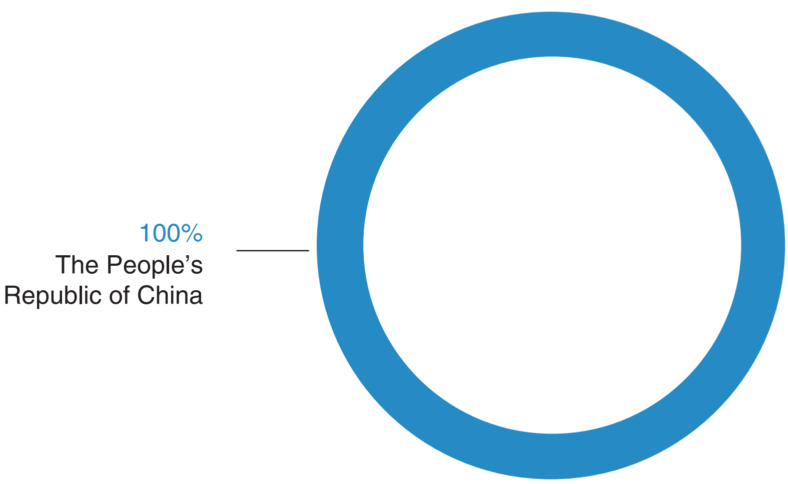
* *for purpose of identification only*

FINANCIAL HIGHLIGHTS

TURNOVER BY PRINCIPAL ACTIVITIES FOR THE YEAR 2015

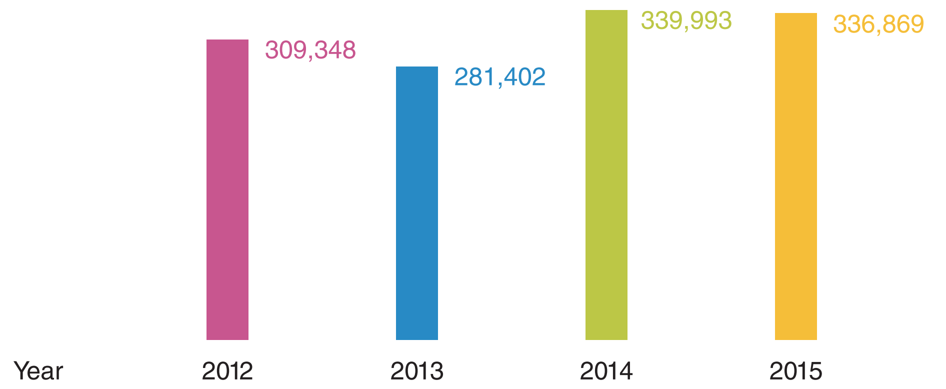


TURNOVER BY GEOGRAPHICAL LOCATION FOR THE YEAR 2015

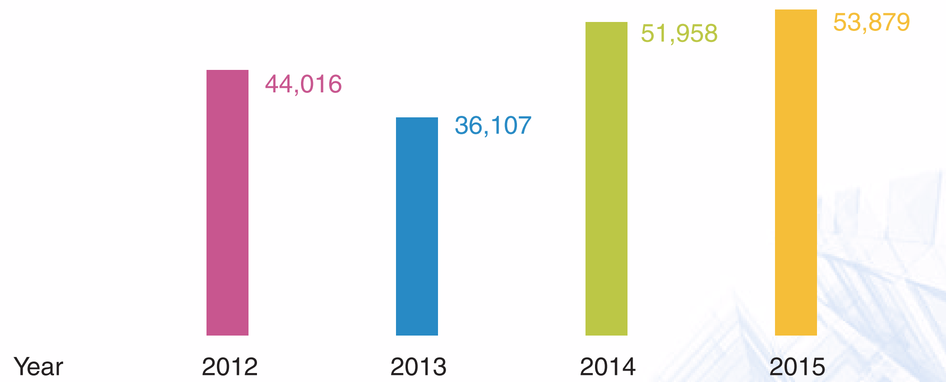


FINANCIAL HIGHLIGHTS

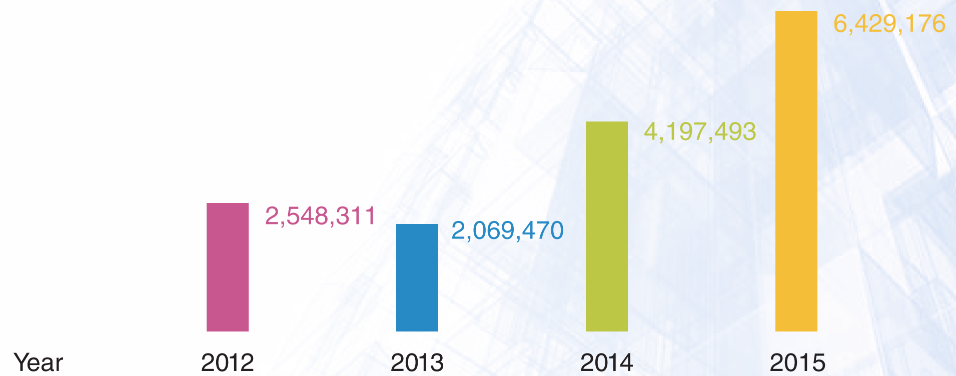
TURNOVER (in HK$'000)



GROSS PROFIT (in HK$'000)



TOTAL ASSETS (in HK$'000)



CHAIRMAN'S STATEMENT

The global economy was still struggling for recovery amid the volatility in 2015. While the recovery of the U.S. economy presented a good momentum but with a weak foundation and the economies of Europe and Japan remained gloomy, the economy of China has continued its path into a "new normal". The pressure of adjustment to the economic structure has been mounting up and the fluctuation in the financial market has intensified apparently. Meanwhile, many other emerging markets have encountered significant threats for economic growth.

Faced with such a complicated and unstable economic situation both at home and abroad, the Group insisted on reform and put forth the core strategy of proactively exploring new investment projects and capturing more profitable opportunities, so as to bring more sources of income to the Group and provide more stable and better return for the shareholders.

In 2015, for the purpose of driving forward the development transformation strategy, through the efforts from all sides, the Group captured a favorable opportunity and successfully raised an aggregate amount of HK$2,750,714,000 through rights issue. The raised fund will help the Group to build up a solid capital base for the development transformation. Besides, the Group will continue to seek investment opportunities in areas such as holding tangible properties, real estate development and public infrastructure in the developed markets.

As for operation, the Group recorded a revenue of HK$336.9 million in 2015, declining by 0.92% or HK$3.1 million as compared to 2014. Net loss was HK$235.6 million, which represented a reduction of 33% or HK$115.7 million from that of 2014 on a year-on-year basis. The Company will continue to implement the strategy of business transformation by disposing the "intelligent information business" and "digital television business", which are not in line with the development strategy of the Group.

In 2016, we are of the opinion that there is an upward momentum in the fluctuating U.S. economy. Despite the lower risk of deterioration of the European economies, it is difficult to achieve a fundamental improvement in the short term. However, the economic situation in UK would be better than other European Union economic entities. New emerging markets are presenting 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 implement 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") once confirmation has been obtained. At the same time, in consistent with the Group's prudent and steady investment principle, 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 and public infrastructure. We will also actively explore overseas investment opportunities about golf courses in order to enhance the existing principal business of the Company. Meanwhile, the Group will actively explore relevant business that can create synergy with HNA Group. Abiding 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.

CHAIRMAN'S STATEMENT

In the era of globalization full of competition and challenges, responsible, creative, diligent and loyal employees are solid foundation to the Group's successful transformation. I take this opportunity to extend my gratitude to all Directors and the staff for their continued efforts, as well as shareholders for their support.

Zhao Quan
Chairman

Hong Kong, 31 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a 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 additional revenue in the amount of HK$79.0 million contributed by the golf club and hotel business in 2015. Based on 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 of golf club itself contributed nearly 84% to the total revenue of the combined golf club and hotel business. Under the leadership of the outstanding 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 (-0.92%).

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 the loss of 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's revenue and profit reached HK$162.0 million (the period from 1 July 2014 to 31 December 2014: HK$83.0 million) and HK$6.4 million (the period from 1 July 2014 to 31 December 2014: HK$14.1 million) respectively for the year 2015. The remarkable increase in revenue by HK$79.0 million (95.2%) is due to different periods covered in the two years. HK$162.0 million represented a full-year revenue in the year 2015 while HK$83.0 million covered only a six-month period in 2014 after acquisition of the golf club and hotel business by the Group on 30 June 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

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 operating 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

The Group was no longer engaged in the DTV business technology solutions and similar businesses. There was no operating income for the year 2015 (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 other 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. As a result, the debt to assets ratio reduced significantly and 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[2] (equity and total debt[1]) increased from HK$2.7 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[1] to total capital[2] ratio 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 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 land use rights and buildings. For details of the interest rate of the bank borrowings, please refer to Note 6 to the consolidated financial statements.

1 Net debt comprises of total debt less pledged bank deposits, and bank balances and cash.
Total debt comprises of bank and other borrowings, convertible loan notes, promissory note, obligations under finance leases.

2 Total capital comprises of total debt plus equity attributable to owners of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON ASSETS

As at 31 December 2015, assets pledged to banks to secure banking facilities (including obligations under finance leases, 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 club business	**260,256**	282,161
Land use rights	**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 People's Republic of China (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 or future plans of material investment during the year ended 31 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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.

The Group operates a mandatory provident fund scheme (the "MPF Scheme") for all qualifying employees in the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which is matched by employees.

The employees of the Group's subsidiaries which operate in the PRC are members of a state-managed retirement benefit scheme operated by the local municipal government. These PRC subsidiaries are required to contribute 8% to 20% (2014: 8% to 20%) of its payroll costs to the retirement benefit scheme. The obligation of the Group with respect to the retirement benefit scheme is to make the specific contribution.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining good corporate governance standard and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules 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.

BOARD OF DIRECTORS

Composition

The Board currently comprises a total of nine Directors, being four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. The list of Directors is set out in the section headed "Corporate Information" of this annual report. In addition, an updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and the Company respectively.

The Board is characterised by significant diversity and has a balance of skills and experience appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Directors' Biographies" of this annual report.

The Directors give sufficient time and attention to the affairs of the Company and its subsidiaries (the "Group"). All Directors are required to, at the time of their appointment and annually, disclose to the Company the number and the nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved.

Save for those as disclosed in the section headed "Directors' Biographies" as set out on pages 3 to 7 of this annual report, the Board members have no other financial, business, family or other material/relevant relationships with each other.

The Board includes a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there is a sufficient independent element on the Board, which can effectively exercise independent judgment.

CORPORATE GOVERNANCE REPORT

The Non-executive Directors are of sufficient number and calibre for their views to carry weight. The functions of Non-executive Directors include:

- bringing an independent judgment at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinising the Company's performance and monitoring performance reporting.

The Non-executive Directors (including Independent Non-executive Directors) have made a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. They give the Board and the committees on which they serve the benefit of their skills, expertise, varied backgrounds and qualifications through regular attendance and active participation.

Composition of the Board is disclosed, and the Independent Non-executive Directors are identified, in all corporate communications to shareholders.

Board Diversity

In compliance with the requirement set out in code provision A.5.6 of the CG Code, the Company adopted a board diversity policy (the "Board Diversity Policy") on 28 August 2013, which sets out its approach to achieve diversity on the Board composition with a view to achieving a sustainable and balanced development of the Company.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into account factors based on its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board Diversity Policy is posted on the website of the Company.

Role and Function of the Board and the Management

The Board is responsible for overall strategic formulation and performance monitoring of the Group. It delegates day-to-day operations of the Company to the Executive Committee and senior management within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Committee. Further details of these committees are set out in this report.

CORPORATE GOVERNANCE REPORT

Board Meetings

The Board meets regularly and holds at least four Board meetings a year. Additional meetings will be arranged, if and when required. The Directors can attend meetings in person or through electronic means of communication in accordance with the articles of association of the Company (the "Articles").

The Joint Company Secretaries assist the Chairman in drawing up the agenda of each Board meeting. Draft agenda of each regular Board meeting will be sent to all Directors for review before the agenda is issued and all Directors may request for inclusion of other matters in the agenda. The Chairman will take into account the matters proposed by the Directors and where appropriate, approve the inclusion of such matters in the agenda of the Board meeting. Generally, at least 14-day notice of a regular Board meeting is given and the Company aims at giving reasonable notice for all other Board meetings. The Company also aims at sending the agenda and the accompanying board papers, which are prepared in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it, to all Directors at least 3 days before the intended date of a Board meeting. Where queries are raised by Directors, prompt and full responses will be given if possible.

There has been procedure in place to enable Directors to seek independent professional advice in appropriate circumstances at the Company's expenses. The Board shall resolve to, upon reasonable request, provide separate independent professional advice to Directors to assist them to perform their duties to the Company.

The Joint Company Secretaries are responsible for taking minutes of Board meetings and Board committee meetings, draft and final versions of which would be sent to Directors for comments and records respectively, within a reasonable time after each meeting. Minutes are recorded in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views (if any) expressed. Minutes of Board meetings and Board committees meetings are kept by the Joint Company Secretaries and are open for inspection by any Director/committee member.

If a substantial shareholder or a Director has a conflict of interest in a matter (including material transaction with connected persons) which the Board has determined to be material, the matter will be dealt with by a physical Board meeting, rather than a written resolution. Independent Non-executive Directors who, and whose associates, have no material interest in the transaction should be present at that Board meeting.

Except for those circumstances permitted by the Articles and all applicable laws, rules and regulations, a Director shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting.

CORPORATE GOVERNANCE REPORT

Attendance Records

During the financial year ended 31 December 2015, the Directors have made active contribution to the affairs of the Group and eight physical Board meetings were held to consider, among other things, various projects contemplated by the Group and to review and approve the interim results and annual results of the Group.

Details of the Directors' attendances in 2015 are as follows:

	Number of meeting(s) attended/eligible to attend
Executive Directors	
Mung Kin Keung *(resigned on 3 June 2015)*	5/5
Li Tongshuang *(redesignated to Non-executive Director on 6 February 2015 and then re-designated to Executive Director on 28 July 2015)*	3/8*
Mung Bun Man, Alan *(resigned on 6 February 2015)*	1/1
Xu Haohao	8/8
Li Xiaoming *(appointed on 6 February 2015 and resigned on 28 July 2015)*	4/4
Fan Ning *(appointed on 6 February 2015 and resigned on 3 June 2015)*	4/4
Wang Hao *(appointed on 3 June 2015)*	1/3*
Zhao Quan *(appointed on 28 July 2015)*	3/3
Non-executive Director	
Leung Shun Sang, Tony	7/8
Independent Non-executive Directors	
Leung Kai Cheung	8/8
Liem Chi Kit, Kevin	7/8
Lam Kin Fung, Jeffrey	8/8

* the relevant Directors assigned another Director to attend one of the non-attended meetings.

Access to Information

The Board is supplied with sufficient explanation and information by the management to enable the Board to make an informed assessment of financial and other information put before it for approval. The management provides all Board members with monthly updates which give a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company's senior management to make further enquiries if necessary.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

Appointment of new Directors is a matter for consideration by the Nomination Committee. The Nomination Committee will give adequate consideration to the Board Diversity Policy and review the profiles of the candidates and make recommendations to the Board on the appointment, re-appointment and nomination of Directors.

According to the Articles, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director is subject to retirement by rotation at least once every three years.

All Directors (including all Non-executive Directors) have entered into service contracts or letters of engagement with the Company for a term of not more than three years.

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three Independent Non-executive Directors and one of them has appropriate professional qualifications or accounting or related financial management expertise.

Pursuant to Rule 3.10A of the Listing Rules, the number of Independent Non-executive Directors of the Company represents at least one-third of the Board.

The Company has received from each of its Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of the Independent Non-executive Directors are independent.

Any re-election of an independent non-executive director who has served the board for more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders.

Insurance for Directors’ and Officers’ Liability

Appropriate insurance cover on directors’ and officers’ liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group.

Directors’ Training and Professional Development

Every newly appointed Director will be given an introduction of regulatory requirements. Directors are continually updated on the latest development of the Listing Rules, legal and other regulatory requirements to ensure compliance and upkeep of good corporate governance practice. Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Joint Company Secretaries facilitate induction and professional development of Directors.

CORPORATE GOVERNANCE REPORT

All Directors have provided to the Company their records of training received during the period from 1 January 2015 or the date of appointment as a director of the Company to the date of resignation as a director of the Company or 31 December 2015, where applicable, a summary of which is as follows:

Directors	**Continuous professional development** **Type**(Note I)	**Subject**(Note II)
Mung Kin Keung *(resigned on 3 June 2015)*	–	–
Li Tongshuang	A	1
Mung Bun Man, Alan *(resigned on 6 February 2015)*	–	–
Xu Haohao	A	1
Li Xiaoming *(resigned on 28 July 2015)*	B	1
Fan Ning *(resigned on 30 June 2015)*	B	1
Wang Hao	B	1
Zhao Quan	A	1
Leung Shun Sang, Tony	B	1, 3, 4
Leung Kai Cheung	B	4
Liem Chi Kit, Kevin	A	1, 2, 4
Lam Kin Fung, Jeffrey	A	1, 2, 3

Note I:

A: Attending seminars, conferences, forums, in-house briefings or in-house training

B: Reading newspapers, journals and updates

Note II:

1: Laws, rules and regulations

2: Finance, accounting or taxation

3: Management

4: Businesses relating to the Company

CHAIRMAN AND MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Except the deviation stated in page 17, the roles of Chairman and Managing Director/Chief Executive Officer are separate and exercised by different individuals to reinforce their independence and accountability. Mr. Mung Kin Keung/Mr. Li Xiaoming/Mr. Wang Hao/Mr. Zhao Quan served as Chairman/Co-chairman during the year and Mr. Li Tongshuang/Mr. Fan Ning/Mr. Wang Hao served as the Managing Director/Chief Executive Officer of the Company. The Chairman provides leadership for the Board and ensures that the Board works effectively and performs its responsibilities. The Managing Director/Chief Executive Officer has overall chief executive responsibility for the Group's business development and day-to-day management generally. The division of responsibilities between the Chairman and the Managing Director/Chief Executive Officer is clearly established and set out in writing.

In performing the role of Chairman, its responsibilities include, amongst other things:

- taking primary responsibility for ensuring that good corporate governance practices and procedures are established;

- ensuring that all Directors are properly briefed on issues arising at Board meetings, and ensuring that Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;

CORPORATE GOVERNANCE REPORT

- encouraging all Directors to make a full and active contribution to the Board's affairs and taking the lead to ensure that the Board acts in the best interest of the Company;

- encouraging Directors with different views to voice their concerns, allowing sufficient time for discussion of issues and ensuring that Board decisions fairly reflect Board consensus;

- ensuring that appropriate steps are taken to provide effective communications with shareholders and that their views are communicated to the Board as a whole; and

- promoting a culture of openness and debate by facilitating the effective contribution of Non-executive Directors in particular and ensuring constructive relations between Executive and Non-executive Directors.

During the year, Mr. Zhao Quan, Chairman of the Board, met with the Non-executive Directors (including Independent Non-executive Director) without the presence of other Executive Directors.

BOARD COMMITTEES

The Board has established the following committees to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities. All committees have their own terms of reference. All resolutions passed by the committees will be reported to the Board at the next Board meeting.

Executive Committee

The Executive Committee of the Board was established in April 2005 with specific written terms of reference which deal clearly with its authorities and duties.

The Executive Committee has been conferred with the general powers of the Board (except those matters specifically reserved for the Board) to manage and oversee the operations of the Group and has been assigned with the responsibilities to perform the corporate governance duties as follows:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

- to review and monitor the training and continuous professional development of Directors and senior management;

- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Group's employees and Directors;

- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and

- to conform to any requirement, direction, regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.

The Executive Committee comprises all Executive Directors of the Company.

CORPORATE GOVERNANCE REPORT

During the year, twenty-nine physical meetings of the Executive Committee were held. Amongst those meetings, one meeting was held for the purpose of performing the corporate governance duties. The attendance of the members of the Executive Committee at this meeting is as follows:

Committee members	Number of meeting(s) attended/eligible to attend
Li Xiaoming *(Chairman of the Committee and ceased to act on 28 July 2015)*	1/1
Mung Kin Keung *(ceased as a member on 3 June 2015)*	1/1
Fan Ning *(ceased as a member on 3 June 2015)*	1/1
Xu Haohao	1/1

The major work in relation to the corporate governance of the Group performed by the Executive Committee during the year included the review of the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company for the year ended 31 December 2014.

Audit Committee

The Audit Committee of the Board was established in December 1998 with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company respectively.

The principal duties of the Audit Committee include, amongst other things:

- overseeing the relationship with the Company's auditor;
- reviewing the interim and annual financial statements;
- reviewing the Company's financial reporting system and internal control procedures; and
- reviewing the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain external legal or other independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. It is given access to and assistance from the employees and reasonable resources to perform its duties properly.

The chairman of the Audit Committee is an Independent Non-executive Director and the Audit Committee comprises all Independent Non-executive Directors of the Company. None of the members of the Audit Committee are former partners of the auditor of the Company.

