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海航國際投資集團有限公司
HNA INTERNATIONAL INVESTMENT HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 521)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

INTERIM RESULTS

The board of directors (the “Board”) of HNA International Investment Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015. These interim results have been reviewed by the Company’s Audit Committee and its Auditor.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2015

		Six months ended	
		30 June	
	<i>NOTES</i>	2015	2014
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Continuing operations			
Revenue	3	140,092	89,737
Cost of sales		(117,830)	(78,719)
		<hr/>	<hr/>
Gross profit		22,262	11,018
Other income		31,995	1,902
Other expenses		(15,000)	(3,650)
Other gains and losses	4	(5,754)	(97,524)
Selling and distribution costs		(5,200)	(2,022)
Administrative expenses		(38,710)	(20,997)
Finance costs		(69,364)	(34,467)
		<hr/>	<hr/>
Loss before tax		(79,771)	(145,740)
Income tax credit (expense)	5	1,053	(820)
		<hr/>	<hr/>
Loss for the period from continuing operations	6	(78,718)	(146,560)
Discontinued operation			
Loss for the period from discontinued operation	7	(68,049)	(78,877)
		<hr/>	<hr/>
Loss for the period		(146,767)	(225,437)
		<hr/>	<hr/>
Other comprehensive income (expense)			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange difference arising on translation of financial statements from functional currency to presentation currency		315	(23,970)
		<hr/>	<hr/>
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Fair value loss on available-for-sale investments		–	(2,323)
Reclassification adjustment for impairment loss recognised in respect of available-for-sale investments		–	2,323
		<hr/>	<hr/>
		–	–
		<hr/>	<hr/>
Other comprehensive income (expense) for the period		315	(23,970)
		<hr/>	<hr/>
Total comprehensive expense for the period		(146,452)	(249,407)
		<hr/> <hr/>	<hr/> <hr/>

		Six months ended	
		30 June	
	<i>NOTE</i>	2015	2014
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Loss for the period attributable to the owners of the Company			
– from continuing operations		(66,770)	(132,817)
– from discontinued operation		(68,049)	(78,877)
		<hr/>	<hr/>
Loss for the period attributable to the owners of the Company		(134,819)	(211,694)
Loss for the period attributable to non-controlling interests from continuing operations		(11,948)	(13,743)
		<hr/>	<hr/>
		(146,767)	(225,437)
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive expense attributable to:			
Owners of the Company		(134,547)	(233,975)
Non-controlling interests		(11,905)	(15,432)
		<hr/>	<hr/>
		(146,452)	(249,407)
		<hr/> <hr/>	<hr/> <hr/>
LOSS PER SHARE			
From continuing and discontinued operations	8		
Basic and diluted (HK cents)		(3.41)	(7.36)
		<hr/>	<hr/>
From continuing operations			
Basic and diluted (HK cents)		(1.69)	(4.62)
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

		30 June 2015	31 December 2014
	NOTES	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		341,821	310,129
Land use rights		1,257,448	1,324,738
Intangible assets		504	884
Other receivables		–	39,284
Available-for-sale investments		887	887
Club debentures		700	700
Amounts due from related companies		459,802	526,546
		2,061,162	2,203,168
Current assets			
Inventories		14,961	15,897
Trade and bills receivables	9(a)	79,459	113,288
Prepayments, deposits and other receivables	9(b)	178,646	222,425
Amounts due from customers for contract work		149,186	168,006
Amounts due from related companies		331,562	191,798
Land use rights		46,572	17,093
Tax recoverable		5,122	4,090
Pledged bank deposits		16,306	7,460
Bank balances and cash		51,591	31,096
		873,405	771,153
Disposal group classified as held-for-sale	7	1,158,806	1,223,172
		2,032,211	1,994,325
Current liabilities			
Trade and bills payables	10(a)	77,792	114,621
Other payables, deposits received, receipt in advance and accruals	10(b)	122,288	126,290
Borrowings – due within one year		212,460	271,803
Amounts due to related companies		9,766	9,744
Convertible loan notes and related payables		166,378	173,036
Embedded derivative components of convertible loan notes		24,593	10,868
Tax liabilities		18,241	18,239
Financial guarantee liabilities		4,458	3,948
Deferred revenue		38,366	43,235
		674,342	771,784
Liabilities associated with disposal group classified as held-for-sale	7	237,012	331,226
		911,354	1,103,010
Net current assets		1,120,857	891,315
Total assets less current liabilities		3,182,019	3,094,483

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Non-current liabilities		
Deferred revenue	255,607	271,897
Borrowings – due after one year	558,974	473,239
Promissory note	634,566	609,479
Deferred tax liabilities	268,544	269,557
	<u>1,717,691</u>	<u>1,624,172</u>
Net assets	<u>1,464,328</u>	<u>1,470,311</u>
Capital and reserves		
Share capital	1,980,766	1,834,488
Reserves	(1,003,935)	(863,827)
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	12,270	12,518
	<u>989,101</u>	<u>983,179</u>
Equity attributable to the owners of the Company	475,227	487,132
Non-controlling interests	<u>1,464,328</u>	<u>1,470,311</u>
Total equity	<u>1,464,328</u>	<u>1,470,311</u>

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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).

Taking into account the financial resources of the Group, including the Group’s unutilised banking facilities, the Group’s ability to renew or refinance the banking facilities upon maturity and financial support from a shareholder of the Company, HNA Group (International) Company Limited (“HNA International”), the directors of the Company (“the Directors”) are of the opinion that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA that are mandatorily effective for the current interim period.

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 interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the chief operating decision maker (“CODM”), being the Chief Executive Officer of the Company, for the purpose of resource allocation and assessment of segment performance focuses on 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 are reviewed by CODM as 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
Sales of light emitted diode products	–	Provision of system design, and sales of system hardware and light emitted diode products
Golf club and hotel business	–	Operation of golf club and provision of hotel and leisure services

Since 2011, a reportable and operating segment namely the “Digital television (“DTV”) technical solutions and equipment business” was classified as a disposal group held-for-sale and included in discontinued operation. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in Note 7.

(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 six months ended 30 June 2015 (unaudited)

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	<u>60,750</u>	<u>78,883</u>	<u>459</u>	<u>140,092</u>
Segment loss	<u>(18,729)</u>	<u>(8,150)</u>	<u>(971)</u>	<u>(27,850)</u>
Unallocated income and gains				2,548
Unallocated expenses				(14,704)
Gain on fair value change of the derivative components of convertible loan notes				12,135
Loss on issuing financial guarantee contracts				(2,367)
Amortisation of financial guarantee contracts				1,857
Finance costs				<u>(51,390)</u>
Loss before tax (continuing operations)				<u>(79,771)</u>

For the six months ended 30 June 2014 (unaudited)

Continuing operations

	Intelligent information business <i>HK\$'000</i>	Golf club and hotel business <i>HK\$'000</i>	Sales of light emitted diode products <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE				
External sales	89,665	–	72	89,737
Segment loss	(17,454)	–	(691)	(18,145)
Unallocated income and gains				612
Unallocated expenses				(17,550)
Impairment loss recognised in respect of available-for-sale investments				(6,636)
Impairment loss recognised in respect of a loan to an investee				(81,523)
Gain on fair value change of the derivative components of convertible loan notes				25,308
Losses on financial guarantee contracts				(14,502)
Amortisation of financial guarantee contracts				1,163
Finance costs				(34,467)
Loss before tax (continuing operations)				(145,740)

Segment loss represents the loss from each segment without allocation of bank interest income, rental income, 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.

There was no inter-segment sales for the six months ended 30 June 2015 and 2014.

(b) **Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities from continuing operations by reportable and operating segments:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Reportable segment assets		
Continuing operations		
Intelligent information business	452,927	544,881
Golf club and hotel business	2,408,088	2,385,505
Sales of light emitted diode products	4,068	3,792
	<hr/> 2,865,083 <hr/>	<hr/> 2,934,178 <hr/>
Reportable segment liabilities		
Continuing operations		
Intelligent information business	139,738	181,767
Golf club and hotel business	615,270	637,853
Sales of light emitted diode products	17,355	15,724
	<hr/> 772,363 <hr/>	<hr/> 835,344 <hr/>