CORPORATE GOVERNANCE REPORT

During the year, two physical meetings of the Audit Committee were held and the attendances of the members of the Audit Committee are as follows:

Committee members	Number of meeting(s) attended/eligible to attend
Leung Kai Cheung *(chairman of the committee)*	2/2
Liem Chi Kit, Kevin	2/2
Lam Kin Fung, Jeffrey	2/2

The major work performed by the Audit Committee during the year included, amongst other things, the following:

- reviewing the final results of the Group for the financial year ended 31 December 2014; and

- reviewing the interim results of the Group for the six months ended 30 June 2015.

During the year, the Board had no disagreement with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor.

Nomination Committee

The Nomination Committee of the Board was established in April 2005 with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Nomination Committee are posted on the websites of the Stock Exchange and the Company respectively.

The principal duties of the Nomination Committee include:

- reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board;

- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors;

- assessing the independence of Independent Non-executive Directors; and

- reviewing the Board Diversity Policy, as appropriate; and reviewing the measurable objectives that have been set for implementing the Board Diversity Policy, and reviewing the progress on achieving the objectives.

Where vacancies exist at the Board, candidates are proposed and put forward to the Nomination Committee for consideration. The recommendations of the Nomination Committee will then be tendered to the Board for approval. In considering the nomination of a new Director, the Nomination Committee will give adequate consideration to the Board Diversity Policy and take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of Directors, the Board follows the requirements set out in the Listing Rules.

CORPORATE GOVERNANCE REPORT

The Nomination Committee has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain external independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The chairman of the Nomination Committee is the Chairman of the Board and the Independent Non-executive Directors of the Company constitute the majority of the Nomination Committee.

During the year, four physical meetings of the Nomination Committee were held and the attendances of the members of the Nomination Committee are as follows:

Committee members	**Number of meeting(s) attended/eligible to attend**
Mung Kin Keung *(Chairman of the Committee and ceased to act on 3 June 2015)*	1/1
Leung Shun Sang, Tony	3/4
Leung Kai Cheung	4/4
Liem Chi Kit, Kevin	3/4
Lam Kin Fung, Jeffrey	4/4
Wang Hao *(appointed as the Chairman of the Committee on 3 June 2015 and ceased to act on 28 July 2015)*	–/–
Zhao Quan *(appointed as the Chairman of the Committee on 28 July 2015)*	1/1

The major work performed by the Nomination Committee during the year included, amongst other things, the following:

- assessing the independence of the Independent Non-executive Directors;
- considering and making recommendations to the Board on the re-election of Directors at the annual general meeting;
- considering and making recommendations to the Board for the appointment of Mr. Li Xiaoming, Mr. Fan Ning, Mr. Wang Hao and Mr. Zhao Quan as Directors of the Company;
- reviewing the structure and composition of the Board with due regards for the benefits of diversity on the Board; and
- considering and making recommendations to the Board on the change of Board composition.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee of the Board was established in April 2005 with specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Remuneration Committee are posted on the websites of the Stock Exchange and the Company respectively.

The principal duties of the Remuneration Committee include:

- making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Group;

- reviewing and approving the management's remuneration proposals with reference to the Company's goals and objectives;

- determining, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management and making recommendations to the Board on the remuneration of Non-executive Directors;

- reviewing and approving compensation payable to Executive Directors and senior management and compensation arrangements relating to dismissal or removal of Directors for misconduct; and

- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The Remuneration Committee may consult the Chairman of the Board and/or the Managing Director/Chief Executive Officer of the Company about their remuneration proposals for other Executive Directors. It has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain external independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The remuneration policies for the Company as well as the Directors are market alignment and reward for performance. The Company reviews the remuneration package annually, taking into consideration of the market practice, competitive market position and individual performance.

The chairman of the Remuneration Committee is an Independent Non-executive Director and the Independent Non-executive Directors of the Company constitute the majority of the Remuneration Committee.

CORPORATE GOVERNANCE REPORT

During the year, three physical meetings of the Remuneration Committee were held and the attendances of the members of the Remuneration Committee are as follows:

Committee members	Number of meeting(s) attended/eligible to attend
Leung Kai Cheung *(chairman of the committee)*	3/3
Mung Kin Keung *(ceased as a member on 3 June 2015)*	2/2
Leung Shun Sang, Tony *(ceased as a member on 6 February 2015)*	–/–
Liem Chi Kit, Kevin	2/3
Lam Kin Fung, Jeffrey	3/3
Xu Haohao *(appointed as a member on 6 February 2015)*	3/3
Wang Hao *(appointed as a member on 3 June 2015 and ceased as a member on 28 July 2015)*	–/–
Zhao Quan *(appointed as a member on 28 July 2015)*	1/1

The major work performed by the Remuneration Committee during the year included, amongst other things, the following:

- making recommendations to the Board on the terms of the engagement letter and director's fee of Mr. Li Tongshuang;
- considering and approving the terms of the service contracts and the remuneration of Mr. Li Xiaoming, Mr. Fan Ning, Mr. Wang Hao, Mr. Zhao Quan and Mr. Li Tongshuang;
- considering, reviewing and determining the remuneration of the Executive Directors of the Company for the year 2016;
- considering the bonuses of the Executive Directors of the Company for the year 2015; and
- making recommendations to the Board on the directors' fee of the Non-executive Directors of the Company for the year 2016.

Details of remuneration paid to Directors and senior management for the year are set out in Note 15 to the consolidated financial statements.

Investment Committee

The Investment Committee of the Board was established in July 2009 with specific written terms of reference which deal clearly with its authorities and duties.

Pursuant to the terms of reference, the Investment Committee comprises all Executive Directors and two Non-executive Directors of the Company (amongst the two Non-executive Directors, at least one must be an Independent Non-executive Director).

During the year, no physical meeting of the Investment Committee was held.

JOINT COMPANY SECRETARIES

The Joint Company Secretaries support the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Joint Company Secretaries are also responsible for advising the Board through the Chairman and/or the Managing Director/Chief Executive Officer of the Company on corporate governance and the implementation of the CG Code. The Joint Company Secretaries are employees of the Company and have day-to-day knowledge of the Group's affairs.

The Joint Company Secretaries report to the Chairman and the Managing Director/Chief Executive Officer. All Directors also have access to the advice and services of the Joint Company Secretaries to ensure that board procedures, and all applicable laws, rules and regulations, are followed. The selection, appointment and dismissal of the Joint Company Secretaries are subject to the Board approval.

The Joint Company Secretaries have confirmed that they have each taken no less than 15 hours of relevant professional training during the year 2015.

INTERNAL CONTROL

The Board is of the opinion that sound internal control systems will contribute to the effectiveness and efficiency of operations of the Group and to the safeguard of the Group's assets as well as the shareholders' investment.

The Board is responsible for overall ensuring, maintaining and overseeing the internal control systems of the Group. The Executive Committee helps the Board to discharge its responsibilities of ensuring and maintaining sound internal control functions by continuously reviewing and monitoring the internal control systems and processes so as to ensure that they can provide reasonable assurance against material errors of the Group.

The internal control system is embedded within the business processes so that it functions as an integral part of the overall operations of the Group. The system comprises a comprehensive organization structure with assignment of definite accountabilities and delegation of the corresponding authorities to each post. Based on the organization structure, a reporting system has been developed which includes a reporting system from division head of each principal business unit to the Executive Committee.

Business plan and budget are prepared by the division head of each principal business unit annually. In preparing the business plans and budgets, the management identifies and evaluates any potential risks. Measures will be put in place with an aim to ultimately manage, control or lessen such risks.

The business plans and budgets are subject to review and approval by the Executive Committee. The Executive Committee reviews monthly management report on the operational and financial results of each principal business unit and measures the actual performance of the Group against the business plan and budget concerned. In this course, the Executive Committee also reviews and assesses the effectiveness of all material controls and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Executive Committee holds periodical meetings with the senior management of each principal business unit to, amongst other matters, address the issues in such controls, identify areas of improvement and put the appropriate measures in place.

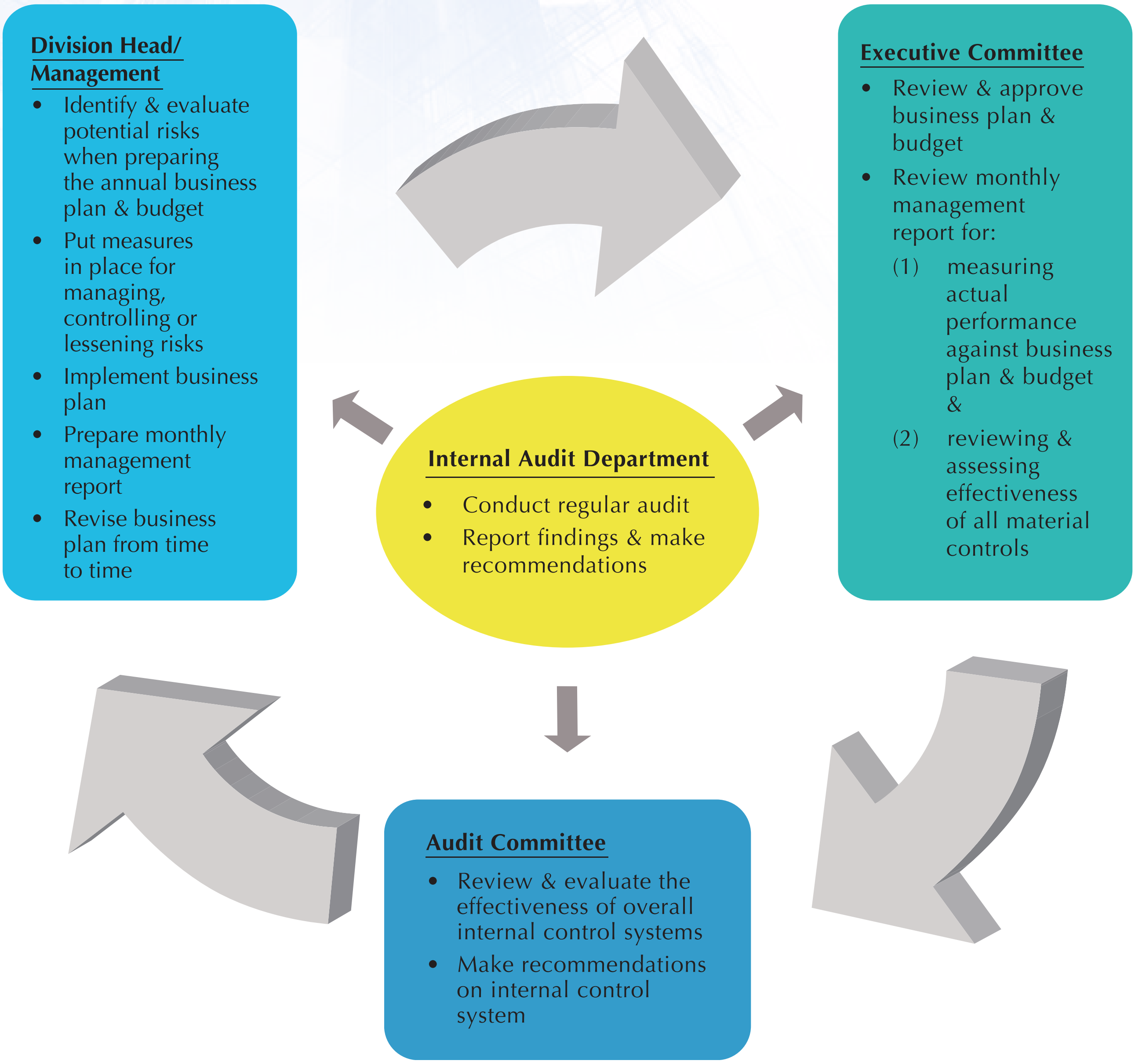
The internal control system of the Group is documented and if any revision is required, such information will be submitted to the Audit Committee for evaluation.

The Audit Committee assists the Board to fulfill its oversight role over the Group's internal control function by reviewing and evaluating the effectiveness of the overall internal control systems.

CORPORATE GOVERNANCE REPORT

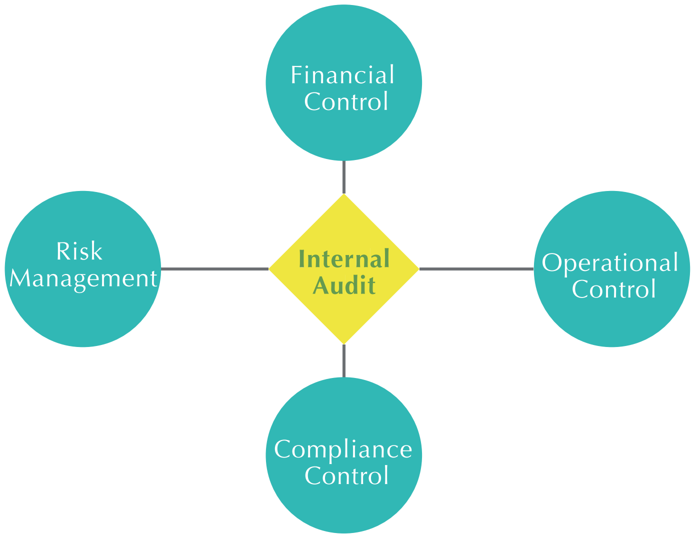
The Company set up the Internal Audit Department in October 2012 which assists the Board and the Audit Committee to discharge its duties in internal control aspect. The Internal Audit Department, which is independent to the operational departments of the Group, is responsible for conducting regular audits on the major activities of the Group. Its objective is to ensure that all material controls, including financial, operational and compliance controls as well as risk management, are in place and functioning effectively. The Internal Audit Department reports to the Board and the Audit Committee with its findings and makes recommendations to improve the internal control systems of the Group.

Internal Control System



CORPORATE GOVERNANCE REPORT

Internal Audit Functions



The Board considers that it is an ongoing and continuous process for the Group to review and improve its internal control systems in order to ensure that they can meet with the dynamic and ever changing business environment. During the year under review, the Board has been, through the Executive Committee and the Audit Committee (with the assistance from the Internal Audit Department), continuously reviewing the effectiveness of the Group's internal control systems and considers the systems effective and adequate. The review of the Board also considers that adequate resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function are provided.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions.

Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the year ended 31 December 2015.

Employees who are likely to possess inside information in relation to the Company or its shares are required to prohibit from dealing in shares of the Company during the black-out period.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

During the year, the remuneration paid/payable to the Company's auditor, Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	*HK$'000*
Audit services	2,650
Non-audit services	
Interim review	948
Special transaction	670
	1,618
Total	4,268

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing financial statements of the Group which give a true and fair view of the state of affairs of the Group on a going concern basis and in presenting the annual and interim reports and other financial disclosures required under the Listing Rules, the Directors aim to present a balanced, clear and understandable assessment of the Group's position and prospects.

The statement of the auditor of the Company, Deloitte Touche Tohmatsu, about its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 46 to 48 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

On 22 March 2012, the Board adopted a Shareholders' Communication Policy reflecting the current practices of the Company for communication with its shareholders. Such policy aims at ensuring the shareholders of the Company are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders to engage actively with the Company.

To foster effective communications with the shareholders, the Company provides extensive information in its annual and interim reports and announcements. All shareholders' communications are also available on the Company's website at www.hnainterinvest.com.

The annual general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. All Directors will make an effort to attend. External auditor is also available at the annual general meeting to address shareholders' queries. In case of any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval, members of the independent Board committee will also make an effort to attend to address shareholders' queries.

CORPORATE GOVERNANCE REPORT

During the year, three general meetings were held. One of the general meetings was the annual general meeting held on 28 May 2015 (the "2015 AGM") and the others were the following:

1. held on 17 April 2015 (the "1st GM") for approving the proposed change of company name; and

2. held on 14 October 2015 (the "2nd GM") for approving the rights issue and the related matters together with the re-election of Directors.

The auditor of the Company, Deloitte Touche Tohmatsu, attended the 2015 AGM. Details of the Directors' attendances at the general meetings of the Company held during the year are as follows:

Directors	**Attendance at the 1st GM**	**Attendance at the 2015 AGM**	**Attendance at the 2nd GM**
Executive Directors			
Mung Kin Keung *(resigned on 3 June 2015)*	✓	✓	–
Li Tongshuang *(redesignated to Non-executive Director on 6 February 2015 and then redesignated to Executive Director on 28 July 2015)*	X	✓	X
Mung Bun Man, Alan *(resigned on 6 February 2015)*	–	–	–
Mr. Xu Haohao	✓	✓	✓
Mr. Li Xiaoming *(appointed on 6 February 2015 and resigned on 28 July 2015)*	✓	✓	–
Mr. Fan Ning *(appointed on 6 February 2015 and resigned on 3 June 2015)*	✓	✓	–
Mr. Wang Hao *(appointed on 3 June 2015)*	–	–	✓
Mr. Zhao Quan *(appointed on 28 July 2015)*	–	–	✓
Non-executive Director			
Leung Shun Sang, Tony	X	✓	✓
Independent Non-executive Directors			
Leung Kai Cheung	✓	✓	✓
Liem Chi Kit, Kevin	✓	✓	✓
Lam Kin Fung, Jeffrey	✓	✓	✓

CORPORATE GOVERNANCE REPORT

During the year, all notices of general meetings despatched by the Company to its shareholders for meetings held were sent for annual general meeting at least 20 clear business days before the meeting and at least 10 clear business days for all other general meetings. Separate resolutions were proposed at general meetings on each substantially separate issue, including the election of individual Directors, and all resolutions put to the vote of a general meeting were taken by way of a poll. At the general meetings, the chairman of the meetings explained the procedures for conducting a poll and answered questions from shareholders on voting by poll, if any. The results of the poll were published on the websites of the Stock Exchange and the Company respectively.

SHAREHOLDERS' RIGHTS

Convene an Extraordinary General Meeting

Shareholder(s) representing at least 5% of the total voting rights of all shareholders of the Company having a right to vote at general meetings can request the Directors to call a general meeting pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The request must state the general nature of the business to be dealt with at the meeting, and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Such request must be authenticated by the shareholder(s) making it and sent to the Company in hard copy form or in electronic form for the attention of the Joint Company Secretaries.

Put Forward Proposals at Shareholders' Meetings

Shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company or at least 50 shareholders who have a relevant right to vote at a general meeting can request the Company to circulate to the shareholders of the Company a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution or other business to be dealt with at that meeting pursuant to Section 580 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The expenses shall be borne by the shareholder(s) making the request unless the meeting concerned is an annual general meeting and the statement is received by the Company in time for sending with the notice of the meeting. The request must identify the statement to be circulated, and must be authenticated by the shareholder(s) making it and sent to the Company in hard copy form or in electronic form for the attention of the Joint Company Secretaries at least 7 days before the meeting to which it relates.

Shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company or at least 50 shareholders who have a right to vote on the resolution at an annual general meeting can request the Company to give to the shareholders of the Company notice of a resolution that may properly be moved and is intended to be moved at that meeting pursuant to Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The request must identify the resolution of which notice is to be given, and must be authenticated by the shareholder(s) making it and sent to the Company in hard copy form or in electronic form for the attention of the Joint Company Secretaries no later than 6 weeks before the annual general meeting to which the requests relate, or if later, the time at which notice of the meeting is given.

Shareholders' Enquiries

Specific enquiries or suggestions by shareholders can be sent in writing to the Board or the Joint Company Secretaries at our registered office or by email to our Company. In addition, shareholders can contact Tricor Tengis Limited, the share registrars of the Company, if they have any enquiries about their shareholdings and entitlement to dividend. Relevant contact details are set out on page 2 of this annual report.

CONSTITUTIONAL DOCUMENTS

During the year, there was no change in the Company's constitutional documents.

REPORT OF THE DIRECTORS

The Directors herein present their report and the audited financial statements of the Company and its subsidiaries (collectively as the "Group") for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in (1) the core business involved in the provision of recreational and tourism services (including the operation of golf club and provision of hotel and leisure services); and (2) the affiliated business involved in the development and provision of system integration solutions, system design and sale of system hardware. The activities of its principal subsidiaries and associates are set out in Note 45 to the consolidated financial statements respectively.

RESULTS

The results of the Group for the year ended 31 December 2015 and the state of affairs of the Group at that date are set out in the financial statements on pages 49 to 165 of this annual report.

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

BUSINESS REVIEW

A fair review of the business and a discussion and analysis of the performance for the year ended 31 December 2015 and an indication of likely future development in the business of the Group are provided in the Chairman's Statement and Management Discussion and Analysis of this annual report. Description of the principal risks and uncertainties facing the Group can be found throughout this annual report, in particular Notes 4, 5 and 6 to the consolidated financial statements. Particulars of important events affecting the Group since the end of the year 2015 that have occurred (if any) can be found in the Note 44 to the consolidated financial statements in this annual report. An analysis using financial key performance indicators are provided in the Financial Highlights and the Management Discussion and Analysis in this annual report. Compliance with relevant laws and regulations which have significant impact on the Group can be found throughout this annual report, in particular, the Corporate Governance Report. An indication of likely future development in the Company's business can be found in the Chairman's Statement.

The Company is committed to promote environmental policies, during the year:

1. intelligent information business had:

   (a) arranged training for project manager and service staffs, so as to improve the management and software level to enhance the project implement process technology and equipment level of energy conservation and emissions reduction; and

   (b) improved and implemented internal and external audit, through the review of environmental management system certification, obtaining environmental management certification.