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Continuing operations		
Impairment loss recognised in respect of receivables from the Developer	–	(3,735)
Gain on fair value change of the derivative components of convertible loan notes	12,135	25,308
Impairment loss recognised in respect of a loan to an investee	–	(81,523)
Impairment loss recognised in respect of trade receivables	(3,918)	(5,422)
Impairment loss recognised in respect of other receivables	(5,779)	(65)
Impairment loss recognised in respect of available-for-sale investments	–	(6,636)
Impairment loss recognised in respect of amounts due from customers for contract work	(7,465)	(12,267)
Net exchange loss	(70)	(679)
Losses on financial guarantee contracts	(2,367)	(14,502)
Amortisation of financial guarantee contracts	1,857	1,163
(Loss) gain on disposal of property, plant and equipment	(87)	4
Others	(60)	830
	<u>(5,754)</u>	<u>(97,524)</u>

5. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Continuing operations		
Current tax:		
PRC Enterprise Income Tax (“EIT”)	–	820
Deferred tax		
Current year	(1,053)	–
	<u>(1,053)</u>	<u>820</u>

For the six months ended 30 June 2015 and 2014, no provision for Hong Kong Profits Tax 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%.

6. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

Loss for the period from continuing operations has been arrived at after charging (crediting):

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Continuing operations		
Amortisation of intangible assets (included in cost of sales)	380	1,004
Amortisation of land use rights (included in cost of sales)	23,217	–
Depreciation of property, plant and equipment	8,161	1,414
Total depreciation and amortisation	<u>31,758</u>	<u>2,418</u>
Auditor's remuneration	1,163	1,149
Research and development expenses (included in other expenses)	306	122
Acquisition related costs for the golf club and hotel business (included in other expenses)	–	3,528
Bank interest income	(89)	(81)
Imputed interest income in respect of other receivables	<u>(656)</u>	<u>(1,821)</u>

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

The loss for the period from the discontinued operation in respect of DTV business is analysed as follows:

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	–	–
Cost of sales	<u>(60,198)</u>	<u>(60,298)</u>
Gross loss	(60,198)	(60,298)
Other income	341	191
Other gains and losses	36	(5,512)
Administrative expenses	(2,182)	(2,881)
Finance costs	<u>(6,046)</u>	<u>(10,377)</u>
Loss before tax	(68,049)	(78,877)
Income tax expense	–	–
Loss for the period from discontinued operation attributable to the owners of the Company	<u>(68,049)</u>	<u>(78,877)</u>

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Property, plant and equipment	570,181	621,486
Investment properties	48,811	48,803
Goodwill	13,857	13,855
Intangible assets	331,333	342,082
Trade receivables	175,778	175,750
Prepayments and other receivables	18,610	21,118
Bank balances and cash	236	78
	<hr/>	<hr/>
Total assets classified as held-for-sale	1,158,806	1,223,172
	<hr/> <hr/>	<hr/> <hr/>
Trade and bills payables	15,419	17,671
Other payables and accruals (<i>Note</i>)	32,587	34,933
Tax liabilities	93,968	93,953
Bank borrowings	95,038	184,669
Amounts due to group entities	1,277,521	1,179,377
	<hr/>	<hr/>
Total liabilities associated with disposal group classified as held-for-sale	1,514,533	1,510,603
Less: Amounts due to group entities	(1,277,521)	(1,179,377)
	<hr/>	<hr/>
Liabilities associated with disposal group classified as held-for-sale	237,012	331,226
	<hr/> <hr/>	<hr/> <hr/>
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	12,270	12,518
	<hr/> <hr/>	<hr/> <hr/>

Note: Other payables include a provision for litigation of RMB8,115,000 (equivalent to approximately HK\$10,147,000) (31 December 2014: HK\$10,146,000) in relation to a dispute with a supplier on a payment for purchased goods. As at 31 December 2014, the Group won this legal case. The supplier then is appealed to high court in the PRC during the period ended 30 June 2015. Subsequent to the period end, the court case is finalised and the court issued the order that the Group need to pay the entire amount under the claim plus the interest and the cost of the appeal. The amount was fully settled subsequent to the period end.