2. golf club and hotel business had:

   (a) launched sewage and soot waste gas treatment facilities construction project in December 2015, which is expected to be completed by the end of May 2016;

   (b) strictly screened suppliers of pesticides, herbicides, fertilizer and other lawn maintenance materials, and ensured not to buy the related materials banned by explicit order, and established the purchase and use files;

REPORT OF THE DIRECTORS

(c) fielded maintenance for water is derived from 17 rain water lake, used the water-saving facilities such as automatic sprinkler system, and reused water back lake water; and

(d) actively carried out energy saving environmental and other protection work in the golf club during daily work and life.

3. The registered office in Hong Kong plans to use electronic system instead of paper transfer process to examine and approve internal business, so as to reduce the consumption of paper.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 166 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 34 to the consolidated financial statements.

ISSUE OF SHARES

During the year, the Company issued shares, details of which is set out as follows:

(a) on 2 January 2015, arrangements were made for a private placement to an independent third party, Eternity Finance Group Limited (the "Subscriber"), a company incorporated in the British Virgin Islands with limited liability, of 240,000,000 ordinary shares in the Company, at a price of HK$0.253 per share representing a discount of approximately 19.68% to the closing marketing price of the Company's shares on 2 January 2015. Pursuant to a subscription agreement on the same date, the Subscriber subscribed for 240,000,000 ordinary shares in the Company at a price of HK$0.253 per share (the "Subscription"). The gross proceeds of HK$9.5 million were used as general working capital of the Group and the remaining proceeds were used to set off against the loan and related interest payable. Details are set out in Note 34. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 6 June 2014 and rank pari passu with other shares in issue in all aspects. The Subscription was completed on 13 January 2015;

(b) on 1 June 2015, 1,714,000 ordinary shares in the Company, at a price of HK$0.406 per share, were issued to a participant, upon receiving his exercise notice, under the share option scheme of the Company adopted on 7 June 2002;

(c) on 4 June 2015, arrangements were made for a private placement to independent private investors of 110,000,000 ordinary shares in the Company, at a price of HK$0.65 per share representing a discount of approximately 17.72% to the closing market price of the Company's shares on 4 June 2015. Pursuant to a subscription agreement of the same date, there were not less than six placees, subscribed for 110,000,000 new ordinary shares in the Company at a price of HK$0.65 per share (the "Private Placement"). The net proceeds were used as general working capital of the Group. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 28 May 2015 and rank pari passu with other shares in issue in all respects. The private placement was completed on 12 June 2015;

REPORT OF THE DIRECTORS

(d) on 5 June 2015, 10,000,000 ordinary shares in the Company, at a price of HK$0.596 per share, and 11,000,000 ordinary shares in the Company, at a price of HK$0.420 per share, were issued to an ex-Director of the Company, upon receiving his exercise notice, under the share option scheme of the Company adopted on 7 June 2002; and

(e) on 18 November 2015, 7,328,568,922 ordinary shares in the Company, at a price of HK$0.376 per share, were issued pursuant to a rights issue on the basis of nine right shares for every five existing shares, from which the Company had received a total amount of approximately HK$2,751 million in order to diversify the Group's business into industries which is believed to generate stable return and turnover to the Group.

CONVERTIBLE LOAN NOTES

Details of movements in the Company's convertible loan notes during the year are set out in Note 32 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on pages 53 to 54 of this annual report and in Note 46 to the consolidated financial statements, respectively.

DONATIONS

No charitable donation was made by the Group during the year (2014: Nil).

DIRECTORS OF THE COMPANY

The Directors of the Company during the year and up to the date of this annual report were as follows:

Zhao Quan *(appointed on 28 July 2015)*
Li Tongshuang
Xu Haohao
Leung Shun Sang, Tony
Wang Hao *(appointed on 3 June 2015)*
Leung Kai Cheung*
Liem Chi Kit, Kevin*
Lam Kin Fung, Jeffrey*
Mung Kin Keung *(resigned on 3 June 2015)*
Li Xiaoming *(appointed on 6 February 2015 and resigned on 28 July 2015)*
Fan Ning *(appointed on 6 February 2015 and resigned on 3 June 2015)*
Mung Bun Man, Alan *(resigned on 6 February 2015)*

* Independent Non-executive Directors

In accordance with clause 103(A) of the Company's Articles, Messrs. Li Tongshuang, Leung Shun Sang, Tony and Leung Kai Cheung will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS OF THE SUBSIDIARIES

A list of names of the directors who held office in the Company's subsidiaries during the year and up to the date of this annual report is available on the Company's website (www.hnainterinvest.com).

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors of the Company who held office at 31 December 2015 had the following interests in the shares and underlying shares of the Company as at 31 December 2015 as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code:

Long positions in the shares and underlying shares of the Company

		Number of shares/underlying shares in the Company			
Name of Director	**Capacity in which interests were held**	**Interests in shares**	**Derivative interests***	**Total interests**	**Total interests as to % of the issued share capital of the Company as at 31 December 2015**
Leung Shun Sang, Tony	Beneficial owner	20,000,000	15,793,981	35,793,981	0.31%
Leung Kai Cheung	Beneficial owner	5,000,000	1,843,200	6,843,200	0.06%

* The interests are unlisted physically settled options granted pursuant to the Company's share option scheme adopted on 7 June 2002 (the "2002 Scheme"). Upon exercise of the share options in accordance with the 2002 Scheme, ordinary shares in the share capital of the Company are issuable. The share options are personal to the respective Directors. Further details of the share options are set out in the section headed "Share Option Schemes" below.

Save as disclosed above, as at 31 December 2015, none of the Company's Directors, chief executives or their respective associates had any other personal, family, corporate and other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Schemes" herein, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance to which the holding companies of the Company, the Company or any of its subsidiaries was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, no Director has been recorded as having interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

PERMITTED INDEMNITY PROVISIONS

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2015, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons had interests in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the shares/underlying shares of the Company

Name of shareholder	Capacity in which interests were held	Number of shares/ underlying shares	Interests as to % of the issued share capital of the Company as at 31 December 2015	*Note(s)*
HNA Group (International) Company Limited ("HNA Group (International)")	Beneficial owner	1,109,244,000	9.73%	1
Hong Kong HNA Holding Group Co. Limited ("Hong Kong HNA")	Beneficial owner	6,510,130,189	57.11%	1
HNA Group Co., Ltd.* ("HNA Group") (海航集團有限公司)	Interests of controlled corporations	7,619,374,189	66.84%	1
Hainan Traffic Administration Holding Co., Ltd.* (海南交管控股有限公司)	Interests of controlled corporations	7,619,374,189	66.84%	1
Tang Dynasty Development (Yangpu) Company Limited* (盛唐發展(洋浦)有限公司)	Interests of controlled corporations	7,619,374,189	66.84%	1
Hainan Province Cihang Foundation* (海南省慈航公益基金會)	Interests of controlled corporations	7,619,374,189	66.84%	1
Hainan Airlines Co., Ltd. Trade Community Union* (海南航空股份有限公司工會委員會)	Interests of controlled corporations	7,619,374,189	66.84%	1
China Construction Bank Corporation	Security Interests	2,100,000,000	18.42%	2
Central Huijin Investment Ltd.	Security Interests	2,100,000,000	18.42%	2

REPORT OF THE DIRECTORS

Notes:

1. HNA Group is a company established in the PRC with limited liability which owns approximately 91.01% of HNA Group (International) and indirectly owns 100% of Hong Kong HNA. As at 31 December 2015, to the best of the Directors' knowledge, information and belief, HNA Group was held as to 30% by Yangpu Jianyun Investments Company Limited* (洋浦建運投資有限公司) and 70% by Hainan Traffic Administration Holding Co. Ltd.* (海南交管控股有限公司), which was in turn held as to 50% by Tang Dynasty Development (Yangpu) Company Limited* (盛唐發展(洋浦)有限公司), 25% by Yangpu Zhongxin Airlines Holding Company Limited* (洋浦中新航空實業有限公司) and 25% by Yangpu Hengsheng Chuangye Company Limited* (洋浦恒升創業有限公司). Tang Dynasty Development (Yangpu) Company Limited* (盛唐發展(洋浦)有限公司) was held as to 65% by Hainan Province Cihang Foundation* (海南省慈航公益基金會) (the "Foundation") and 35% by Tang Dynasty Development Company Limited* (盛唐發展有限公司), which was held as to 2% indirectly by Hainan Airlines Company Limited (海南航空股份有限公司) (a company listed on the Shanghai Stock Exchange) and 98% indirectly by an individual who was an independent third party of the Company. The committee members of the Foundation should be jointly nominated by the business supervising unit (業務主管單位) (being the Office of Civil Affairs of the Hainan Province (海南省民政廳)), the committee (理事會), the sponsor (發起人) and the major donor (主要捐贈人) (being Hainan Airlines Co., Ltd. Trade Community Union* (海南航空股份有限公司工會委員會) (the "Union")) of the Foundation (collectively, the "Relevant Entities"). To the best knowledge and belief of the Directors, the Union and the Foundation will continue to be "acting in concert" for the purpose of the Hong Kong Code on Takeovers and Mergers published by the Securities and Futures Commission of Hong Kong.

2. As at 31 December 2015, Hong Kong HNA, the controlling shareholder of the Company, pledged 2,100,000,000 Shares to China Construction Bank Corporation, whose beneficial owner is Central Huijin Investment Ltd.

* *for purpose of identification only*

Save as disclosed above, as at 31 December 2015, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, there is a sufficiency of public float of the Company's securities as required under the Listing Rules as at the date of this annual report.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEMES

On 7 June 2002, the shareholders of the Company adopted the 2002 Scheme which would be valid for a period of ten years. On 25 May 2012, the shareholders of the Company approved the termination of the 2002 Scheme (to the effect that no further share option shall be granted by the Company under the 2002 Scheme) and the adoption of a new share option scheme (the "2012 Scheme"), which became effective on 29 May 2012 upon the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the shares of the Company which may fall to be issued upon exercise of the options to be granted under the 2012 Scheme. The share options granted under the 2002 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2002 Scheme.

A summary of the principal terms of each of the 2002 Scheme and the 2012 Scheme is set out below:

(a) The 2002 Scheme

The purpose of the 2002 Scheme is to enable the Company to grant share options to selected participants as incentives or rewards for their contribution to the Company and/or its subsidiaries and/or its associated companies. The 2002 Scheme was adopted on 7 June 2002 and terminated on 29 May 2012 (the date on which the 2012 Scheme became unconditional and effective).

Under the 2002 Scheme, the Directors may, at their discretion, offer directors (including executive and non-executive directors), executives, officers, employees or shareholders, of the Company or any of its subsidiaries or any of its associated companies, and any suppliers, customers, consultants, advisers, agents, partners or business associates who will contribute or have contributed to the Company or any of its subsidiaries or any of its associated companies, share options to subscribe for shares of the Company.

The total number of shares of the Company which may be issued upon exercise of all outstanding share options granted under the 2002 Scheme is 112,033,597, which represents approximately 0.98% of the shares of the Company in issue as at the date of this annual report. Since the 2002 Scheme was terminated on 29 May 2012, no further options can be granted under the 2002 Scheme. However, the share options granted under the 2002 Scheme prior to its termination shall continue to be valid and exercisable in accordance with the 2002 Scheme.

Each of the grantees was required to pay HK$1.00 as a consideration for the grant of share options in accordance with the 2002 Scheme. The offer of share options must be accepted within 60 days from the date of the offer.

Save as disclosed above, there is no material difference in the terms, which shall be disclosed pursuant to Rule 17.09 of the Listing Rules, between the 2002 Scheme and the 2012 Scheme.

REPORT OF THE DIRECTORS

No share option was granted, cancelled or lapsed in accordance with the terms of the 2002 Scheme during the year. Details of movements in the share options under the 2002 Scheme during the year are as follows:

Category or name of grantees	Options to subscribe for shares of the Company: At the beginning of the year	Exercised during the year	Addition after adjustment due to rights issue	At the end of the year	Date of grant	Exercise period	Exercise price per share	Adjusted exercise price per share due to right issue
Directors of the Company								
Mung Kin Keung								
(resigned on 3 June 2015)	10,000,000	(10,000,000)[Note]	–	–	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596	N/A
	11,000,000	(11,000,000)[Note]	–	–	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420	N/A
	21,000,000	(21,000,000)	–	–				
Leung Shun Sang, Tony	423,810	–	10,171	433,981	19.01.2007	19.01.2007 – 18.01.2017	HK$0.406	HK$0.396
	15,000,000	–	360,000	15,360,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780	HK$0.762
	15,423,810	–	370,171	15,793,981				
Leung Kai Cheung	1,800,000	–	43,200	1,843,200	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780	HK$0.762
	38,223,810	(21,000,000)	413,371	17,637,181				
Employees of the Group	24,500,000	–	588,000	25,088,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780	HK$0.762
Other participants	12,148,000	(1,714,000)[Note]	250,416	10,684,416	19.01.2007	19.01.2007 – 18.01.2017	HK$0.406	HK$0.396
	45,500,000	–	1,092,000	46,592,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780	HK$0.762
	8,750,000	–	210,000	8,960,000	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596	HK$0.582
	3,000,000	–	72,000	3,072,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420	HK$0.410
	69,398,000	(1,714,000)	1,624,416	69,308,416				
	132,121,810	(22,714,000)	2,625,787	112,033,597				

Note: The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK$0.79 per share.

REPORT OF THE DIRECTORS

(b) The 2012 Scheme

The purpose of the 2012 Scheme is to replace the 2002 Scheme and to continue to enable the Company to grant share options to selected participants as incentives or rewards for their contribution or potential contribution to the Company and/or any of its subsidiaries and/or any entity in which any member of the Group holds any equity interest (the "Invested Entities"). The 2012 Scheme shall be valid and effective for the period of ten years commencing on 25 May 2012, being the date on which the 2012 Scheme was conditionally adopted by the shareholders of the Company, and ending on 25 May 2022 (both dates inclusive).

Under the 2012 Scheme, the Board may, at its discretion, offer full-time or part-time employees, executives, officers or directors (including executive and non-executive directors) of the Company or any of its subsidiaries or any of the Invested Entities, and any advisors, consultants, agents, suppliers, customers and distributors, who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries and/or any of the Invested Entities, share options to subscribe for shares of the Company.

No share option has been granted under the 2012 Scheme since its adoption. The maximum number of shares of the Company available for issue upon exercise of all share options which may be granted under the 2012 Scheme is 224,214,117, representing approximately 1.97% of the shares of the Company in issue as at the date of this annual report. The total number of shares of the Company issued and which may fall to be issued upon the exercise of share options to be granted under the 2012 Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding share options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the number of shares of the Company in issue as at the date of grant. Any further grant of share options in excess of this 1% limit shall be subject to the issue of a circular by the Company and shareholders' approval in a general meeting. In addition, any share options granted to a substantial shareholder or an Independent Non-executive Director of the Company, or to any of their associates, which would result in the shares of the Company issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant (a) representing in aggregate over 0.1% of the shares of the Company in issue on the date of the grant; and (b) having an aggregate value of in excess of HK$5,000,000 (based on the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of each grant), such further grant of options shall be subject to the issue of a circular by the Company and shareholders' approval in a general meeting on a poll at which all connected persons of the Company shall abstain from voting in favour of the resolution concerning the grant of such options, and/or such other requirements prescribed under the Listing Rules from time to time. A connected person of the Company will be permitted to vote against the grant only if his intention to do so has been stated in the circular. Any grant of share options to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, is required to be approved by the Independent Non-executive Directors (excluding the Independent Non-executive Director who is the grantee of the options).

The period during which a share option may be exercised will be determined by the Board at its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the 2012 Scheme. There is no requirement that a share option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of offer of any share options.

REPORT OF THE DIRECTORS

The exercise price in relation to each share option will be determined by the Board at its absolute discretion and shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of offer of share options; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of offer of share options; and (iii) the nominal value of a share of the Company on the date of offer of share options. Each of the grantees is required to pay HK$1.00 as a consideration for his acceptance of the grant of share options in accordance with the 2012 Scheme. The offer of share options must be accepted within 30 days from the date of the offer.

Share options to be granted under the 2012 Scheme do not confer rights on the holders to dividends or to vote at general meetings.

No share option has been granted under the 2012 Scheme since its adoption. Accordingly, as at 31 December 2015, there was no share option outstanding under the 2012 Scheme.

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.

DISTRIBUTABLE RESERVES

At the end of the reporting period, the Company did not have any reserves available for distribution as calculated in accordance with the relevant provisions of the Companies Ordinance.

The Company's capital reserve represents a non-distributable reserve.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 30% of the total sales for the year and sales to the largest customer included therein amounted to approximately 12%. Purchases from the Group's five largest suppliers accounted for approximately 53% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 17%. None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any interest in the Group's five largest customers and suppliers.

The major customers of intelligent information business segment are customers of government projects, with whom we have maintained good working relationships over the past few years, providing them with high-quality Electroweak System Engineering Project (弱電系統工程) contract and after-sale services for system integration. The major customers of the golf club and hotel business segment are golf enthusiasts and business customers, with whom we have maintained good working relationships over the past few years, providing them with high-quality membership products, golf products, golf reception services, housing and catering services.

The major suppliers of intelligent information business segment provide the materials for the intelligent integrated cabling system. The major suppliers of golf club and hotel business segment include suppliers of turf machinery and equipment, suppliers of materials for lawn care such as fertilizers and pesticides, golf product suppliers, suppliers of golf course equipment, food suppliers, suppliers of hotel cleaning products and suppliers of guestroom products. We have maintained good working relationships with these suppliers so as to achieve cost efficiency and promote the long-term commercial interests.

REPORT OF THE DIRECTORS

RELATIONSHIP WITH EMPLOYEES

Employees are regarded as the most important and valuable assets of the Group. The Group offers competitive salaries and benefits, and also reimburses fees for training programmes or courses to the employees so as to further enhance their skills in management, professional skills and knowledge in order to make continual contribution to the Group. The Group also organises gatherings (including annual dinner and recreation activities) to employees together with the management to strengthen their partnership and communication from time to time.

CONNECTED TRANSACTION

As regards the transactions took place during the year as set out in Note 43 to the consolidated financial statements under the heading of “Related Party Transactions” are concerned, the transactions as set out in Note 43 were connected transactions which were exempt from any disclosure and shareholders’ approval requirements under the Listing Rules.

As regards the transactions set out in Note 43(e) to the consolidated financial statements under the heading of “Related Party Transactions” are concerned, the loan from a related company as set out in Notes 22 and 31 to the consolidated financial statements were connected transactions which were exempt from any disclosure and shareholders’ approval requirements under the Listing Rules.

The transactions set out in Note 15 to the consolidated financial statements were the remuneration of the Directors as determined pursuant to the service contracts entered into between the Directors and the Company and the securities issued and to be issued upon exercise of options granted to the Directors under the 2002 Scheme of the Company were connected transactions which were exempt from any disclosure and shareholders’ approval requirements under the Listing Rules.

Saved as disclosed above, no related party transaction in Note 43 of the consolidated financial statements which took place during the year constitutes connected transaction or continuing connected transaction under the Listing Rules. The Company has complied with the disclosure requirements with Chapter 14A of the Listing Rules during the year.

CORPORATE GOVERNANCE

The Company’s corporate governance practices are set out in the Corporate Governance Report on pages 17 to 34 of this annual report.

EVENT AFTER THE REPORTING DATE

Details of significant events occurring after the reporting date are set out in Note 44 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

By Order of the Board
Zhao Quan
Chairman

Hong Kong, 31 March 2016

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

To the members of HNA International Investment Holdings Limited
海航國際投資集團有限公司
(incorporated in Hong Kong with limited liability)

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of HNA International Investment Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 165, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS FOR QUALIFIED OPINION

As described in Note 14 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 was 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 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 "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 as to the recoverable amounts of certain assets included in the DTV Disposal Group as at 31 December 2014 and 2015, and 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 of the Group 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 HKFRSs 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 14 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 assets 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 the net proceeds from the Disposal pursuant to the MOU would not be less than the net assets 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. However, the ultimate outcome of the negotiation cannot be assessed at this stage.