For presentation in the condensed consolidated statement of financial position as at 30 June 2015 and 31 December 2014, the amounts due to group entities amounting to HK\$1,277,521,000 (31 December 2014: HK\$1,179,377,000) has been excluded from the total liabilities associated with disposal group classified as held-for-sale.

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

	Six months ended	
	30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Amortisation of intangible assets (included in cost of sales)	10,772	10,836
Depreciation of property, plant and equipment	51,359	51,558
Bank interest income	(1)	(3)
Rental income from leasing of investment properties	(153)	(165)
Rental income from leasing of motor vehicles	(62)	(23)
	<u> </u>	<u> </u>

Cash flows for the period from the discontinued operation were as follows:

	<i>HK\$'000</i>
30 June 2015 (unaudited)	
Net cash outflows used in operating activities	(8,053)
Net cash outflows used in investing activities	(113)
Net cash inflows from financing activities	8,324
	<u> </u>
Net cash inflows	<u> </u>
30 June 2014 (unaudited)	
Net cash outflows used in operating activities	(19,481)
Net cash outflows used in investing activities	(1,137)
Net cash inflows from financing activities	20,757
	<u> </u>
Net cash inflows	<u> </u>

As disclosed in the Company's 2010 to 2014 annual reports, 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, the Group is no longer able to operate the DTV business under the current operating model and was required to exit the DTV business.

The Directors are seeking for a potential buyer for the disposal of certain subsidiaries of the Group (collectively referred as the “DTV Disposal Group”). There is no formal sales agreement and no valuation of the DTV Disposal Group has been concluded as at the date of this announcement.

The Directors are still committed to sell the DTV Disposal Group and consider the disposal transaction remains highly probable as the policy of the Reform remains unchanged. The Directors consider it is appropriate that the DTV Disposal Group is continued to be classified as held-for-sale in the condensed consolidated statement of financial position as at 30 June 2015 and 31 December 2014.

As at 30 June 2015, the net assets value (excluding amounts due to group entities) of the DTV Disposal Group included in the condensed consolidated financial statements (the “Net Assets Value of the DTV Disposal Group”) amounted to HK\$921,794,000 (31 December 2014: HK\$891,946,000). However, in the absence of a formal sales agreement or valuation of the DTV Disposal Group, the Directors are unable to reliably determine whether the recoverable amounts of DTV Disposal Group in its entirety and certain assets within the Disposal Group would not be less than Net Assets value of the DTV Disposal Group and the respective carrying amounts included in the condensed consolidated statement of financial position as at 30 June 2015.

(i) *Revenue*

As mentioned above, the Group is no longer able to operate the DTV business under the current operating model and is no longer entitled to own the operation rights in providing multi-media information services based on cabled DTV network in the Guangdong Province in return of certain percentage of technical service income generated from Guangdong Southern Yinshi Network Media Company Limited (“Southern Yinshi”) and local DTV project companies. There is no revenue recognised for both periods.

(ii) *Property, plant and equipment*

For the six months ended 30 June 2015, DTV Disposal Group acquired property, plant and equipment of approximately HK\$106,000 (six months ended 30 June 2014: HK\$1,153,000) to operate its DTV business.

(iii) *Investment properties at fair value*

The fair values of the investment properties of DTV business at 30 June 2015 have been estimated by the Directors with reference to recent market prices for similar properties in same locations and conditions.

The fair values of the investment properties of DTV business at 31 December 2014 had been arrived at on the basis of a valuation carried out on that date by Messrs. Guangdong Jinghua Assets & Real Estate Appraisal Co., Ltd., an independent qualified professional valuer not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and condition.

All of the DTV business property interests held under medium-term lease in the PRC to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

Investment properties amounting to HK\$11,255,000 (2014: Nil) are pledged as securities for the provision for litigation, which was released upon the litigation settlement subsequently after the period end.

(iv) *Trade receivables*

An aged analysis of the trade receivables associated with DTV Disposal Group classified as held-for-sale at the end of the reporting period, based on invoice date, and net of allowance for doubtful debts, is as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
1 – 2 years	–	–
Over 2 years	175,778	175,750
	175,778	175,750

The above balances 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. The Directors consider that trade receivables are measured in accordance with applicable HKFRSs.