INDEPENDENT AUDITOR'S REPORT

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 matters 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 March 2016

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	7	**336,869**	339,993
Cost of sales		**(282,990)**	(288,035)
Gross profit		**53,879**	51,958
Other income	9	**60,832**	35,545
Other expenses		**(15,122)**	(4,517)
Other gains and losses	10	**63,866**	(101,714)
Selling and distribution costs		**(10,855)**	(9,930)
Administrative expenses		**(92,568)**	(63,370)
Finance costs	11	**(144,345)**	(109,574)
Loss before tax		**(84,313)**	(201,602)
Income tax credit	12	**1,305**	335
Loss for the year from continuing operations	13	**(83,008)**	(201,267)
Discontinued operation			
Loss for the year from discontinued operation	14	**(152,593)**	(149,991)
Loss for the year		**(235,601)**	(351,258)
Other comprehensive expense			
Item 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)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTE	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		**(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	*17*		(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

At 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	18	331,866	310,129
Land use rights	19	1,178,104	1,324,738
Intangible assets	20	171	884
Other receivables	21	–	39,284
Available-for-sale investments		847	887
Club debentures		700	700
Amounts due from related companies	22	427,528	526,546
		1,939,216	2,203,168
Current assets			
Land use rights	19	44,457	17,093
Amounts due from related companies	22	121,456	191,798
Inventories	23	7,732	15,897
Trade receivables	24	104,575	113,288
Prepayments, deposits and other receivables	25	224,500	222,425
Amounts due from customers for contract work	26	88,415	168,006
Tax recoverable		4,957	4,090
Pledged bank deposits	27	3,220	7,460
Bank balances and cash	28	2,844,905	31,096
		3,444,217	771,153
Assets associated with disposal group classified as held-for-sale	14	1,045,743	1,223,172
		4,489,960	1,994,325
Current liabilities			
Trade and bills payables	29	53,550	114,621
Other payables, deposits received, receipt in advance and accruals	30	203,884	126,290
Borrowings – due within one year	31	201,616	271,803
Amounts due to related companies	22	91	9,744
Convertible loan notes and related payables	32	187,836	173,036
Embedded derivative components of convertible loan notes	32	11,996	10,868
Tax liabilities		17,429	18,239
Financial guarantee liabilities	41	6,255	3,948
Deferred revenue	33	34,349	43,235
Obligations under finance leases		266	–
		717,272	771,784
Liabilities associated with disposal group classified as held-for-sale	14	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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deferred revenue	33	232,663	271,897
Borrowings – due after one year	31	518,066	473,239
Promissory note	37	543,773	609,479
Deferred tax liabilities	36	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	34	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

The consolidated financial statements on pages 49 to 165 were approved and authorised for issue by the Board of Directors on 31 March 2016 and are signed on its behalf by:

Zhao Quan
DIRECTOR

Xu Haohao
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000 *(Note 46)*	Other reserves HK$'000 *(Note)*	Translation reserve HK$'000	Capital reserve HK$'000	Investment revaluation reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale HK$'000 *(Note 14)*	Sub-total HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	673,035	802,454	2,084	360	114,020	53,690	–	31,885	(876,321)	12,768	813,975	70,269	884,244
Loss for the year	–	–	–	–	–	–	–	–	(335,016)	–	(335,016)	(16,242)	(351,258)
Exchange difference arising during the year	–	–	–	–	(21,003)	–	–	–	–	(250)	(21,253)	(1,616)	(22,869)
Fair value loss on available-for-sale investments	–	–	–	–	–	–	(6,636)	–	–	–	(6,636)	–	(6,636)
Reclassification adjustment on impairment loss recognised in respect of available-for-sale investments	–	–	–	–	–	–	6,636	–	–	–	6,636	–	6,636
Total comprehensive expense for the year	–	–	–	–	(21,003)	–	–	–	(335,016)	(250)	(356,269)	(17,858)	(374,127)
Lapse/cancellation of share options	–	–	–	–	–	–	–	(5,864)	5,864	–	–	–	–
Share issued upon exercise of a convertible bond *(Note 32)*	22,500	–	–	–	–	–	–	–	–	–	22,500	–	22,500
Shares issued *(Note 34)*	286,972	–	–	–	–	–	–	–	–	–	286,972	–	286,972
Transaction costs attributable to issue of shares	(6,247)	–	–	–	–	–	–	–	–	–	(6,247)	–	(6,247)
Transfer upon abolition of par value under the Hong Kong Companies Ordinance *(Note 46)*	858,228	(802,454)	(2,084)	–	–	(53,690)	–	–	–	–	–	–	–
Acquisition of a subsidiary *(Note 37)*	–	–	–	–	–	222,248	–	–	–	–	222,248	434,721	656,969
At 31 December 2014	1,834,488	–	–	360	93,017	222,248	–	26,021	(1,205,473)	12,518	983,179	487,132	1,470,311

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000 *(Note 46)*	Other reserves HK$'000 *(Note)*	Translation reserve HK$'000	Capital reserve HK$'000	Investment revaluation reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale HK$'000 *(Note 14)*	Sub-total HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2015	1,834,488	-	-	360	93,017	222,248	-	26,021	(1,205,473)	12,518	983,179	487,132	1,470,311
Loss for the year	-	-	-	-	-	-	-	-	(213,810)	-	(213,810)	(21,791)	(235,601)
Exchange difference arising during the year	-	-	-	-	(165,733)	-	-	-	-	17,561	(148,172)	(21,408)	(169,580)
Total comprehensive expense for the year	-	-	-	-	(165,733)	-	-	-	(213,810)	17,561	(361,982)	(43,199)	(405,181)
Exercise of share options	17,085	-	-	-	-	-	-	(5,809)	-	-	11,276	-	11,276
Rights issue	2,755,542	-	-	-	-	-	-	-	-	-	2,755,542	-	2,755,542
Shares issued *(Note 34)*	132,220	-	-	-	-	-	-	-	-	-	132,220	-	132,220
Transaction costs attributable to issue of shares	(7,855)	-	-	-	-	-	-	-	-	-	(7,855)	-	(7,855)
At 31 December 2015	4,731,480	-	-	360	(72,716)	222,248	-	20,212	(1,419,283)	30,079	3,512,380	443,933	3,956,313

Note: Other reserves represent the aggregate amounts of surplus reserve fund and enterprise development fund.

Certain subsidiaries operating in the People's Republic of China (the "PRC") are required to transfer 5% of the profit after tax (as determined in accordance with PRC generally accepted accounting principles) to the surplus reserve fund until the fund balance reaches 50% of the registered capital of those subsidiaries thereafter any further appropriation is optional and is determinable by the companies' boards of directors. The reserve fund can be used to offset accumulated losses, expand the existing operations or convert into additional capital of the subsidiaries. No such transfer was made during both years.

These subsidiaries are also required to transfer 5% of the profit after tax (as determined in accordance with PRC generally accepted accounting principles) to the enterprise development fund. The fund can only be used for development of the enterprise and is not available for distribution to shareholders. No such transfer was made during both years.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Loss for the year	(235,601)	(351,258)
Adjustments for:		
Impairment loss recognised on prepayment and other receivables	5,715	3,798
Depreciation of property, plant and equipment	118,009	112,889
Income tax credit	(1,305)	(335)
Amortisation of financial guarantee contracts	(1,366)	(697)
Loss on financial guarantee contracts	3,933	14,255
Interest on convertible loan notes	40,678	45,534
Interest on bank borrowings	59,582	47,733
Interest on other borrowings	52,192	33,543
Interest expenses on obligations under finance leases	30	–
Amortisation of intangible assets	22,002	23,742
Amortisation of land use rights	60,452	8,620
Impairment loss recognised in respect of available-for-sale investments	–	6,636
Impairment loss recognised in respect of trade receivables	12,269	11,801
Impairment loss recognised in respect of a loan to an investee	–	81,744
Impairment loss recognised in respect of amounts due from customers for contract work	18,815	19,717
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
Interest income	(54,734)	(33,181)
Decrease (increase) in fair value of investment properties	8,548	(675)
Unrealised exchange gain	(69,478)	–
Operating cash flows before movements in working capital	15,144	(14,141)
Decrease in inventories	7,690	1,672
Increase in trade receivables	(8,566)	(67,277)
Increase in prepayments, deposits and other receivables	(17,812)	(38,518)
Decrease in amounts due from customers for contract work	55,541	57,333
Increase in other payables, deposits received, receipt in advance and accruals	12,282	29,247
(Decrease) increase in deferred revenue	(34,968)	15,510
Decrease in trade and bills payables	(72,963)	(31,563)
Cash used in operations	(43,652)	(47,737)
Interest paid	(56,101)	(57,559)
PRC Income Tax paid	(1,086)	(8,323)
NET CASH USED IN OPERATING ACTIVITIES	(100,839)	(113,619)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	NOTE	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(13,192)	(7,546)
Placement of pledged bank deposits and restricted bank deposits		(246)	(7,445)
Withdrawal of pledged bank deposits		4,030	23,653
Withdrawal of restricted bank deposits		–	2,169
Advance to Guangzhou HNA Real Estate (defined in Note 22)		–	(9,911)
Repayment from Guangzhou HNA Real Estate		144,220	–
Advance to other related companies		–	(14,457)
Repayments from other related companies		24,026	21,012
Deposit refunded to Guang Hua relating to disposal groups classified as held-for-sale		–	(50,000)
Proceeds from disposal of property, plant and equipment		634	185
Cash from acquisition of a subsidiary	37	–	4,013
Interest received		1,293	420
NET CASH FROM (USED IN) INVESTING ACTIVITIES		160,765	(37,907)
FINANCING ACTIVITIES			
New bank loans raised		431,021	222,973
Loan advance from a director		–	5,000
Loan advance from a related company		–	26,256
Advance from an independent third party		70,257	–
Loans advance from third parties		–	123,251
Repayments of bank loans		(447,913)	(312,614)
Repayments of promissory note		(116,296)	–
Repayment to a related company		(9,519)	–
Repayments to third parties		–	(73,251)
Repayment of loan from a director		–	(5,000)
Repayment of principal on convertible loan notes		–	(90,000)
Repayment of obligations under finance leases		(150)	–
Proceeds from issue of share capital		2,847,799	286,972
Expenses on issue of shares		(7,855)	(6,247)
NET CASH FROM FINANCING ACTIVITIES		2,767,344	177,340

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 *HK$'000*	2014 *HK$'000*
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,827,270**	25,814
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**31,174**	5,711
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(7,478)**	(351)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**2,850,966**	31,174
Represent by:		
Bank balances and cash	**2,844,905**	31,096
Cash and cash equivalents included in a disposal group held-for-sale	**6,061**	78
	2,850,966	31,174

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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"). During the year 2015, Hong Kong HNA Holding Group Co. Limited ("Hong Kong HNA"), a company incorporated in Hong Kong with limited liability, became the immediate holding company of the Company. HNA Group Co., Ltd. ("HNA Group"), a company registered in the People's Republic of China ("the PRC"), became the ultimate holding company of the Company. The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the Company's annual report.

Pursuant to a special resolution passed on 17 April 2015, the Company changed the 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 principal activities of its subsidiaries are set out in Note 45.

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$"), the presentation currency for the consolidated financial statements.

2. 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 HKFRSs 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.

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

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.

HKFRS 9 *Financial Instruments*

HKFRS 9 *Financial Instruments* issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

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

HKFRS 9 *Financial Instruments* (continued)

Certain key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial assets and financial liabilities as at 31 December 2015, the Directors anticipate that the adoption of HKFRS 9 will affect the measurement and classification of the Group's available-for-sale investments and may result in early recognition of credit losses based on the expected credit loss model in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

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

HKFRS 15 *Revenue from Contracts with Customers* (continued)

The core principle of HKFRS 15 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 or services. Specifically, the standard introduces 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 the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports 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 CO and to streamline with HKFRSs. 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. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. All amounts previously recognised in other comprehensive income in relation to that subsidiaries are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. classified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value except that deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively.

Where the acquiree is a party to an operating lease arrangement of leasehold lands with terms that are favourable relative to market terms, the excess of the market price over the carrying amount of the leasehold land held by the acquiree at the time of acquisition represents the right to a favourable lease contract and is included as part of the Group's interests in land use rights.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain, except for the acquisition of business from an equity participant of the Company whereby the excess is accounted for as a deemed contribution from a shareholder and is recognised in equity.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held-for-sale

Non-current assets and disposal group are classified as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude the non-current asset (or disposal group) from being classified as held-for-sale if the delay of the completion of sale is caused by events or circumstances beyond the Company's control and there is sufficient evidence that the Company remains committed to its plan to sell the non-current assets and disposal group.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held-for-sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal group) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sales of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income

Service income is recognised when services are provided.

Revenue from golf club operations

The initial membership fee is amortised on a straight-line basis based on the remaining period to the expiry date of business license of the golf club of the Group and the unamortised initial membership fee is recognised as deferred revenue. The monthly membership fee and the service income related to the usage of golf club's facilities are recognised when services are provided.

Revenue from hotel and leisure operations

Revenue from hotel and leisure operations comprising hotel accommodation, food and beverages are recognised when services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Investment income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Installation contracts

When the outcome of a contract for the installation of network systems can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received included in other payables, deposits received, receipt in advance and accruals. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred revenue

Deferred revenue at the end of each reporting period represents the unamortised portion of initial membership fees.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases), hotels and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are obtained.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land

Interest in leasehold land held by DG Hillview (defined in Note 45) constitutes an operating lease arrangement under HKAS 17 *Leases,* the excess of the market price of such leasehold land at the time of acquisition of Hillview (defined in Note 45) over its carrying amount represents the right to a favourable lease contract. The excess together with the carrying amount of the leasehold land are presented as “land use rights” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. Interest in leasehold land held by the DTV Disposal Group (defined in Note 14) under an operating lease is accounted for as investment properties which are measured using the fair value model.

Club debentures

Club debentures are stated at cost, less any identified impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On the disposal of a group entity that is not a foreign operation, the exchange differences accumulated in equity relating to the translation of assets and liabilities of that group entity into presentation currency of the Group are transferred to accumulated losses.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

All borrowing costs incurred for non-qualifying assets are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the condition attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related cost for which the grants are intended to compensate.

Retirement benefits costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time. If the presumption is rebutted, deferred tax for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amounts due from related companies, pledged bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

***Financial assets** (continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment losses on financial assets below).

Impairment losses on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

***Financial assets** (continued)*

Impairment losses on financial assets (continued)

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Convertible loan notes contain debt component and derivative components

The component parts of the convertible loan notes are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative.

At the date of issue, both the debt and conversion option components are recognised at fair value. In subsequent periods, the debt component of the convertible loan notes is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair values with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the debt and derivative components are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible loan notes using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

***Financial liabilities and equity instruments** (continued)*

Other financial liabilities

Other financial liabilities (including trade and bills payables, other payables, amounts due to related companies, promissory note and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

Substantial modification of a financial liability

Modification is deemed to be substantial if the net present value of the cash flows under the modified terms, including any fees paid or received, is at least 10 percent different from the net present value of the remaining cash flows of the liability prior to the modification, both discounted at the original effective interest rate of the liability prior to the modification. In addition, when the contractual terms of convertible loan notes are modified, the Group considers whether the revised terms result in a substantial modification after taking into account all relevant facts and circumstances, including qualitative factors. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

Equity settled share-based payment transactions

Share options granted to employees after 7 November 2002 and vested on or after 1 January 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expense, a corresponding increase in equity (share option reserve) unless the goods or services qualify for recognition as assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification for DTV business (defined below) as disposal group held-for-sale

Digital television ("DTV") technical solution and equipment business ("DTV business") continues to be classified as held-for-sale as at 31 December 2015 and 2014 despite further delay in completing the disposal. In making this judgment, the Directors considered the detailed conditions set out in Appendix B to HKFRS 5 *Non-current Assets Held-for-sale and Discontinued Operations*. As disclosed in Note 14, the delay of the completion is caused by the delay of the Reform (as defined in Note 14). At 31 December 2015 and 2014, the Directors are seeking for a potential buyer for the disposal of the DTV Disposal Group (as defined in Note 14). In view of the delay of the Reform is beyond the Group's control, and the Group remains committed to its plan to sell the disposal group and considering the fact that the Company has signed the MOU (as defined in Note 14) on 7 March 2016, the Directors are satisfied that classifying the DTV business as held-for-sale as at 31 December 2015 and 2014 is appropriate.

Revenue recognition of initial membership fee

The initial membership fee is deferred and recognised as revenue over the life of the golf membership. The Directors have determined the remaining period to the expiry date of business license of DG Hillview (as defined in Note 45) of approximately 8 years (2014: 9 years) as the expected useful lives for the usage of golf club's facilities and hence, the initial membership fee is amortised on a straight-line basis based on the remaining period to the expiry date of business license of DG Hillview.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2015, the carrying amount of trade receivables from the continuing operations was HK$104,575,000, net of allowance for doubtful debts of HK$34,857,000 (2014: carrying amount of HK$113,288,000, net of allowance for doubtful debts of HK$23,951,000).

Fair value of derivative financial instruments

As described in Note 32, the Directors use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For embedded derivative components of the convertible loan notes, binomial model is used for valuation of the components which involves several key assumptions and estimates including share price volatility, dividend yield and risk-free rate. As at 31 December 2015, the fair value of embedded derivative components of the convertible loan notes is approximately HK$11,996,000 (2014: HK$10,868,000).

Income taxes

As described in Note 36, as at 31 December 2015, the Group had estimated unused tax losses of HK$470,043,000 (2014: HK$847,899,000) available for offset against future profits. No deferred tax assets have been recognised on such tax losses due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such recognition takes place.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes borrowings, convertible loan notes and related payables and promissory note as disclosed in Notes 31, 32 and 37 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Financial assets		
Loans and receivables (including cash and cash equivalents)	**3,655,465**	1,025,061
Available-for-sale financial assets	**847**	887
Financial liabilities		
Embedded derivative components of convertible loan notes	**11,996**	10,868
Amortised cost	**1,676,328**	1,750,517
Financial guarantee liabilities	**6,255**	3,948
Obligations under finance leases	**1,257**	–
Financial assets in disposal group classified as held-for-sale		
Loans and receivables (including cash and cash equivalents)	**189,959**	193,504
Financial liabilities in disposal group classified as held-for-sale		
Amortised cost	**112,480**	232,396

6b. Financial risk management objectives and policies

The Group's financial instruments include available-for-sale investments, amounts due from related companies, trade receivables, other receivables, pledged bank deposits, restricted bank balance, bank balances and cash, trade and bills payables, other payables, amounts due to related companies, borrowings, convertible loan notes, embedded derivative components of convertible loan notes, financial guarantee contracts, obligations under finance leases and promissory note. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

Certain bank balances, borrowings, promissory note and convertible loan notes of the Group are denominated in foreign currencies, which expose the Group to foreign currency risk.

The transactions and balances relating to discontinued operations are transacted using RMB, the functional currency of the relevant group entities.

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
US$	**12**	13	**199,832**	183,904
HK$	**2,634,986**	2,083	**543,773**	50,000

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in US$ and HK$.

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2014: 5%) is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2014: 5%) change in foreign currency rates. A positive number below indicates a decrease in post-tax loss where RMB strengthen 5% (2014: 5%) against the relevant currencies. For a 5% (2014: 5%) weakening of RMB against the relevant currencies, there would be an equal and opposite impact on the post-tax loss and the balances below would be negative.

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

***Market risk** (continued)*

(i) Currency risk (continued)

Sensitivity analysis (continued)

	US$		HK$	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
Decrease (increase) in post-tax loss *(Note)*	**8,342**	7,677	**(87,308)**	2,001

Note: This is mainly attributable to the exposure outstanding on foreign currency denominated bank balances, certain borrowings and convertible loan notes at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) Interest rate risk

The Group's fair value interest rate risk in relation to fixed rate bank borrowings, fixed rate amounts due from related companies and fixed rate convertible loan notes.

The Group is exposed to cash flow interest rate risk in relation to the fluctuation of market interest rate on certain variable rate pledged bank deposits, certain variable rate bank balances and certain variable rate bank borrowings.

It is the Group's policy to maintain an appropriate level between its fixed rate and variable rate borrowings so as to optimise the fair value and cash flow interest rate risk. The management considers that the cash flow interest rate risk arising from pledged bank deposits and bank balances is insignificant having regard to the stable trend in interest rates and thus no material fluctuation is anticipated in the near future.

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

***Market risk** (continued)*

(ii) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2014: 50 basis points) increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates on variable rate bank borrowings had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the impact on profit or loss would be as follows:

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Increase in post-tax loss	**2,129**	1,824
Discontinued operation		
Increase in post-tax loss	**295**	693

(iii) Other price risk

The Group is exposed to price risk on embedded derivatives components of the 2014 Convertible Bond I/New Convertible Bond at 31 December 2014 (defined under Note 32(a))

For the years ended 31 December 2015 and 2014, the Group is required to estimate the fair value of the derivative components of the convertible loan notes, including conversion option, early redemption option and compulsory conversion option, with changes in fair value to be recognised in the profit or loss as long as the convertible loan notes are outstanding. The fair value will be affected either positively or negatively, amongst others, by the changes in the Company's share price and share price volatility.

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

***Market risk** (continued)*

(iii) Other price risk (continued)

As at 31 December 2015 and 2014, as the conversion price of the convertible loan notes is higher than the share price of the Company, the impact to the Group's result due to 10% change in share price and volatility of the share price is immaterial. Accordingly, no sensitivity analysis is presented for both years.

Credit risk

As at 31 December 2015 and 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge obligations by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities in relation to the financial guarantee issued by the Group as disclosed in Note 41.

In order to minimise the credit risk, the management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

***Credit risk** (continued)*

The credit risk on liquid funds of the Group is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has limited credit risk for financial guarantee contracts. Management periodically monitors the financial position of each of the third parties to ensure each third party is financially viable to settle the debts due to the banking facilities drawn from financial institutions.

The Group has concentration of credit risk in relation to the trade receivables of approximately 62% (2014: 61%) of the total trade receivables (including those under disposal group held-for-sale) as at 31 December 2015 was due from the Group's largest customer of the DTV technical solutions and equipment business. As at 31 December 2015, the amount has been classified as held-for-sale as explained in Note 14. The Group keeps monitoring the level of exposures to ensure that follow up actions and/or corrective actions are taken promptly to lower the risk exposure or to recover the overdue balances.

The Group is also exposed to credit risk from amounts due from certain related companies. The Directors periodically monitor the financial position of each related company to ensure they are financially viable to settle the debts due to the Group.

In addition, as at 31 December 2014 the Group has concentration of credit risk in respect of other receivables. The management of the Group considers the credit risk is limited as the amount due from the Developer (as defined in Note 21) can be recovered through occupation of the property. Subsequently in year 2015, such receivables were utilised in exchange of the property's occupation.

Other than the above, the Group does not have any other significant concentration of credit risks, with exposure spread over a large number of counterparties on trade receivables.