(v) *Trade and bills payables*

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
0 – 90 days	–	1,738
91 – 180 days	–	2,256
181 – 365 days	3,176	183
1 – 2 years	11,902	13,156
Over 2 years	341	338
	15,419	17,671

(vi) *Bank borrowings*

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Carrying amount repayable:		
Within one year	95,038	155,037
More than one year, but not exceeding two years	–	29,632
	95,038	184,669
Secured	–	35,883
Unsecured	95,038	148,786
	95,038	184,669

During the six months ended 30 June 2015 and 2014, there was no new loan associated with the DTV Disposal Group classified as held-for-sale obtained by the Group.

During the six months ended 30 June 2015, the Group repaid bank borrowings amounting to approximately HK\$89,631,000 (six months ended 30 June 2014: HK\$78,112,000). The bank borrowings associated with the DTV Disposal Group classified as held-for-sale are variable rate borrowings which carry interest at two to five years benchmark interest rate of The People's Bank of China with 0% – 20% (31 December 2014: 0% – 20%) mark up and are repayable in 2015 and 2016 (31 December 2014: repayable in 2015 to 2016).

The secured bank borrowings as at 31 December 2014 were pledged by the investment properties and property, plant and equipment of the DTV Disposal Group, which were released subsequent to the settlement of the bank borrowings during the six months ended 30 June 2015.

8. LOSS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	134,819	211,694
	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	3,950,301	2,876,372

The computation of diluted loss per share does not assume exercise of share options and conversion of convertible loan notes for the six months ended 30 June 2015 and 2014 because the assumed exercise of share options and conversion of convertible loan notes would result in decrease in loss per share from continuing operations.

From continuing operations

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

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Loss figures are calculated as follows:		
Loss for the period attributable to the owners of the Company	134,819	211,694
Less: Loss for the period from discontinued operation attributable to the owners of the Company	68,049	78,877
Loss for the purposes of basic and diluted loss per share from continuing operations	66,770	132,817

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 HK1.72 cents per share (six months ended 30 June 2014: HK2.74 cents per share).

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

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Loss for the period for discontinued operation attributable to owners of the Company	68,049	78,877

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

9. TRADE AND BILLS RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(a) Trade and bills receivables

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

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
0 – 90 days	17,582	61,604
91 – 180 days	18,352	37,024
181 – 365 days	37,964	1,069
1 – 2 years	5,561	13,591
	79,459	113,288

(b) Prepayments, deposits and other receivables

At 30 June 2015, the balance mainly included advances to suppliers in relation to intelligent information business of HK\$40,353,000 (31 December 2014: HK\$73,840,000), other receivables of HK\$77,253,000 (31 December 2014: HK\$79,453,000), deposits for projects for intelligent information business of HK\$30,756,000 (31 December 2014: HK\$32,453,000) and advance to staff of HK\$14,628,000 (31 December 2014: HK\$15,369,000).

10. TRADE AND BILLS PAYABLES, OTHER PAYABLES, DEPOSITS RECEIVED, RECEIPT IN ADVANCE AND ACCRUALS

(a) Trade and bills payables

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

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
0 – 90 days	22,188	81,256
91 – 180 days	43,874	3,441
181 – 365 days	–	3,873
1 – 2 years	916	10,671
Over 2 years	10,814	15,380
	<u>77,792</u>	<u>114,621</u>

(b) Other payables, deposits received, receipt in advance and accruals

At 30 June 2015 and 31 December 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Turnover from continuing operations for the six months ended 30 June 2015 amounted to HK\$140.1 million (six months ended 30 June 2014: HK\$89.7 million). The increase in turnover was primarily attributable to the revenue from the golf club and hotel business newly added in the second half of 2014 with HK\$78.9 million.

Loss attributable to the owners of the Company for the period amounted to HK\$134.8 million (six months ended 30 June 2014: HK\$211.7 million), which is analysed as follows:

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss from continuing operations	66,770	132,817
Loss from discontinued operation – DTV business services	68,049	78,877
	<hr/>	<hr/>
Loss attributable to the owners of the Company for the period	134,819	211,694
	<hr/> <hr/>	<hr/> <hr/>

Basic loss per share of the Group are as follows:

	Six months ended 30 June	
	2015	2014
	<i>HK cents</i>	<i>HK cents</i>
Basic loss per share from continuing operations	1.69	4.62
Basic loss per share from discontinued operation	1.72	2.74
	<hr/>	<hr/>
Basic loss per share of the Group as a whole	3.41	7.36
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2015, the Group's equity attributable to the owners of the Company amounted to HK\$989.1 million, representing an increase of HK\$5.9 million over the figure as at 31 December 2014 of HK\$983.2 million. The net assets value per share attributable to the owners of the Company as at 30 June 2015 was HK\$0.36 (31 December 2014: HK\$0.40).

Financial Review

Revenue, cost of sales and gross profit from continuing operations

Revenue from continuing operations for the period increased by HK\$50.4 million (56.1%) compared to the same period in prior year, which is mainly attributable to the revenue from golf club and hotel business acquired on 30 June 2014. On the other hand, the turnover from intelligent information business for the period decreased by HK\$28.9 million (32.2%) compared to the same period in prior year as a result of the slowdown in new project contracts. Further details are disclosed in “Segment Information” below. Cost of sales from continuing operations for the period increased by HK\$39.1 million (49.7%) compared to the same period in prior year. Gross profit increased from HK\$11 million in prior period to HK\$22.3 million in current period.

Loss for the period from continuing operations attributable to the owners of the Company

Loss for the period from continuing operations attributable to the owners of the Company decreased by HK\$66 million (49.7%) compared to the same period in prior year. The significant loss in the six months ended 30 June 2014 is mainly due to the one-off impairment on a loan to an investee in the amount of HK\$81.5 million in respect to the intelligent information business.

Loss for the period from discontinued operation attributable to the owners of the Company

Discontinued operation refers to DTV business. Loss for the period from discontinued operation attributable to the owners of the Company decreased by HK\$10.8 million (13.7%) compared to the same period in prior year, which is mainly due to exchange loss of HK\$5.6 million arising from translation of presentation currency from Hong Kong dollars into Renminbi, the functional currency of DTV business in accordance with Hong Kong Accounting Standards in the same period in prior year. Moreover, finance costs were reduced by HK\$4.4 million from HK\$10.4 million for the six months ended 30 June 2014 to HK\$6.0 million for the period.

Segment Information

Intelligent information business

Intelligent information business segment refers to the development and provision of system integration solutions, system design and sale of system hardware. As a result of the slowdown in new project contracts, the turnover from intelligent information business for the period decreased as compared to the same period last year. The turnover and operating loss of intelligent information business for the period were HK\$60.8 million (six months ended 30 June 2014: HK\$89.7 million) and HK\$18.7 million (six months ended 30 June 2014: HK\$17.5 million) respectively.

Golf club and hotel business

Golf club and hotel business segment refers to the operations of golf club and provision of hotel and leisure services. The turnover from golf club and hotel business reached HK\$78.9 million for the period (six months ended 30 June 2014: Nil). However the operation still incurred a loss of HK\$8.15 million (six months ended 30 June 2014: Nil) due to the pressure on membership sales as a result of China's economic slowdown. The Group will continue to enhance its turnover from golf club and hotel business by implementing various marketing strategies and control the operation expenditures.

DTV business services

The Group was no longer able to engage in the DTV business technology solutions and similar business. There was no operating income for the period and the total loss of DTV business for the period were Nil (six months ended 30 June 2014: Nil) and HK\$68.0 million (six months ended 30 June 2014: HK\$78.9 million) respectively. The main reason was an exchange loss of HK\$5.6 million resulted from translation of presentation currency from Hong Kong dollars into Renminbi, the functional currency in the same period in prior year. Moreover, finance costs were reduced by HK\$4.4 million from HK\$10.4 million to HK\$6.0 million during this period.

At present, the disposal transaction of the DTV business under the Group is pending completion.

Sales of light emitted diode products and others

During the period, the turnover and operating loss of light emitted diode products and others segment amounted to HK\$0.5 million (six months ended 30 June 2014: HK\$0.1 million) and HK\$1.0 million (six months ended 30 June 2014: HK\$0.7 million) respectively.