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as significant source of liquidity. As at 31 December 2015, the Group has available unutilised short-term facilities of approximately HK$30,632,000 (2014: HK$68,429,000). The Directors are of the view that the banking facilities could be renewed based on historical experience that the Group has not encountered any difficulties to obtain banking facilities.

During the year ended 31 December 2013, the Group failed to repay a bank loan under the DTV business in accordance with the repayment schedule. 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$35,884,000 had not been settled, which would be repaid on or before 30 June 2015 as further agreed with the relevant bank. At 31 December 2015, total of this bank borrowing was fully repaid. This bank loan was secured by investment properties and the security was released upon full repayment.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted cash flows are estimated by using interest rate at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

***Liquidity risk** (continued)*

Liquidity and interest risk tables

Continuing operations

	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2015
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2015								
Trade and bills payables	–	53,550	–	–	–	–	53,550	53,550
Other payables	–	171,396	–	–	–	–	171,396	171,396
Amounts due to related companies	–	91	–	–	–	–	91	91
Bank borrowings *(Note 31)*								
– fixed rate	5.87	48,589	107,565	–	–	–	156,154	152,078
– variable rate *(Note iii)*	7.74	27,326	64,526	69,763	472,436	99,827	733,878	567,604
Convertible loan notes, including the embedded derivative components of convertible loan notes *(Note i)*								
– Loan notes denominated in US$ *(Note 32(a))*	25.63	–	205,779	–	–	–	205,779	199,832
Promissory note	8.35	–	–	626,805	–	–	626,805	543,773
Financial guarantee contracts *(Note ii)*	–	11,340	35,811	–	52,523	–	99,674	6,255
Obligations under finance leases								
– fixed rate	3.55	77	232	309	748	–	1,366	1,257
		312,369	413,913	696,877	525,707	99,827	2,048,693	1,695,836

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

Liquidity risk *(continued)*

Liquidity and interest risk tables (continued)

Continuing operations (continued)

	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2014
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2014								
Trade and bills payables	–	111,795	2,826	–	–	–	114,621	114,621
Other payables	–	98,595	–	–	–	–	98,595	98,595
Amounts due to related companies	–	9,744	–	–	–	–	9,744	9,744
Loan from a related company	10.00	26,709	–	–	–	–	26,709	26,256
Loan from a third party	10.00	50,178	–	–	–	–	50,178	50,000
Bank borrowings *(Note 31)*								
– fixed rate	6.74	115,329	70,536	–	–	–	185,865	182,418
– variable rate *(Note iii)*	7.84	9,502	41,566	82,812	507,980	–	641,860	486,368
Convertible loan notes, including the embedded derivative components of convertible loan notes *(Note i)*								
– Loan notes denominated in US$ *(Note 32(a))*	25.88	–	189,658	–	–	–	189,658	183,903
Promissory note	8.35	–	–	–	743,100	–	743,100	609,479
Financial guarantee contracts *(Note ii)*	–	–	62,515	11,878	30,007	–	104,400	3,948
		421,852	367,101	94,690	1,281,087	–	2,164,730	1,765,332

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

***Liquidity risk** (continued)*

Liquidity and interest risk tables (continued)

Liabilities associated with disposal group classified as held-for-sale

	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2015
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2015							
Trade and bills payables	–	11,864	–	–	–	11,864	11,864
Other payables	–	21,832	–	–	–	21,832	21,832
Bank borrowings							
– variable rate *(Note iii)*	6.55	1,159	79,802	–	–	80,961	78,784
		34,855	79,802	–	–	114,657	112,480

	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2014
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2014							
Trade and bills payables	–	27,817	–	–	–	27,817	27,817
Other payables	–	19,910	–	–	–	19,910	19,910
Bank borrowings							
– variable rate *(Note iii)*	6.60	56,756	106,354	30,446	–	193,556	184,669
		104,483	106,354	30,446	–	241,283	232,396

6. FINANCIAL INSTRUMENTS (continued)

6b. Financial risk management objectives and policies (continued)

***Liquidity risk** (continued)*

Liquidity and interest risk tables (continued)

Liabilities associated with disposal group classified as held-for-sale (continued)

Notes:

i. The undiscounted cash flows of convertible loan notes represent the redemption amount at maturity date or the earliest date if the bondholder exercised the early redemption option, translated at the prevailing exchange rate at the end of the reporting period on the assumption that there would be no conversion. The carrying amount of convertible loan notes denominated in US$ represents the debt components carried at amortised cost with an effective interest rate of 25.63% (2014: 25.88%) and fair value of embedded conversion options.

ii. The amount included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

iii. The amounts included above for variable-interest-rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

6c. Fair value

Fair value of the Group's material financial liabilities that are measured at fair value on a recurring basis

The Group's embedded derivative components of the convertible loan notes are measured at fair value at the end of each reporting period. The following table gives information about how the fair values are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the fair value is observable.

Financial liabilities	Fair value as at 31 December 2015	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Sensitivity
Embedded derivative components of convertible loan notes	Embedded derivative components of convertible loan notes – HK$11,996,000 (2014: HK$10,868,000)	Level 3	Binomial method The key inputs are: stock price, exercise price, volatility, dividend yield, risk-free rate and option life	Volatility of 96% (2014: 39%) is applied in the New Convertible Bond I (2014: 2014 Convertible Bond I) by reference to the Company's historical volatility (2014: the volatility of the share price of the Company)	The higher the volatility in share price, the higher the change in fair value of embedded derivative components of convertible loan notes

There were no transfers between levels of the fair value hierarchy during the years ended 31 December 2015 and 2014.

6. FINANCIAL INSTRUMENTS (continued)

6c. Fair value (continued)

Reconciliation of Level 3 fair value measurements of financial liabilities

	Derivative components of convertible loan notes
	HK$'000
Carrying amount at 1 January 2014	24,914
Recognition of 2014 Convertible Bond I	24,033
Gain arising on change of fair value *(Note 10)*	(38,074)
Exchange realignment	(5)
Carrying amount at 31 December 2014	10,868
Recognition of New Convertible Bond I	**25,860**
Gain arising on change of fair value *(Note 10)*	**(24,726)**
Exchange realignment	**(6)**
Carrying amount at 31 December 2015	**11,996**

The total gains or losses for the year included an unrealised gain of HK$24,726,000 (2014: HK$13,165,000) relating to financial liabilities that are measured at fair value at 31 December 2015. Such fair value gains are included in "other gains and losses" (see Note 10).

In estimating the fair value of derivative components of convertible loan notes, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the derivative component of convertible loan notes. The Directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. In determining the valuation assumptions and inputs, the Directors take into account the market-observable data as well as factors specific to the Group's convertible loan notes, as follows:

- Dividend yield – estimated based on the historical dividend yield of the Company at the end of the reporting period;
- Risk-free rate – referenced to Hong Kong Exchange Fund Notes at the end of the reporting period;
- Volatility – estimated based on the Company's historical volatility; and
- Share price – referenced to the share price of the Company at Valuation Date.

Information about the valuation techniques and inputs used in determining the fair value of various liabilities is disclosed above.

6. FINANCIAL INSTRUMENTS (continued)

6c. Fair value (continued)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. The fair values of debt components of New Convertible Bond/2014 Convertible Bond I (as defined in Note 32) are derived using discounted cash flows at an appropriate debt yield from comparable bonds in the markets.

	31 December 2015		31 December 2014	
	Carrying amount	**Fair Value**	Carrying Amount	Fair Value
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Financial liabilities				
Debt component of convertible loan notes *(Note 32)*	**187,836**	**186,725**	173,036	172,292

The fair value of the debt component of New Convertible Bond I (2014: 2014 Convertible Bond I) categorised as level 3 of the fair value hierarchy is determined assuming redemption on 5 June 2016 (2014: 5 June 2015) and using a debt yield of 26% (2014: 26%) by assuming the credit strength of the Company to be CCC equivalent.

7. REVENUE

Revenue represents the amounts received and receivable for installation contracts, leisure services, sales of goods and services provided by the Group to external customers, less discounts and sales related taxes. An analysis of the Group's revenue for the year from continuing operations is as follows:

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Installation contracts revenue	**140,815**	190,828
Operations of golf club	**127,452**	62,562
Sale of goods	**25,884**	51,398
Hotel and leisure services	**34,554**	20,497
Provision of system value-added service	**8,164**	14,708
	336,869	339,993

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

8. 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 which is described in more detail in Note 37 and the golf club and hotel business are 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 are set out in Note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

8. SEGMENT INFORMATION (continued)

(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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

8. SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

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 recognised in respect of a 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 described in Note 3. 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.

8. SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities

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

	2015 HK$'000	2014 HK$'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 14)*	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

8. SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities (continued)

	2015 HK$'000	2014 HK$'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 14)*	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.

8. SEGMENT INFORMATION (continued)

(c) Other segment information

For the year ended 31 December 2015

Continuing operations

	Intelligent information business HK$'000	Golf club and hotel business HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment results or segment assets:					
Capital expenditure *(Note)*	39,557	1,742	41,299	12,502	53,801
Depreciation of property, plant and equipment	2,641	12,935	15,576	915	16,491
Amortisation of intangible assets	696	–	696	–	696
Amortisation of land use rights	–	60,452	60,452	–	60,452
Loss on disposal of property, plant and equipment	9	120	129	–	129
Impairment loss recognised in respect of amounts due from customers for contract work	18,815	–	18,815	–	18,815
Impairment loss recognised in respect of trade receivables	12,269	–	12,269	–	12,269
Impairment loss recognised in respect of other receivables	5,715	–	5,715	–	5,715
Interest income from advance to Guangzhou HNA Real Estate	–	(42,950)	(42,950)	–	(42,950)
Imputed interest on interest-free amounts due from other related companies	–	(7,914)	(7,914)	–	(7,914)
Imputed interest on interest-free advance to Guangzhou HNA Real Estate	–	(1,929)	(1,929)	–	(1,929)
Finance costs	–	40,630	40,630	103,715	144,345

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

8. SEGMENT INFORMATION (continued)

(c) Other segment information (continued)

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$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment results or segment assets:						
Capital expenditure *(Note)*	–	1,658,454	64	1,658,518	–	1,658,518
Depreciation of property, plant and equipment	2,043	6,601	721	9,365	–	9,365
Amortisation of intangible assets	2,011	–	–	2,011	–	2,011
Amortisation of land use rights	–	8,620	–	8,620	–	8,620
Loss on disposal of property, plant and equipment	–	9	58	67	–	67
Impairment loss recognised in respect of amounts due from customers for contract work	19,717	–	–	19,717	–	19,717
Impairment loss recognised in respect of prepayment	53	–	–	53	–	53
Impairment loss recognised in respect of trade receivables	11,801	–	–	11,801	–	11,801
Interest income from advance to Guangzhou HNA Real Estate	–	(22,075)	–	(22,075)	–	(22,075)
Imputed interest on interest-free amounts due from other related companies	–	(5,054)	–	(5,054)	–	(5,054)
Imputed interest on interest-free advance to Guangzhou HNA Real Estate	–	(1,887)	–	(1,887)	–	(1,887)
Finance costs	–	19,647	–	19,647	89,927	109,574

Note: Capital expenditure includes additions to property, plant and equipment and intangible assets during the year and additions to land use rights and property, plant and equipment through acquisition (Note 37) but excludes those relating to discontinued operation.

8. SEGMENT INFORMATION (continued)

(d) Revenue from major products and services

The analysis of the Group's revenue from continuing operations from its major products and services has been disclosed in Note 7.

(e) Geographical information

The Group's operations are located in Hong Kong and the PRC (country of domicile).

Information about the Group's revenue from continuing operations from external customers is presented based on where the goods or service delivered or provided. Information about the Group's non-current assets is presented based on the geographical location of the assets as detailed below:

	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC (country of domicile)	**336,869**	339,993	**1,498,727**	1,635,925
Hong Kong	**–**	–	**12,114**	526
	336,869	339,993	**1,510,841**	1,636,451

Note: Non-current assets excluded those relating to discontinued operation and financial instruments.

(f) Information about major customers

Revenue from customers contributing over 10% of total sales of the Group from continuing operations of the corresponding years are as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A[1]	**39,889**	47,101

[1] Revenue from intelligent information business.

No other single customer contributed over 10% or more to the total sales of the Group from continuing operations for both years 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

9. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Continuing operations		
Interest on bank deposits	1,290	413
Imputed interest income in respect of other receivables *(Note 21)*	648	3,745
Interest income from advance to 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

10. OTHER GAINS AND LOSSES

	Notes	2015 HK$'000	2014 HK$'000
Continuing operations			
Gain on fair value change of the derivative components of convertible loan notes	32	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	26	(18,815)	(19,717)
Impairment loss recognised in respect of trade receivables	24	(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 (defined and explained in *Note* 21)	21	–	(3,745)
Impairment loss recognised in respect of other receivables		(5,715)	–
Amortisation of financial guarantee contracts	41	1,366	697
Loss on financial guarantee contracts	41	(3,933)	(14,255)
Others		(495)	(1,440)
		63,866	(101,714)

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11. FINANCE COSTS

	2015 HK$'000	2014 HK$'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 *(Note 32)*	40,678	45,534
Interest on obligations under finance leases	30	–
	144,345	109,574

12. INCOME TAX CREDIT

	2015 HK$'000	2014 HK$'000
Continuing operations		
Current tax:		
PRC Enterprise Income Tax ("EIT")	17	2,336
Deferred tax *(Note 36)*		
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 years 2015 and 2014. No specific deduction is entitled on the applicable tax rate for years 2015 and 2014.

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12. INCOME TAX CREDIT (continued)

The tax credit for the year can be reconciled to the loss before tax from continuing operations as follows:

	2015 HK$'000	2014 HK$'000
Loss before tax (from continuing operations)	**(84,313)**	(201,602)
Tax credit at the domestic income tax rate of 25%	**(21,078)**	(50,401)
Tax effect of expenses not deductible for tax purposes	**36,382**	57,581
Tax effect of income not taxable for tax purposes	**(31,514)**	(16,518)
Tax effect of tax losses not recognised	**12,093**	8,404
Effect of different tax rates of subsidiaries operating in Hong Kong	**3,609**	3,157
Others	**(797)**	(2,558)
Tax credit for the year (from continuing operations)	**(1,305)**	(335)

13. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

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

	2015 HK$'000	2014 HK$'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

14. 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 (deregistered in year 2014) and South China DTV Technology Development Limited (deregistered in year 2014) (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 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)

14. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

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

	2015 HK$'000	2014 HK$'000
Property, plant and equipment *(note i)*	494,937	621,486
Investment properties *(note ii)*	38,318	48,803
Goodwill	13,228	13,855
Intangible assets *(note iii)*	305,969	342,082
Trade receivables *(note iv)*	167,794	175,750
Prepayments and other receivables	19,198	21,118
Restricted bank deposits	238	–
Bank balances and cash	6,061	78
Assets associated with disposal group classified as held-for-sale	1,045,743	1,223,172
Trade and bills payables *(note v)*	11,864	27,817
Other payables and accruals	23,676	24,787
Tax liabilities	89,700	93,953
Bank borrowings *(note vi)*	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 8, 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.

14. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

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

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14. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

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 the 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 would no longer 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.

14. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

Centralisation of cable digital broadcasting networks since December 2011 *(continued)*

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 was 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.

14. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

Delay in completion of disposal of DTV business in 2012, 2013 and 2014 *(continued)*

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 was 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 an MOU with TriComm, an independent third party to the Group, to negotiate in good faith with a view to entering into a definitive agreement for disposal of the DTV Disposal Group to TriComm, 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 assets 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 TriComm is still in progress. The Directors are of the view that the disposal of the DTV Disposal Group is considered highly probable and an agreement will be reached between the parties, and as such no impairment in respect of the 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. As the Group is required to measure the DTV Disposal Group at the lower of its carrying amount and fair valve less costs 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.

14. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

(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, the 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 the 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
At 1 January 2014	49,329
Increase in fair value recognised in profit or loss	675
Exchange adjustment	(1,201)
At 31 December 2014	48,803
Decrease in fair value recognised in profit or loss	**(8,548)**
Exchange adjustment	**(1,937)**
At 31 December 2015	**38,138**

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.

14. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

(ii) Investment properties at fair value *(continued)*

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, 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 the 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 *HK$'000*	2014 *HK$'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 the 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.

14. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

(iv) Trade receivables *(continued)*

Aging of trade receivables which is past due but not impaired

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

The trade receivables are all denominated in functional currencies of respective group entities in years 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 the reporting period based on the invoice date is as follows:

	2015 HK$'000	2014 HK$'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 years 2015 and 2014.

14. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

(vi) Bank borrowings

	2015 HK$'000	2014 HK$'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 years 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$35,884,000 had not been settled, which would be repaid on or before 30 June 2015 as further agreed with the relevant bank. This bank loan was 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 the 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 years 2015 and 2014.

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15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the 12 (2014: 9) Directors are as follows:

	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2015				
Zhao Quan *(Note i)*	–	1,730	–	1,730
Wang Hao *(Note ii)*	–	2,146	105	2,251
Mung Kin Keung *(Note iii)*	1,020	–	–	1,020
Leung Shun Sang, Tony *(Note x)*	163	–	–	163
Li Tongshuang *(Note iv)*	–	1,841	53	1,894
Mung Bun Man, Alan *(Note v)*	117	–	–	117
Leung Kai Cheung *(Note x)*	240	–	–	240
Liem Chi Kit, Kevin *(Note x)*	240	–	–	240
Lam Kin Fung, Jeffrey *(Note x)*	240	–	–	240
Xu Haohao *(Note ix)*	–	2,264	99	2,363
Li Xiaoming *(Note vi)*	–	1,167	18	1,185
Fan Ning *(Note vii)*	–	521	–	521
	2,020	9,669	275	11,964

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15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

(a) Directors' and chief executive's emoluments (continued)

	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
2014				
Li Tongshuang	–	2,400	–	2,400
Mung Bun Man, Alan	1,200	–	–	1,200
Mung Kin Keung	2,400	–	–	2,400
Leung Kai Cheung	240	–	–	240
Leung Shun Sang, Tony	190	–	–	190
Li Shaofeng *(Note viii)*	–	–	–	–
Liem Chi Kit, Kevin	240	–	–	240
Lam Kin Fung, Jeffrey	240	–	–	240
Xu Haohao *(Note ix)*	–	3	–	3
	4,510	2,403	–	6,913

Notes:

i. Mr. Zhao Quan was appointed as an Executive Director on 28 July 2015.

ii. Mr. Wang Hao was appointed as an Executive Director on 3 June 2015.

iii. Mr. Mung Kin Keung resigned as an Executive Director on 3 June 2015.

iv. Mr. Li Tongshuang was re-designated from an Executive Director to a Non-executive Director on 6 February 2015 and then was re-designated to an Executive Director on 28 July 2015.

v. Mr. Mung Bun Man, Alan resigned as an Executive Director on 6 February 2015.

vi. Mr. Li Xiaoming was appointed as an Executive Director on 6 February 2015 and then resigned on 28 July 2015.

vii. Mr. Fan Ning was appointed as an Executive Director on 6 February 2015 and then resigned on 3 June 2015.

viii. Mr. Li Shaofeng resigned as a Non-executive Director on 31 December 2014.

ix. Mr. Xu Haohao was appointed as an Executive Director on 31 December 2014.

x. Mr. Leung Shun Sang, Tony is a Non-executive Director of the Company. Mr. Leung Kai Cheung, Mr. Liem Chi Kit, Kevin and Mr. Lam Kin Fung, Jeffrey are Independent Non-executive Directors of the Company.

Mr. Li Tongshuang was the Managing Director of the Company. He resigned as the Managing Director of the Company on 6 February 2015. Mr. Fan Ning was then appointed as the Chief Executive Officer of the Company on 6 February 2015. Mr. Fan Ning then resigned as the Chief Executive Officer of the Company on 3 June 2015 and Mr. Wang Hao was appointed as the Chief Executive Officer of the Company on 3 June 2015. The emoluments disclosed above included those for services rendered by Mr. Li Tongshuang, Mr. Fan Ning and Mr. Wang Hao as Managing Director and Chief Executive Officer.

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

(a) Directors' and chief executive's emoluments (continued)

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

(b) Employees' Emoluments

Of the five individuals with highest emoluments in the Group, all (2014: three) were Directors of the Company whose emoluments are set out above. For the year ended 31 December 2014, the emoluments of the remaining two highest individuals which the sum of salaries are as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries and other benefits	–	1,427
Contributions to retirement benefit schemes	–	30
	–	1,457

Their emoluments were within the following bands:

	2015	2014
	Number of employees	Number of employees
Nil to HK$1,000,000	–	2

No emoluments were paid by the Group to the Directors or the five highest paid individuals as compensation for loss of office or as an inducement to join or upon joining the Group. During the year ended 31 December 2014, one director waived emoluments of HK$1,926,000 (2015: HK$Nil).

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16. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2015 and 2014, nor has any dividend been proposed since the end of the reporting period.

17. 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 purposes 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 bonus element of the rights issue 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 years 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.

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17. LOSS PER SHARE (continued)

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 ***HK$'000***	2014 *HK$'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 ***HK$'000***	2014 *HK$'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.

18. PROPERTY, PLANT AND EQUIPMENT

	Hotel and buildings for golf business HK$'000	Leasehold land and buildings HK$'000	Machinery, moulds and tools HK$'000	Equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
COST							
At 1 January 2014	–	3,296	–	11,337	13,751	1,975	30,359
Acquisition through business combination	286,921	–	18,489	–	986	–	306,396
Additions	–	–	1,254	64	–	536	1,854
Disposals	–	–	(59)	(225)	–	–	(284)
Exchange realignment	22	(80)	(9)	(133)	(322)	(23)	(545)
At 31 December 2014	286,943	3,216	19,675	11,043	14,415	2,488	337,780
Additions	**–**	**39,390**	**1,581**	**1,390**	**2,110**	**9,330**	**53,801**
Disposals	**–**	**–**	**(547)**	**(41)**	**(971)**	**–**	**(1,559)**
Exchange realignment	**(12,989)**	**(1,401)**	**(830)**	**(241)**	**(600)**	**(61)**	**(16,122)**
At 31 December 2015	**273,954**	**41,205**	**19,879**	**12,151**	**14,954**	**11,757**	**373,900**
ACCUMULATED DEPRECIATION							
At 1 January 2014	–	1,169	–	8,092	8,407	1,139	18,807
Provided for the year	4,823	157	1,674	786	1,495	430	9,365
Eliminated on disposals	–	–	–	(156)	–	–	(156)
Exchange realignment	(41)	(29)	(14)	(56)	(207)	(18)	(365)
At 31 December 2014	4,782	1,297	1,660	8,666	9,695	1,551	27,651
Provided for the year	**9,432**	**1,050**	**3,312**	**621**	**1,338**	**738**	**16,491**
Eliminated on disposals	**–**	**–**	**(97)**	**(14)**	**(687)**	**–**	**(798)**
Exchange realignment	**(516)**	**(92)**	**(83)**	**(151)**	**(432)**	**(36)**	**(1,310)**
At 31 December 2015	**13,698**	**2,255**	**4,792**	**9,122**	**9,914**	**2,253**	**42,034**
CARRYING VALUES							
At 31 December 2015	**260,256**	**38,950**	**15,087**	**3,029**	**5,040**	**9,504**	**331,866**
At 31 December 2014	282,161	1,919	18,015	2,377	4,720	937	310,129

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their residual value, as follows:

Hotel and buildings for golf business	9 years, or over the lease terms, whichever is shorter
Leasehold land and buildings	50 years, or over the lease terms, whichever is shorter
Machinery, moulds and tools	3 – 25 years
Equipment, furniture and fixtures	3 – 10 years
Motor vehicles	3 – 10 years
Leasehold improvements	Over the shorter of the lease terms or 25 years

The estimated useful lives reflect the Directors' estimate of the periods that the Group intends to derive future economic benefits from the usage of the Group's property, plant and equipment. In addition, the estimated residual values reflect the Directors' estimate of the amounts that the Group would receive from the assets when they are already of the age and in the condition expected at the end of their useful lives. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Hotel and buildings for golf business amounting to HK$260,256,000 (2014: HK$282,161,000) are pledged to banks for securing the banking facilities of the Group (see Note 27).

At 31 December 2015, the motor vehicles with carrying value of HK$1,329,000 (2014: HK$Nil) are assets held under finance leases.

19. LAND USE RIGHTS

	2015	2014
	HK$'000	*HK$'000*
The Group's land use rights comprise:		
Leasehold land in the PRC	**1,222,561**	1,341,831
Analysed for reporting purposes as:		
Current assets	**44,457**	17,093
Non-current assets	**1,178,104**	1,324,738
	1,222,561	1,341,831

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20. INTANGIBLE ASSETS

	Development costs for intelligent information systems	Project contracts	Total
	HK$'000	*HK$'000*	*HK$'000*
COST			
At 1 January 2014	15,497	1,473	16,970
Exchange realignment	(376)	–	(376)
At 31 December 2014	15,121	1,473	16,594
Exchange realignment	**(684)**	**–**	**(684)**
At 31 December 2015	**14,437**	**1,473**	**15,910**
AMORTISATION			
At 1 January 2014	12,542	1,473	14,015
Charged for the year	2,011	–	2,011
Exchange realignment	(316)	–	(316)
At 31 December 2014	14,237	1,473	15,710
Charged for the year	**696**	**–**	**696**
Exchange realignment	**(667)**	**–**	**(667)**
At 31 December 2015	**14,266**	**1,473**	**15,739**
CARRYING VALUES			
At 31 December 2015	**171**	**–**	**171**
At 31 December 2014	884	–	884

20. INTANGIBLE ASSETS (continued)

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Development costs for intelligent information systems	5 years
Project contracts	5 years

Development costs for intelligent information systems represent costs incurred for the design and development of intelligent information systems.

Project contracts represent the contract-based intangible assets relating to system installation and integration project contracts.

21. OTHER RECEIVABLES

As at 31 December 2014, the amount originally represented deposit amounting to RMB35,000,000 (equivalent to approximately HK$43,566,000) paid to acquire a commercial property in the PRC for owner occupation pursuant to an agreement entered into between the Group and an independent third party 浙江華海實業有限公司 ("the Developer") dated 11 February 2010 ("Agreement"). The deposit carried interest at 10% per annum. Pursuant to the Agreement, if the transfer is not completed within five years from 11 February 2010, the Group can request for refund of the deposit from the Developer or the Group can occupy this property up to year 2054.

In August 2012, the Developer informed the Group that the government body may not issue the official premises permit for that property and orally agreed to refund the deposit to the Group in year 2015. Taking into account the financial position of the Developer and expected delay in repayment, the carrying amount of the other receivable was adjusted downward and accumulated impairment loss of approximately HK$17,145,000 was charged to profit or loss and reported in "other gains and losses" in previous years. The Group also recognised imputed interest income of HK$648,000 (2014: HK$3,745,000) in profit or loss and reported under "other income".

Upon completion of 5 years from 11 February 2010 and pursuant to the term of the Agreement, the Directors decided that the Group would occupy the commercial property for use up to year 2054 as per initial agreement, hence, the Group has reclassified the amount of HK$39,390,000 to leasehold land and building under property, plant and equipment during the year 2015. Since the lease payments on interest in land held under operating lease cannot be measured reliably, they are accounted for as a finance lease.

22. AMOUNTS DUE FROM/TO RELATED COMPANIES

	2015 HK$'000	2014 HK$'000
Interest-bearing advance to Guangzhou HNA Real Estate *(Note a)*	451,052	472,438
Interest receivables on interest-bearing advance to Guangzhou HNA Real Estate *(Note a)*	53,957	139,939
Interest-free advance to Guangzhou HNA Real Estate *(Note b)*	–	43,545
Amounts due from other related companies *(Note c)*	43,975	62,422
	548,984	718,344
Less: amounts repayable within one year shown under current assets *(Notes a to c)*	(121,456)	(191,798)
Amounts shown under non-current assets	427,528	526,546
Amounts due to other related companies *(Note c)*	91	9,744

Notes:

(a) Guangzhou HNA Real Estate Development Company Limited ("Guangzhou HNA Real Estate") is a subsidiary of HNA Group, which is the ultimate parent of the Company. As such, Guangzhou HNA Real Estate is a related company of the Group. The advance to Guangzhou HNA Real Estate of HK$451,052,000 (2014: HK$472,438,000) carries interest at 9% (2014: 9%) per annum and at 31 December 2015, based on the agreed repayment terms, HK$57,131,000 (2014: HK$34,834,000) was classified as current assets and the remaining amounts of HK$393,921,000 (2014: HK$437,604,000) were classified as non-current assets respectively. The advance to Guangzhou HNA Real Estate and the related interest are unsecured and repayable from year 2014 to year 2017.

The amounts of HK$53,957,000 at 31 December 2015 (2014: HK$139,939,000) represented the interest receivables arising from the advance to Guangzhou HNA Real Estate and are expected to be settled in 2016.

(b) The advance to Guangzhou HNA Real Estate was unsecured, interest-free and had no fixed repayment terms. At 31 December 2014, the Directors considered the amount would not be settled within the next twelve months from 31 December 2014, and thus classified it as non-current asset. At 31 December 2014, the advance to Guangzhou HNA Real Estate with principal amount of HK$44,601,000 was measured at amortised cost using an effective interest rate of 9% per annum. During the year ended 31 December 2015, Guangzhou HNA Real Estate settled the whole amount due to the Group and thus there is no receivable due from Guangzhou HNA Real Estate at the end of the reporting period.

(c) At 31 December 2015 and 2014, amounts due from/to other related companies represent the amounts due from other subsidiaries of HNA Group.

At 31 December 2015, amounts due from other related companies with principal amount of HK$36,217,000 (2014: HK$51,887,000) is measured at amortised cost amounting to HK$33,607,000 (2014: HK$45,397,000) using an effective interest rate of 9% (2014: 9%) per annum. At 31 December 2014, the balance was classified as an non-current asset as the Directors considered the amounts due from other related companies will not be settled within the next twelve months after the end of the reporting period. The remaining amount of HK$10,368,000 (2014: HK$17,025,000), is interest-free, unsecured and repayable on demand.

At 31 December 2015 and 2014, amounts due to other related companies represent the payments on behalf of the Group. The amounts are unsecured, interest-free and repayable on demand.

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23. INVENTORIES

	2015 *HK$'000*	2014 *HK$'000*
Raw materials	6,900	5,376
Finished goods	832	10,521
	7,732	15,897

24. TRADE RECEIVABLES

	2015 *HK$'000*	2014 *HK$'000*
Trade receivables	139,432	137,239
Less: Allowance for doubtful debts	(34,857)	(23,951)
	104,575	113,288

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 *HK$'000*	2014 *HK$'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

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For the year ended 31 December 2015

24. TRADE RECEIVABLES (continued)

Before accepting any new customer, the Group assesses the credit quality of each potential customer and defines a credit rating and limit for each customer. In addition, the Group reviews the repayment history of receivables of each customer with reference to the payment terms stated in contracts to determine the recoverability. In the opinion of the Directors, trade receivables that are not past due nor impaired at the end of the reporting period were of good credit quality.

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of HK$24,898,000 (2014: HK$51,684,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. 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*
91 – 180 days	**7,266**	37,024
181 – 365 days	**10,995**	1,069
1 – 2 years	**6,637**	13,591
	24,898	51,684

Movement in the allowance for doubtful debts

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**23,951**	12,460
Impairment loss recognised	**12,269**	11,801
Exchange realignment	**(1,363)**	(310)
At 31 December	**34,857**	23,951

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$34,857,000 (2014: HK$23,951,000) of which the Group has chased for settlements from customers but the amounts remained unsettled. In the opinion of the Directors, the amounts are considered uncollectible. The Group does not hold any collateral over these balances.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

At 31 December 2015, the balances mainly included advances to suppliers of HK$88,758,000 (2014: HK$73,840,000), value-added tax receivable of HK$79,343,000 (2014: HK$79,453,000) and deposit for projects for intelligent information business of HK$27,360,000 (2014: HK$32,453,000).

26. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2015	2014
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses	**1,734,695**	1,718,807
Less: Progress billings and impairment loss recognised	**(1,646,280)**	(1,550,801)
	88,415	168,006
Analysed for reporting purposes of:		
Amounts due from contract customers	**88,415**	168,006

As at 31 December 2015, certain contract work amounting to approximately HK$5,134,000 (31 December 2014: HK$7,283,000) is pending for final billing upon the issuance of certified completion reports by the customers. The amounts were included in amounts due from customers for contract work. At 31 December 2015, retentions held by customers for contract work of approximately HK$2,166,000 (2014: HK$956,000) were included in other receivables. There is no advance received from customers for contract work before the commencement of the contract. In the opinion of the Directors, the amounts are expected to be realised in the next twelve months from the end of the reporting period.

Based on the assessment of the Directors, certain contract works have been suspended or have not yet been compromised with the customers on amount of final billing nor issuance of certified completion reports, as such the related carrying amounts of contract works are not probable to recover. During the year, an impairment loss of amounts due from customers for contract work of HK$18,815,000 (2014: HK$19,717,000) was recognised in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

27. PLEDGE OF ASSETS

At the end of the reporting period, assets pledged to banks to secure banking facilities and borrowings, including the obligations under finance leases, granted to the Group were as follows:

	2015	2014
	HK$'000	HK$'000
DTV – Investment properties	**–**	48,803
DTV – Buildings	**–**	10,510
Hotel and buildings for golf club business	**260,256**	282,161
Land use rights	**1,222,561**	1,341,831
Bank deposits	**3,220**	7,460
Trade receivables	**–**	33,209
Motor vehicles	**1,329**	–
	1,487,366	1,723,974

Among the pledged assets, investment properties of HK$Nil (2014: HK$48,803,000) and buildings of HK$Nil (2014: HK$10,510,000) as at 31 December 2015 were included in disposal group classified as held-for-sale.

The pledged bank deposits carry interest at market rates of 0.3% (2014: ranging from 2.60% to 3.30%) per annum. The pledged bank deposits will be released upon the settlement of relevant bills payables in year 2016 (2014: released upon settlement of bank borrowings in year 2015) and are therefore classified as current assets.

28. BANK BALANCES AND CASH

Bank balances carry interest at prevailing bank savings deposits rates ranging from 0.01% to 0.88% (2014: 0.01% to 0.35%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2015	2014
	HK$'000	*HK$'000*
HK$	**2,635,779**	2,078
US$	**12**	13

29. 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 *HK$'000*	2014 *HK$'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

The average credit period for purchase of goods ranges from 90 to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

The Group's trade and bills payables are all denominated in functional currency of the respective group entities in both years.

30. OTHER PAYABLES, DEPOSITS RECEIVED, RECEIPT IN ADVANCE AND ACCRUALS

As at 31 December 2015 and 2014, the balance mainly represented deposits received from suppliers, value-added tax payable in relation to intelligent information business, accrued staff costs, advances from customers for purchase of materials and other taxes payable. At 31 December 2015, the balance also includes an other payable to an independent third party, amounting to approximately HK$70,257,000 (2014: HK$Nil). The amount is unsecured, interest-free and fully repaid subsequently to the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31. BORROWINGS

	2015 *HK$'000*	2014 *HK$'000*
Borrowings comprise of:		
Bank borrowings *(Note i)*	719,682	668,786
Loan from a third party *(Note ii)*	–	50,000
Loan from a related company *(Note iii)*	–	26,256
	719,682	745,042
Carrying amount repayable		
Within one year	201,616	271,803
More than one year, but not more than two years	31,036	48,137
More than two years, but not more than five years	403,471	425,102
More than five years	83,559	–
	719,682	745,042
Secured	567,604	573,763
Unsecured	152,078	171,279
	719,682	745,042

31. BORROWINGS (continued)

Notes:

(i) The bank borrowings include:

	2015 HK$'000	2014 HK$'000
Fixed rate bank borrowings:		
Bank borrowings	152,078	182,418
Variable rate bank borrowings carry interest at:		
One-year benchmark interest rate of The People's Bank of China with 10% – 15% markup	567,604	486,368
	719,682	668,786

The ranges of effective interest rates (which are also equal to contractual interest rates) on the Group's bank borrowings are:

	2015	2014
Fixed rate bank borrowings	5.00% – 7.03%	6.00% – 7.50%
Variable rate bank borrowings	6.55% – 7.86%	7.38% – 7.86%

During the year, the Group obtained new loans of HK$431,021,000 (2014: HK$222,973,000) from banks. The loans outstanding at 31 December 2015 will be repayable within eight years (2014: five years). The new loans were borrowed by the group companies and several of them were under financial guarantee provided by the Company to the banks.

(ii) During the year ended 31 December 2014, the Group obtained loans from third parties, for HK$90,000,000 and HK$33,251,000 respectively, of which HK$40,000,000 and HK$33,251,000 have been repaid in the same year. Both loans carried interest at 10% per annum and were unsecured and repayable within one year. The remaining balance has been fully settled during the current year (Note 38).

(iii) During the year ended 31 December 2014, the Group obtained a loan from a subsidiary of HNA Group of RMB21,000,000 (approximately HK$26,256,000). The amount was unsecured and carried interest at 10% per annum and was repayable within one year. The balance has been fully settled during the current year (Note 38).

32. CONVERTIBLE LOAN NOTES AND RELATED PAYABLES AND EMBEDDED DERIVATIVE COMPONENTS OF CONVERTIBLE LOAN NOTES

The movement of the debt component and the derivative components (including conversion option derivative, bondholder's early redemption option derivative and compulsory conversion option derivative) of the convertible loan notes for the years ended 31 December 2015 and 2014 are set out as follows:

	Debt component *HK$'000*	Derivative components *HK$'000*
At 1 January 2014	264,660	24,914
Interest charged	38,069	–
Interest paid	(462)	–
Gain arising on change of fair value	–	(38,074)
Exchange realignment	(157)	(5)
Converted to shares	(22,500)	–
Principal paid	(90,000)	–
Derecognition of Convertible Bond I (including cumulative interest of HK$58,550,000)	(174,800)	–
Recognition of 2014 Convertible Bond I	100,267	24,033
At 31 December 2014	115,077	10,868
Interest charged	**35,719**	**–**
Gain arising on change of fair value	**–**	**(24,726)**
Exchange realignment	**(18)**	**(6)**
Derecognition of 2014 Convertible Bond I (including cumulative interest and interest payables)	**(131,700)**	**–**
Recognition of New Convertible Bond I	**100,399**	**25,860**
At 31 December 2015	**119,477**	**11,996**
Analysis of carrying amount at 31 December 2015		
– 8.5% nominal interest payables	**68,359**	**–**
– New Convertible Bond I	**119,477**	**11,996**
	187,836	**11,996**

32. CONVERTIBLE LOAN NOTES AND RELATED PAYABLES AND EMBEDDED DERIVATIVE COMPONENTS OF CONVERTIBLE LOAN NOTES (continued)

(a) On 5 June 2009 ("Issue Date I"), the Company issued a convertible bond for a principal amount of US$15,000,000 (equivalent to approximately HK$116,250,000) ("Convertible Bond I") to an independent third party, Templeton Strategic Emerging Markets Fund III, LDC ("Templeton").

The original maturity date of the Convertible Bond I was on 5 June 2014 ("Maturity Date I"). On 23 May 2014, the Company and Templeton entered into an agreement to extend the maturity date and conversion option expiry date of the Convertible Bond I to the sixth anniversary of the date of issue of the Convertible Bond I ("2014 Convertible Bond I") (i.e. 5 June 2015) ("2014 Maturity Date I"). The Convertible Bond I and the 2014 Convertible Bond I shall not bear any interest and will be redeemed at its outstanding principal amount plus a premium of 8.5% per annum compounded annually at the Maturity Date I and 2014 Maturity Date I by the Company respectively. The Convertible Bond I and 2014 Convertible Bond I is denominated in United States dollars. Other terms and conditions of the 2014 Convertible Bond I remain unchanged from the Convertible Bond I.

During the year ended 31 December 2015, the Company entered into a supplemental agreement with Templeton that the maturity date and conversion option expiry date of the 2014 Convertible Bond I is further extended by one year to 5 June 2016 ("New Maturity Date I"). Other terms and conditions of this new convertible bond ("New Convertible Bond I") remain unchanged from the original Convertible Bond I.

The extension of the debt and derivative components is considered to be a substantial modification of the 2014 Convertible Bond I after taking into account all relevant facts and circumstances including qualitative factors. As such, the 2014 Convertible Bond I was derecognised and the New Convertible Bond I was recognised.

The major terms of the Convertible Bond I/2014 Convertible Bond I/New Convertible Bond I are as follows:

(i) Conversion option:

The convertible bond is convertible into shares of the Company at any time after the Issue Date I up to, but excluding the close of business on the maturity dates, i.e. 5 June 2014 for the Convertible Bond I, 5 June 2015 for the 2014 Convertible Bond I and 5 June 2016 for the New Convertible Bond I at the initial conversion price of HK$0.60 per share, subject to anti-dilutive adjustments.

Due to shares issued during the year ended 31 December 2014, exercise price has been adjusted to HK$0.58 pursuant to the terms and conditions of the subscription agreement dated 13 May 2009. The exercise price has further been adjusted to HK$0.577 and HK$0.52 as of 5 June 2015 and 31 December 2015 respectively due to shares issued during the year ended 31 December 2015.

32. CONVERTIBLE LOAN NOTES AND RELATED PAYABLES AND EMBEDDED DERIVATIVE COMPONENTS OF CONVERTIBLE LOAN NOTES (continued)

(a) (continued)

(ii) Compulsory conversion option:

The Company has the compulsory conversion option to convert the convertible bond at any time starting from the first day after the second anniversary of the Issue Date I and prior to the maturity date, if the volume weighted average of the closing market price of the shares of the Company for any consecutive 20 business days (excluding any days on which the trading of the shares is suspended) ("Trading Days") immediately preceding the date of exercise of such right exceeded 170% of the conversion price per share and there is a minimum daily trading value of HK$7,800,000 for each of such 20 Trading Days. Then, the Company may, having given not less than 30 but not more than 60 days' prior notice in writing to Templeton to convert all outstanding principal amount of the convertible bond into the Company's shares.

(iii) Bondholder's early redemption option:

Templeton shall be entitled by giving 10 business days prior written notice to the Company to require the Company to redeem the whole amount, or any part, of the convertible bond on the date falling on the second anniversary from the Issue Date I, which is on 5 June 2011. On 21 March 2012, the Company and Templeton entered into a supplemental agreement, pursuant to which Templeton is entitled by giving at least 21 days prior written notice to the Company requiring the Company to redeem the whole amount, or any part, of the Convertible Bond I during the period from 30 June 2012 up to (but excluding) the Maturity Date I. The amount payable on redemption in such case is an amount which is equal to the aggregate of (i) the principal amount of the convertible bond to be redeemed; and (ii) a premium equal to 8.5% per annum, compounded annually, accrued from the Issue Date I up to (but excluding) the date of redemption for such convertible bond to be redeemed, calculated on the basis of a 360-day consisting of 12 months of 30 days each, and in the case of an incomplete month, the actual number of days elapsed during that month.

The 2014 Maturity Date I is considered to be a substantial modification of the Convertible Bond I taking into account all the relevant facts and circumstances including qualitative factors and the net present value of the cash flows of the 2014 Convertible Bond I is more than 10% difference from the net present value of the cash flows of the outstanding Convertible Bond I prior to the extension of maturity date, which discounted at the original effective interest rate of 33.6% per annum. As such, the Convertible Bond I was derecognised and 2014 Convertible Bond I was recognised.

32. CONVERTIBLE LOAN NOTES AND RELATED PAYABLES AND EMBEDDED DERIVATIVE COMPONENTS OF CONVERTIBLE LOAN NOTES (continued)

(a) (continued)

On 5 June 2014, the principal amount and cumulative interests of the Convertible Bond I amounted to HK$174,800,000 was derecognised. On initial recognition of 2014 Convertible Bond I, the fair value of debt component and derivative components amounted to approximately HK$100,267,000 and HK$24,033,000, respectively, as well as fair value of interest payable of the Convertible Bond I amounted to HK$50,500,000, are recognised in the consolidated statement of financial position. The fair value of the 2014 Convertible Bond I and interest payables approximate to the carrying amounts of the Convertible Bond I as at date of initial recognition, and accordingly no gain or loss is recorded. The effective interest rate of the debt component of the 2014 Convertible Bond I and interest payable of the Convertible Bond I is 25.88% per annum.

On 5 June 2015, the carrying amount of the 2014 Convertible Bond I amounted to HK$131,700,000 was derecognised. On initial recognition of the New Convertible Bond I, the fair value of debt component and derivative components amounted to approximately HK$100,399,000 and HK$25,860,000, respectively, are recognised in the consolidated statement of financial position. The fair value of the New Convertible Bond I approximates to the carrying amounts of the 2014 Convertible Bond I as at the date of initial recognition, and accordingly no gain or loss is recorded. The effective interest rate of the debt component of the New Convertible Bond I and interest payable of the 2014 Convertible Bond I is 25.63% per annum.

On 19 November 2015, the conversion price of New Convertible Bond I was adjusted from HK$0.577 per share to HK$0.52 per share upon completion of the rights issue (details set out in Note 34). Assuming full conversion of the New Convertible Bond I at this adjusted conversion price, 223,557,692 shares will be issued to the holder of the New Convertible Bond I.

Binomial model is used for valuation of the derivative components of Convertible Bond I, 2014 Convertible Bond I and New Convertible Bond I. The major inputs into the model were as follows:

	31 December 2015	**5 June 2015**	31 December 2014	5 June 2009
Stock price	**HK$0.44**	**HK$0.71**	HK$0.30	HK$0.60
Exercise price	**HK$0.52**	**HK$0.577**	HK$0.58	HK$0.60
Volatility *(Note a)*	**96%**	**76%**	39%	50%
Dividend yield	**0%**	**0%**	0%	0%
Option life	**0.42 years**	**1 year**	0.42 years	5 years
Risk-free rate *(Note b)*	**0.07%**	**0.08%**	0.06%	2.83%

32. CONVERTIBLE LOAN NOTES AND RELATED PAYABLES AND EMBEDDED DERIVATIVE COMPONENTS OF CONVERTIBLE LOAN NOTES (continued)

(a) (continued)

Notes:

(a) The volatility used in the model was determined with reference to the Company's historical volatility.

(b) The risk-free rate used in the model was reference to the Hong Kong Exchange Fund Notes at the end of the reporting period.

As at 31 December 2015, the carrying amount of the debt component of the New Convertible Bond I is approximately HK$119,477,000 (2014 Convertible Bond I as at 31 December 2014: HK$115,077,000) and the fair value of the derivative components of New Convertible Bond I is approximately HK$11,996,000 (2014 Convertible Bond I as at 31 December 2014: HK$10,868,000). At 31 December 2015, the interest payable of the New Convertible Bond I is approximately HK$68,359,000 (2014 Convertible Bond I as at 31 December 2014: HK$57,959,000). As at 31 December 2015, the New Convertible Bond I and interest payable of the New Convertible Bond I are classified as current liabilities. No conversion was noted for the years ended 31 December 2015 and 2014.

(b) On 11 April 2011, the Company issued another convertible bond for a principal amount of HK$360,000,000 ("Convertible Bond II") to seven independent third parties (the "Convertible Bondholders").

The Convertible Bond II contains debt component and conversion option derivative (the "Derivative Component II"). The conversion option is classified as a derivative as it will be settled by an exchange of a variable amount of cash for a fixed number of the Company's own equity instruments on the basis that the Convertible Bond II is denominated in foreign currency of the Company.

At the date of issue, the debt component was recognised at fair value, calculated based on the present value of the redemption amount at maturity. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 14.49% per annum.

The Derivative Component II is measured at fair values at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss.

As at 1 January 2014, the principal amount outstanding was HK$112,500,000.

On 11 April 2014, the maturity date of Convertible Bond II, the Company redeemed part of the Convertible Bond II amounting to HK$90,000,000 at its principal amount and the Convertible Bondholders converted the remaining Convertible Bond II amounting to HK$22,500,000 into 50,000,000 shares of the Company at conversion price of HK$0.45. The issued shares were measured at the principal amount of HK$22,500,000 as the market price of the shares was less than the conversion price at the time of conversion.

33. DEFERRED REVENUE

	2015 **HK$'000**	2014 *HK$'000*
Arising from golf club memberships *(Note)*	**267,012**	315,132
Analysed for reporting purposes as:		
Current liabilities	**34,349**	43,235
Non-current liabilities	**232,663**	271,897
	267,012	315,132

Note: The deferred revenue arises as a result of the golf membership fees in relation to the golf club operations on acquisition of a subsidiary (Note 37).

34. SHARE CAPITAL

	2015 **Number of shares**	**2015** ***HK$'000***	2014 Number of shares	2014 *HK$'000* *(Note a)*
Ordinary shares of HK$0.25 each				
Authorised:				
At beginning of the year and end of the year	**20,000,000,000**	**N/A**	20,000,000,000	N/A
Issued and fully paid:				
At beginning of year	**3,698,713,179**	**1,834,488**	2,692,141,179	673,035
Transfer from share premium, capital redemption reserve and capital reserve upon abolition of par value	**–**	**–**	–	858,228
Exercise of conversion option of a convertible loan note *(Note b)*	**–**	**–**	50,000,000	22,500
Issues of shares on 7 May 2014 *(Note c)*	**–**	**–**	379,520,000	109,414
Issues of shares on 9 May 2014 *(Note d)*	**–**	**–**	158,908,000	46,716
Issues of shares on 25 July 2014 *(Note e)*	**–**	**–**	418,144,000	124,595
Issue of shares on 13 January 2015 *(Note f)*	**240,000,000**	**60,591**	–	–
Issue of shares on 12 June 2015 *(Note g)*	**110,000,000**	**68,602**	–	–
Exercise of share options *(Note 35)*	**22,714,000**	**17,085**	–	–
Rights issue *(Note h)*	**7,328,568,922**	**2,750,714**	–	–
At end of year	**11,399,996,101**	**4,731,480**	3,698,713,179	1,834,488

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34. SHARE CAPITAL (continued)

Notes:

(a) Under the new Hong Kong Companies Ordinance (Cap. 622) with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

(b) On 11 April 2014, the Company allotted and issued 50,000,000 ordinary shares, at a price of HK$0.45 each to the Convertible Bondholder of Convertible Bond II (Note 32). The new shares ranked pari passu with the existing shares in all respects.

(c) On 25 April 2014, the Company conducted the top-up placing to issue a maximum of 379,520,000 shares at a price of HK$0.3 each to independent third parties to raise funds of HK$113,856,000 (the "Top-up Placing"). The net proceeds of HK$109,413,000 from the Top-up Placing was used by the Company mainly for repayment of convertible bonds upon maturity. The new shares ranked pari passu with the existing shares in all respects.

(d) On 29 April 2014, the Company entered into a placing agreement with a placing agent to place a maximum of 158,908,000 shares at a price of HK$0.3 each to raise funds of HK$47,672,000 (the "Placing"). The net proceeds of HK$46,715,000 from the Placing was used by the Company primarily for repayment of borrowings. The new shares ranked pari passu with the existing shares in all respects.

(e) On 28 July 2014, the Company issued 418,144,000 new shares to HNA Group (International) Company Limited ("HNA Group (International)") at a price of HK$0.3 each to raise proceeds of HK$125,443,000 under an agreement signed on 18 June 2014. The net proceeds of HK$124,595,000 was used by the Company primarily for repayment of borrowings. The new shares ranked pari passu with the existing shares in all respects.

(f) On 2 January 2015, arrangements were made for a private placement to an independent third party, Eternity Finance Group Limited (the "Subscriber"), a company incorporated in the British Virgin Islands with limited liability, of 240,000,000 ordinary shares in the Company, at a price of HK$0.253 per share representing a discount of approximately 19.68% to the closing market price of the Company's shares on 2 January 2015.

Pursuant to a subscription agreement on the same date, the Subscriber subscribed for 240,000,000 ordinary shares in the Company at a price of HK$0.253 per share (the "Subscription"). The proceeds of HK$9,481,000 were used as general working capital of the Group and the remaining proceeds were used to set off against the loan and related interest payable. Details are set out in Note 38. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 6 June 2014 and rank pari passu with other shares in issue in all aspects. The Subscription was completed on 13 January 2015.

(g) On 4 June 2015, arrangements were made for a private placement to an independent private investor of 110,000,000 ordinary shares in the Company, at a price of HK$0.65 per share representing a discount of approximately 17.72% to the closing market price of the Company's shares on 4 June 2015.

Pursuant to a subscription agreement on the same date, there were more than six placees, subscribed for 110,000,000 new ordinary shares in the Company at a price of HK$0.65 per share. The proceeds were used as general working capital of the Group. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 28 May 2015 and rank pari passu with other shares in issue in all aspects. Such subscription was completed on 12 June 2015.

(h) On 18 November 2015, the Company issued and allotted 2,815,077,933 rights shares at a price of HK$0.376 per right share to subscribers. The maximum number of right shares available for issuance is 7,328,568,922. Remaining under-subscribed 4,513,490,989 right shares, pursuant to the underwriting agreement signed with an underwriter, were subscribed to the underwriter on the same date.

35. SHARE-BASED PAYMENT TRANSACTIONS

On 29 May 2012, the Company terminated the share options scheme adopted on 7 June 2002 (the "2002 Scheme") and adopted a new share option scheme (the "2012 Scheme") with effect from 25 May 2012. Under the 2012 Scheme, the Board of the Company may, subject to and in accordance with the provisions of the 2012 Scheme and the Listing Rules, grant share options to any eligible participant to subscribe for shares in the capital of the Company. The options granted under the 2002 Scheme remain valid until those options lapsed on their expiry date.

Qualifying grantees of the 2012 Scheme include any director (including executive, non-executive and independent non-executive), executive, officer, employee, shareholder of the Company or any of the subsidiaries or any of the associated companies or any of the jointly controlled entities and any supplier, customer, consultant, adviser, agent, partner or business associate, who will contribute or has contributed to the development and growth of the Group. Unless otherwise cancelled or amended, the 2012 Scheme will remain in force for a period of ten years from 25 May 2012.

The maximum number of shares issued and to be issued upon exercise of options granted to each eligible participant under the 2012 Scheme (including exercised, cancelled and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the issued share capital of the Company in issue, as at the date of grant.

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised later than 10 years after it has been granted.

Same as the 2002 Scheme, HK$1 should be payable by the grantee on acceptance of an offer by the grantee under the 2012 Scheme. The exercise price per share in relation to an option shall be a price to be determined by the Board and shall be no less than the highest of (a) the official closing price of the shares of the Company as stated in the daily quotation sheet issued by the Stock Exchange on the date on which the option is offered to an eligible participant; (b) the official average closing prices of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of offer of option to an eligible participant; and (c) the nominal value of shares of the Company on the date of offer of option to an eligible participant. During the years ended 31 December 2015 and 2014, no share option was granted under the 2012 Scheme.

Pursuant to the 2002 Scheme and 2012 Scheme, share options held by any eligible participants/qualifying grantees will lapse automatically upon their termination of employment but the Board is empowered to extend the exercise period of the concerned share options at its discretion. Relevant exercise period of share options held by the eligible participant/qualifying grantee whose employment was terminated during the year was extended and approved by the Board. Such change does not constitute modification of the 2002 Scheme and 2012 Scheme.

35. SHARE-BASED PAYMENT TRANSACTIONS (continued)

The following tables disclose details and movements in share options under the 2002 Scheme during the years ended 31 December 2015 and 2014:

For the year ended 31 December 2015

					Number of shares under options						
Category of grantees	Date of grant	Exercise period	Exercise price per share	Adjusted exercise price per share due to rights issue	At 1.1.2015	Granted during the year	Transferred during the year	Exercised during the year	Lapsed/ forfeited during the year	Addition after adjustment due to rights issue	At 31.12.2015
Directors	19.1.2007	19.1.2007 – 18.1.2017	HK$0.406	HK$0.396	423,810	–	–	–	–	10,171	433,981
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.780	HK$0.762	16,800,000	–	–	–	–	403,200	17,203,200
	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596	N/A	10,000,000	–	–	(10,000,000)[1]	–	–	–
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420	N/A	11,000,000	–	–	(11,000,000)[1]	–	–	–
					38,223,810	–	–	(21,000,000)	–	413,371	17,637,181
Employees of the Group	22.1.2008	22.1.2008 – 21.1.2018	HK$0.780	HK$0.762	24,500,000	–	–	–	–	588,000	25,088,000
Other participants	19.1.2007	19.1.2007 – 18.1.2017	HK$0.406	HK$0.396	12,148,000	–	–	(1,714,000)[1]	–	250,416	10,684,416
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.780	HK$0.762	45,500,000	–	–	–	–	1,092,000	46,592,000
	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596	HK$0.582	8,750,000	–	–	–	–	210,000	8,960,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420	HK$0.410	3,000,000	–	–	–	–	72,000	3,072,000
					69,398,000	–	–	(1,714,000)	–	1,624,416	69,308,416
					132,121,810	–	–	(22,714,000)	–	2,625,787	112,033,597
Exercisable at the end of the year					132,121,810						112,033,597
Weighted average exercise price per share					HK$0.68						HK$0.702

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35. SHARE-BASED PAYMENT TRANSACTIONS (continued)

For the year ended 31 December 2014

Category of grantees	Date of grant	Exercise period	Exercise price per share	Number of shares under options: At 1.1.2014	Granted during the year	Transferred during the year	Exercised during the year	Lapsed/ forfeited during the year	At 31.12.2014
Directors	19.1.2007	19.1.2007 – 18.1.2017	HK$0.406	423,810	–	–	–	–	423,810
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.780	16,800,000	–	–	–	–	16,800,000
	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596	10,000,000	–	–	–	–	10,000,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420	32,000,000	–	–	–	(21,000,000)[2]	11,000,000
				59,223,810	–	–	–	(21,000,000)	38,223,810
Employees of the Group	18.3.2004	18.3.2004 – 17.3.2014	HK$1.200	4,000,000	–	–	–	(4,000,000)[4]	–
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.780	34,500,000	–	(4,500,000)[3]	–	(5,500,000)[5]	24,500,000
				38,500,000	–	(4,500,000)	–	(9,500,000)	24,500,000
Other participants	18.3.2004	18.3.2004 – 17.3.2014	HK$1.200	11,982,000	–	–	–	(11,982,000)[4]	–
	19.1.2007	19.1.2007 – 18.1.2017	HK$0.406	12,148,000	–	–	–	–	12,148,000
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.780	41,000,000	–	4,500,000[3]	–	–	45,500,000
	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596	8,750,000	–	–	–	–	8,750,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420	3,000,000	–	–	–	–	3,000,000
				76,880,000	–	4,500,000	–	(11,982,000)	69,398,000
				174,603,810	–	–	–	(42,482,000)	132,121,810
Exercisable at the end of the year				174,603,810					132,121,810
Weighted average exercise price per share				HK$0.700					HK$0.68

All share options are vested at the date of grant.

35. SHARE-BASED PAYMENT TRANSACTIONS (continued)

[1] The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK$0.79 per share.

[2] These share options lapsed in 2014 upon resignation of the Director during the year.

[3] On 24 March 2014, the Board approved 4,500,000 outstanding share options held by one resigned employee who is reclassified as "other participants" under the 2002 Scheme to remain exercisable up to 21 January 2018.

[4] The outstanding share options granted by the Company in 2004 entitling the grantees to subscribe for shares of the Company at an exercise price of HK$1.2 per share lapsed on 17 March 2014.

[5] The share options were held by two grantees who ceased to be employees of the Group during the year 2014 and such share options were forfeited on 3 October 2014 and 30 November 2014 respectively according to the terms of the 2002 Scheme.

36. DEFERRED TAXATION LIABILITIES

For financial reporting purposes, the deferred tax asset and liabilities are offset and the net amount of HK$256,074,000 (2014: HK$269,557,000) is presented in the consolidated statement of financial position as at 31 December 2015. The followings are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Deferred revenue *HK$'000*	Prepaid lease payments *HK$'000*	Property, plant and equipment *HK$'000*	Total *HK$'000*
At 1 January 2014	–	–	–	–
Acquisition through business combination	(74,923)	314,137	32,969	272,183
Exchange realignment	25	33	(13)	45
Charged (credited) to profit or loss for the year	(3,719)	(737)	1,785	(2,671)
At 31 December 2014	(78,617)	313,433	34,741	269,557
Exchange realignment	**3,284**	**(13,796)**	**(1,649)**	**(12,161)**
Charged (credited) to profit or loss for the year	**8,619**	**(12,339)**	**2,398**	**(1,322)**
At 31 December 2015	**(66,714)**	**287,298**	**35,490**	**256,074**

36. DEFERRED TAXATION LIABILITIES (continued)

As at 31 December 2015, the Group has unused tax losses of approximately HK$470,043,000 (2014: HK$847,899,000) which are available for offsetting against future profits. In 2015, unused tax loss was reduced by HK$405,287,000 due to finalisation of tax loss of certain subsidiaries of the Company No deferred tax asset has been recognised in respect of the tax loss due to the unpredictability of future profit streams for both years. Except below, other losses can be carried forward indefinitely.

	2015	2014
	HK$'000	*HK$'000*
Tax losses to be expired in		
– 2015	**–**	44,042
– 2016	**10,245**	137,914
– 2017	**30,495**	31,941
– 2018	**41,275**	187,901
– 2019	**42,206**	185,554
– 2020	**31,273**	–
	155,494	587,352

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$68,024,000 (2014: HK$69,858,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

37. ACQUISITION OF A SUBSIDIARY

On 30 June 2014, the Group acquired the entire equity interest in Hillview (defined in Note 45) which holds 65% equity interest in DG Hillview (defined in Note 45) (together with Hillview referred to as "Hillview Group") at a consideration of RMB585,000,000 (equivalent to approximately HK$743,100,000) satisfied by issue of a promissory note. DG Hillview is principally engaged in the operations of a golf club and provision of hotel and leisure services in Guangdong Province, the PRC. The acquisition will enable the Group with ready access to the growing tourism industry in the PRC and to allow the Group with new business opportunities for investment and development.

Consideration transferred

	HK$'000
Promissory note *(Note)*	585,000

37. ACQUISITION OF A SUBSIDIARY (continued)

Consideration transferred (continued)

Note: The total consideration was satisfied by issue of a promissory note with a principal amount of HK$743,100,000, which is non-interest bearing and will be matured on 30 June 2017. The fair value of the promissory note was approximately HK$585,000,000. The fair value has been arrived at using discounted cash flow method by discounting future cash flows at an interest rate of 8.35% per annum based on valuation performed by Vigers. In 2015, the Group early repaid an amount of HK$116,296,000. As at 31 December 2015, such promissory note amounting to HK$543,773,000 (2014: HK$609,479,000) was measured at amortised cost determined using the effective interest method. During the year ended 31 December 2015, the interest on promissory note is approximately HK$50,590,000 (2014: HK$24,479,000).

Acquisition-related costs amounting to HK$3,528,000 have been excluded from the cost of acquisition and have been recognised directly as an expense in the period and included in the "other expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets and liabilities recognised at the date of acquisition

	Fair value *HK$'000*
Land use rights	1,350,268
Inventories	8,191
Trade receivables	2,613
Other receivables and prepayments	2,343
Advance to Guangzhou HNA Real Estate	622,286
Pledged bank deposits	58
Bank balances and cash	4,013
Property, plant and equipment	306,396
Amounts due from other related companies	74,909
Trade payables	(6,872)
Other payables, receipt in advance and accruals	(30,176)
Deferred revenue	(299,730)
Amounts due to related companies	(20,747)
Tax liabilities	(13,072)
Borrowings	(486,328)
Deferred tax liabilities	(272,183)
Net assets	1,241,969

Non-controlling interests

The non-controlling interest (35%) in DG Hillview recognised at the acquisition date was measured by reference to the proportionate share of recognised fair value of net assets of DG Hillview and amounting to approximately HK$434,721,000.

37. ACQUISITION OF A SUBSIDIARY (continued)

Capital reserve arising on acquisition

	HK$'000
Fair value of consideration transferred	585,000
Plus: non-controlling interests (35% in DG Hillview)	434,721
Less: fair value of identifiable net assets acquired (100%)	(1,241,969)
Excess of fair value of identifiable net assets acquired over consideration transferred *(Note)*	222,248

Note: The excess amount of the fair value of identifiable net assets acquired over the fair value of consideration transferred and non-controlling interest is considered as deemed capital contribution from HNA Group (International) and is credited to capital reserve. The vendor of the acquisition transaction is controlled by HNA Group.

The Directors have determined the fair values of assets and liabilities of Hillview Group by reference to a valuation performed by Vigers at the acquisition date.

Net cash inflow arising on acquisition

	HK$'000
Cash and cash equivalent balances acquired	4,013

Impact of acquisition on the results of the Group

During the year ended 31 December 2014, included in the loss for the year is profit of HK$15,992,000 attributable to Hillview Group since 30 June 2014 (date of the acquisition). Revenue for the year includes HK$83,059,000 in respect of Hillview Group.

Had the acquisition of Hillview Group been effected on 1 January 2014, the total amount of revenue of the Group for the year from continuing operations would have been HK$414,113,000, and the amount of the loss for the year from continuing operations would have been HK$186,456,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and loss of the Group had Hillview Group been acquired at the beginning of the current year, the Directors calculated depreciation of property, plant and equipment, amortisation of land use rights and the release of deferred tax on the basis of the fair values at the date of acquisition.

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38. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2015, pursuant to the terms of the Subscription (Note 34(f)), the total gross subscription proceeds was approximately HK$60,720,000 of which approximately HK$9,481,000 was settled in cash and the remaining amount of HK$51,239,000, pursuant to the deed of assignment and set-off entered into among the Company, a third party and the Subscriber, was offset with the loan from a third party of HK$50,000,000 (Note 31) and the related interest payable of HK$1,239,000.

During the year ended 31 December 2015, the Company, Guangzhou HNA Real Estate and a related company entered into an agreement to offset interest receivables on advance to Guangzhou HNA Real Estate (Note 22) against a loan from a related company of HK$26,256,000 (Note 31).

On 11 February 2015, the Directors decided to occupy a building for use to utilise other receivable due from the Developer of HK$39,390,000. Such other receivables were reclassified as property, plant and equipment. Details are set out in Note 21.

In addition, during the year 2015, the Group entered into finance lease arrangements in respect of motor vehicles with a total capital value at the inception of the leases of approximately HK$1,408,000 (2014: HK$Nil).

During the year ended 31 December 2014, the Group acquired Hillview Group at a consideration of HK$585,000,000 settled by issue of a promissory note which will mature on 30 June 2017 (Note 37).

During the year ended 31 December 2014, the Company allotted and issued 50,000,000 shares, at a price of HK$0.45 each to the Convertible Bondholder of Convertible Bond II. In addition, 2014 Convertible Bond I was derecognised and New Convertible Bond I was recognised upon extension of the maturity date and conversion option expiry date in the current year (Note 32).

39. OPERATING LEASES

The Group as lessee

Minimum lease payments paid by the Group under operating leases during the year amounted to approximately HK$2,168,000 (2014: HK$2,499,000).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**13,343**	2,016
In the second to fifth year inclusive	**23,123**	27
	36,466	2,043

Operating lease payments represent rentals payable by the Group for certain of its office properties and quarters for the Directors and staff. Leases are negotiated and rentals are fixed for terms ranging from one to ten years.

39. OPERATING LEASES (continued)

The Group as lessor

Property and motor vehicles rental income earned during the year was HK$200,000 (2014: HK$351,000) which was included in loss for the year from discontinued operation in the consolidated statement of profit or loss and other comprehensive income.

Advertising space rental income and sub-letting income earned during the year was HK$1,502,000 (2014: HK$1,269,000), which was included in loss for the year from continuing operations in the consolidated statement of profit or loss and other comprehensive income.

The Group leases its investment properties, advertising space and motor vehicles and sublets its office space under operating lease arrangements with leases negotiated for terms ranging from one to ten years. All the properties held have committed tenants for one year (2014: one year). All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

At the end of the reporting period, the Group had contracted with tenants for the following minimum lease payments:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**1,242**	2,682
In the second to fifth year inclusive	**3,016**	3,669
Over fifth year	**731**	1,358
	4,989	7,709

40. CAPITAL COMMITMENT

	2015	2014
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**173**	1,256

41. CONTINGENT LIABILITIES

	2015	2014
	HK$'000	*HK$'000*
Guarantee given to banks, in respect of banking facilities to third parties		
– amount that could be required to be paid if the guarantee was called upon in entirety	**99,674**	104,400
– amount utilised	**79,620**	97,523

At 31 December 2015 and 2014, the Company has provided guarantees to banks in respect of banking facilities granted to subsidiaries at nil consideration. In addition, the Group entered into a cross guarantee arrangement with third parties whereby the third parties have also provided guarantee to banks in respect of Sinostride Technology's banking facilities for the years ended 31 December 2015 and 2014.

During the year ended 31 December 2015, the Group has provided additional or renewed the existing financial guarantees to the third parties and fair value of these financial guarantees is approximately HK$3,933,000 (2014: HK$2,428,000) at initial recognition based on valuation performed by Vigers (2014: Messrs. Jones Lang LaSalle Corporate Appraisal and Advisory Limited). During the year ended 31 December 2015, HK$1,366,000 (2014: HK$697,000) has been amortised and is included in "other gains and losses". At the end of the reporting period, an amount of HK$6,255,000 (2014: HK$3,948,000) has been recognised as liabilities in the consolidated statement of financial position.

During the year ended 31 December 2014, one of the guarantees failed to repay the bank borrowings and the Group repaid the bank borrowings on its behalf. As such, the Group recognised a loss on financial guarantee contract amounting to approximately HK$11,827,000. At 31 December 2015, no further provision for financial guarantee contracts has been made as the Directors consider that the default risk of borrowers is low.

42. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in the MPF Scheme. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries which operate in the PRC are members of a state-managed retirement benefit scheme) operated by the local municipal government. These PRC subsidiaries are required to contribute 8% to 20% (2014: 8% to 20%) of its payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the specific contribution.

The total exposure recognised in profit or loss of HK$5,100,000 (2014: HK$3,264,000) represents contributions payable of HK$615,000 (2014: HK$246,000) to the MPF Scheme and to the state-managed retirement benefit scheme of HK$4,485,000 (2014: HK$3,679,000), net of forfeited contributions of HK$Nil (2014: HK$661,000) from employees who left the Group in the current year.

Where there are employees who leave the MPF Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. The amount of forfeited contributions utilised in this manner during the year was HK$Nil (2014: HK$661,000).

43. RELATED PARTY TRANSACTIONS

(a) Transactions with subsidiaries of and entity controlled by HNA Group

	2015	2014
	HK$'000	*HK$'000*
Income		
Interest income on advance to Guangzhou HNA Real Estate	**42,950**	22,075
Imputed interest income on advance to Guangzhou HNA Real Estate	**1,929**	1,887
Imputed interest income on interest-free amounts due from other subsidiaries of HNA Group	**7,914**	5,054
Rental income from other related companies	**–**	558
Golf club membership income from a related company	**–**	6,489
Golf club competition events income from a related company	**2,220**	1,132
Expenses		
Interest expense paid to a related company	**1,226**	195
Laundry expense to a related company	**1,394**	695
Imputed interest expense of a promissory note	**50,590**	24,479

In addition, on 30 June 2014, the Group has acquired 100% equity interest of Hillview from Leader Well Management Limited, which is controlled by HNA Group (Note 37).

(b) Transactions with directors

During the year ended 31 December 2014, Mr. Mung Bun Man, Alan provided a loan of HK$5,000,000 to the Company which was fully repaid in year 2014. The loan carried interest at a rate of 7.5% p.a. and interest income of HK$181,000 was recognised in the year 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

43. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel

The remuneration of key management members, who are the Directors of the Group during the year, was as follows:

	2015	2014
	HK$'000	*HK$'000*
Short term benefits	**11,689**	6,913
Post-employment benefits	**275**	–
	11,964	6,913

The remuneration of executive directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

(d) During the year ended 31 December 2014, the Group acquired the entire equity interest in Hillview which holds 65% equity interest in DG Hillview at a consideration of RMB585,000,000 satisfied by issue of a promissory note resulting in recognition imputed interest expense of HK$50,590,000 during the year 2015 (2014: HK$24,479,000).

(e) During the year ended 31 December 2014, the Group obtained a loan of RMB21,000,000 (approximately HK$26,256,000) from a subsidiary of Guangzhou HNA Real Estate resulting in recognition of interest expenses of HK$1,226,000 for the year 2015 (2014: HK$195,000).

(f) Details of balances with related parties of the Group are set out in the Group's consolidated statement of financial position on pages 51 to 52 and Notes 22, 31 and 37 to the consolidated financial statements respectively.

44. EVENT AFTER THE REPORTING PERIOD

On 7 March 2016, the Company has entered into the DTV MOU (Note 14) with TriComm as the intended purchaser (the "Purchaser", together with the Company, being the "Parties") in relation to the proposed disposal of the entire issued share capital of South China Digital TV Holdings Limited ("Target Company"), together with its subsidiaries as if the restructuring is completed, together with the rights and benefits in any shareholders' loan owed by the Target Company to the Company ("Proposed Disposal"). Details has been set out in Note 14.

On 13 January 2016, the Company has entered into the sale and purchase agreement with an independent third party in relation to the proposed disposal of entire issued share capital of Made Connection Limited, a subsidiary of the Company, after restructuring as required, details are set out in the announcement dated 13 January 2016, at a consideration of RMB120,000,000. Made Connection Limited and its subsidiaries are mainly engaged in intelligent information business. The transaction has not been completed at the date of issuance of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 December 2015 and 2014 are as follows:

Name of subsidiary	Place/ country of incorporation/ registration	Principal place of operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
				2015 %	2014 %	
Continuing operations						
Ever Create Profits Limited	The British Virgin Islands ("B.V.I.")	Hong Kong	1 ordinary share of US$1	100*	100*	Inactive
Made Connection Limited	Samoa	Hong Kong	1 ordinary share of US$1	100*	100*	Investment holding
Printronics Electronics Limited	Hong Kong	Hong Kong	5 ordinary shares	60*	60*	Investment holding
Printronics Group Limited	Hong Kong	Hong Kong	2 ordinary shares	100	100	Investment holding
Santai Corporate Services Limited	Hong Kong	Hong Kong	2 ordinary shares	100	100	Provision of management services
Sino Stride Technology (Holdings) Limited	B.V.I.	Hong Kong	1,078,959,000 ordinary shares of HK$0.01 each	100*	100*	Investment holding
Sinostride Technology Company Limited@ ("Sinostride Technology") 中程科技有限公司	The PRC	The PRC	Registered capital RMB113,000,000	58.5*	58.5*	System value-added service solution and development
Zhejiang Concord Optic – Electronic Technology Company Limited@ 浙江協和光電科技有限公司	The PRC	The PRC	Registered capital RMB10,000,000	80*	80*	System design, and sales of system hardware and light emitted diode products
Hillview Golf Development Company Limited ("Hillview")	B.V.I.	The PRC	50,000 ordinary shares of USD1 each	100*	100*	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Place/ country of incorporation/ registration	Principal place of operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company 2015 %	2014 %	Principal activities
Continuing operations (continued)						
Dongguan Hillview Golf Company Limited ("DG Hillview") 東莞峰景高爾夫有限公司	The PRC	The PRC	Registered capital USD34,060,000	65*	65*	Operation of golf club and hotel and leisure services
Chongqing SinoStride Technology Co., Ltd.@ 重慶中程科技有限公司	The PRC	The PRC	Registered capital RMB200,000,000	100*	100*	Inactive
深圳市泰格信息科技開發有限公司#	The PRC	The PRC	Registered capital RMB20,000,000	100*	100*	Investment holding
Discontinued operation						
South China Digital TV Holdings Limited	Hong Kong	Hong Kong	1 ordinary share	100	100	Investment holding
Yijiatong 廣州市易家通互動信息發展有限公司#	The PRC	The PRC	Registered capital RMB15,050,000	100*	100*	Provision of DTV technical solutions and equipment

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

* Indirectly held through subsidiaries
@ Registered under the laws of the PRC as a Sino-foreign co-operative joint venture
# Registered under the laws of the PRC on the form of domestic incorporated entity

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. These subsidiaries operate in Hong Kong and the PRC. The principal activities of these subsidiaries are summarised as follows:

		Number of subsidiaries	
Principal activities	**Principal place of business**	**31.12.2015**	31.12.2014
Investment holding	Hong Kong	**3**	3
	The PRC	**2**	2
		5	5
Inactive	Hong Kong	**4**	5
	The PRC	**3**	3
		7	8
		12	13

None of the subsidiaries had issued any debt securities for the years ended 31 December 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

45A. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Country of registration and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss (profit) allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015**	2014	**2015**	2014
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Sinostride Technology	The PRC	**41.5**	41.5	**21,384**	21,755	**27,941**	50,950
DG Hillview	The PRC	**35.0**	35.0	**234**	(5,597)	**420,146**	440,305
Individually immaterial subsidiaries with non-controlling interests				**173**	84	**(4,154)**	(4,123)
				21,791	16,242	**443,933**	487,132

Details of non-wholly owned subsidiaries that have material non-controlling interests

In the opinion of the Directors, no summarised financial information is disclosed in respect of the Group's individually immaterial subsidiaries that have non-controlling interest because the financial impacts of these subsidiaries are not material to the Group.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

45A. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Sinostride Technology

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Current assets	**377,063**	518,099
Non-current assets	**23,376**	20,477
Current liabilities	**(333,111)**	(415,805)
Equity attributable to owners of the Company	**39,387**	71,821
Non-controlling interests	**27,941**	50,950

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

45A. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Sinostride Technology (continued)

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Revenue	**172,383**	254,674
Expenses	**(223,911)**	(305,628)
Loss for the year	**(51,528)**	(52,423)
Loss attributable to owners of the Company	**(30,144)**	(30,668)
Loss attributable to non-controlling interests	**(21,384)**	(21,755)
Loss for the year	**(51,528)**	(52,423)
Other comprehensive expense attributable to owners of the Company	**(2,290)**	(2,368)
Other comprehensive expense attributable to non-controlling interests	**(1,625)**	(1,678)
Other comprehensive expense for the year	**(3,915)**	(4,046)
Total comprehensive expense attributable to owners of the Company	**(32,434)**	(33,036)
Total comprehensive expense attributable to non-controlling interests	**(23,009)**	(23,433)
Total comprehensive expenses for the year	**(55,443)**	(56,469)
Net cash inflows (outflows) used in operating activities	**29,407**	(67,654)
Net cash inflows from investing activities	**3,502**	15,551
Net cash (outflows) inflows from financing activities	**(22,810)**	57,850
Net cash inflows	**10,099**	5,747

45A. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

DG Hillview

	As at 31 December	
	2015	2014
	HK$'000	*HK$'000*
Current assets	**472,735**	244,626
Non-current assets	**1,882,111**	2,152,873
Current liabilities	**(147,626)**	(124,792)
Non-current liabilities	**(1,006,803)**	(1,014,693)
Equity attributable to owners of the Company	**780,271**	817,709
Non-controlling interests	**420,146**	440,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

45A. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

DG Hillview (continued)

	Year ended 31 December 2015 HK$'000	1.7.2014 to 31.12.2014 HK$'000
Revenue	162,006	83,059
Expenses	(162,676)	(98,068)
(Loss) profit for the year/period	(670)	15,992
(Loss) profit attributable to owners of the Company	(436)	10,395
(Loss) profit attributable to non-controlling interests	(234)	5,597
(Loss) profit for the year/period	(670)	15,992
Other comprehensive expense attributable to owners of the Company	(37,003)	(24)
Other comprehensive expense attributable to non-controlling interests	(19,925)	(13)
Other comprehensive expense for the year/period	(56,928)	(37)
Total comprehensive (expense) income attributable to owners of the Company	(37,439)	10,371
Total comprehensive (expense) income attributable to non-controlling interests	(20,159)	5,584
Total comprehensive (expense) income for the year/period	(57,598)	15,955
Net cash (outflows) inflows from operating activities	(113,827)	9,248
Net cash inflows (outflows) used in investing activities	182,707	(5,277)
Net cash inflows from financing activities	106,655	–
Net cash inflows	175,535	3,971

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 *HK$'000*	2014 *HK$'000*
Non-current assets		
Property, plant and equipment	**11,783**	428
Investments in subsidiaries	**218,914**	218,248
Advances to subsidiaries	**931,898**	931,861
Club debentures	**700**	700
	1,163,295	1,151,237
Current assets		
Prepayments, deposits and other receivables	**4,776**	544
Amounts due from subsidiaries	**850,047**	869,833
Bank balances and cash	**2,639,565**	13,355
	3,494,388	883,732
Current liabilities		
Other payables, deposits received and accruals	**15,443**	2,720
Amounts due to subsidiaries	**102,704**	98,009
Borrowings	**–**	76,256
Convertible loan notes and related payables	**187,836**	173,036
Embedded derivative components of convertible loan notes	**11,996**	10,868
Obligations under finance leases	**266**	–
	318,245	360,889
Net current assets	**3,176,143**	522,843
Total assets less current liabilities	**4,339,438**	1,674,080
Non-current liabilities		
Promissory note	**543,773**	609,479
Obligations under finance leases	**991**	–
	544,764	609,479
Net assets	**3,794,674**	1,064,601
Capital and reserves		
Share capital	**4,731,480**	1,834,488
Reserves	**(936,806)**	(769,887)
Equity attributable to owners of the Company	**3,794,674**	1,064,601

The Company's statement of financial position was approved and authorised for issue by the board of directors on 31 March 2016 and are signed on its behalf by:

Zhao Quan
DIRECTOR

Xu Haohao
DIRECTOR

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves:

	Share premium	Capital redemption reserve	Capital reserve	Share option reserve	Translation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 1)	*(Note 2)*				
At 1 January 2014	802,454	2,084	53,690	31,885	81,173	(823,806)	147,480
Loss for the year	–	–	–	–	–	(187,375)	(187,375)
Exchange difference arising during the year	–	–	–	–	(29,864)	–	(29,864)
Total comprehensive expense for the year	–	–	–	–	(29,864)	(187,375)	(217,239)
Lapse/forfeiture of share options	–	–	–	(5,864)	–	5,864	–
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance	(802,454)	(2,084)	(53,690)	–	–	–	(858,228)
Deemed capital contribution from HNA Group (International)	–	–	158,100	–	–	–	158,100
At 31 December 2014	–	–	158,100	26,021	51,309	(1,005,317)	(769,887)
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(63,584)**	**(63,584)**
Exchange difference arising during the year	**–**	**–**	**–**	**–**	**(97,526)**	**–**	**(97,526)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(97,526)**	**(63,584)**	**(161,110)**
Exercise of share options	**–**	**–**	**–**	**(5,809)**	**–**	**–**	**(5,809)**
At 31 December 2015	**–**	**–**	**158,100**	**20,212**	**(46,217)**	**(1,068,901)**	**(936,806)**

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves: (continued)

Notes:

1. The capital redemption reserve represents the aggregate par value of shares which have been repurchased and cancelled.

2. By a special resolution passed at an extraordinary general meeting and subsequently approved by the Supreme Court of Hong Kong in 1993, the share premium of the Company was reduced by an amount of HK$270,000,000. This amount was used to reduce the Company's accumulated losses of HK$216,310,000 and the balance of HK$53,690,000 was credited to the Company's capital reserve which is non-distributable. As at 31 December 2014, the Company did not have any reserve available for distribution. Upon the abolition of par value under the new Hong Kong Companies Ordinance, the reserve was transferred to share capital in 2014.

   Deemed contribution of HK$158,100,000 as at 31 December 2015 and 2014 represented the fair value adjustment on promissory note.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	For the years ended 31 December				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
(Loss) profit attributable to:					
Owners of the Company	(148,642)	(379,628)	(318,378)	(335,016)	**(213,810)**
Non-controlling interests	4,970	(15,919)	(37,052)	(16,242)	**(21,791)**
	(143,672)	(395,547)	(355,430)	(351,258)	**(235,601)**
				(Restated)	
Loss per share					
Basic (HK cents)	(6.79)	(16.59)	(11.83)	(9.96)	**(4.28)**
Diluted (HK cents)	–	–	–	–	**–**
Dividends	–	–	–	–	**–**

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2011	2012	2013	2014	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	3,080,299	2,548,311	2,069,470	4,197,493	**6,429,176**
Total liabilities	(1,820,549)	(1,426,030)	(1,185,226)	(2,727,182)	**(2,472,863)**
	1,259,750	1,122,281	884,244	1,470,311	**3,956,313**
Equity attributable to owners of the Company	1,205,682	1,077,880	813,975	983,179	**3,512,380**
Non-controlling interests	54,068	44,401	70,269	487,132	**443,933**
	1,259,750	1,122,281	884,244	1,470,311	**3,956,313**