Prospect

It is anticipated that in the coming six months, the PRC will advance to a new economic normality. The Group will continue to improve on its existing business and operation management, and use its best endeavor to capture favourable opportunities in the market at the best possible timing, either for merger or acquisition, aiming at business development and transformation. The Group's management will strive to overcome challenges and difficulties that it faces and is determined to make this business transformation a success, optimizing investment returns to shareholders.

Liquidity and Financial Resources

The financial leverage of the Group as at 30 June 2015, as compared to 31 December 2014 is summarised below:

	30 June 2015	31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total debt		
– from bank and other borrowings	771,434	745,042
– from convertible loan notes	166,378	173,036
– from promissory note	634,566	609,479
	<hr/>	<hr/>
Sub-total	1,572,378	1,527,557
Pledged bank deposits	(16,306)	(7,460)
Bank balances and cash	(51,591)	(31,096)
	<hr/>	<hr/>
Net debt	1,504,481	1,489,001
Total capital (equity attributable to owners of the company and total debt)	2,561,479	2,510,736
Total assets	4,093,373	4,197,493
Financial leverage		
– net debt to total capital	58.7%	59.3%
– net debt to total assets	36.8%	35.5%

Financing Activities

During the period, the Group has raised HK\$140.5 million through issuing 372,714,000 ordinary shares and raised new borrowings of HK\$284.6 million from banks to provide working capital for the Group.

Capital Structure

As at 30 June 2015, the number of shares in issue and issued share capital of the Company were 4,071,427,179 (31 December 2014: 3,698,713,179) and approximately HK\$1,980.8 million (31 December 2014: HK\$1,834.5 million) respectively.

As at 30 June 2015, the Group had bank borrowings of HK\$771.4 million, of which HK\$212.4 million were repayable within one year and HK\$559.0 million were repayable after one year. Amongst the bank borrowings of the Group, 82.5% were pledged with land use rights, hotel and buildings and accounts receivable.

Charge on Assets

As at 30 June 2015, assets pledged to banks to secure banking facilities (including bank borrowings and bills payables and mortgage granted on membership fee income) granted to the Group are as follows:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Investment properties	48,811	48,803
Buildings	10,367	10,510
Hotel and buildings for golf business	277,423	282,161
Land use rights	1,304,020	1,341,831
Bank deposits	16,306	7,460
Trade and bill receivables	10,979	33,209
	<hr/>	<hr/>
Total	<u>1,667,906</u>	<u>1,723,974</u>

As at 30 June 2015, among assets pledged, investment properties of HK\$48.8 million (31 December 2014: HK\$48.8 million) and buildings of HK\$10.4 million (31 December 2014: HK\$10.5 million) were classified as disposal group held-for-sale.

Foreign Exchange Exposure

The ordinary operations and investments of the Group are mainly in Hong Kong and the PRC, with revenue and expenditures denominated in Hong Kong dollars, Renminbi and United States dollars. The operation results of the Group may be affected by the volatility of Renminbi. The Group will review its foreign exchange exposures regularly and may consider using financial instruments to hedge against such exposures at appropriate times. As at 30 June 2015, there were no derivative financial instruments employed by the Group.

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

Reference to the announcement dated 30 June 2014, the Group completed acquisition of 100% of Hillview Golf Development Company Limited on 30 June 2014 through issuance of a promissory note with a principal amount of HK\$743.1 million as consideration, which will be matured on the third anniversary of the issue date. As a result of the acquisition, the Group has been engaged in the operations of golf club and provision of hotel and leisure services since 30 June 2014.

Save as disclosed above, the Group had no other material acquisitions, disposals, significant investments and future plans of material investment during the six months ended 30 June 2015.

Contingent Liabilities

As at 30 June 2015, the contingent liabilities of the Group were arisen from cross guarantees of HK\$110.7 million (31 December 2014: HK\$104.4 million) for credit facilities granted to certain third parties, and the amount drawn down was HK\$105.9 million (31 December 2014: HK\$97.5 million).

Employees and Remuneration Policies

The Group had a total of 771 employees as at 30 June 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 ones. The determination of these remuneration packages have already been taken into account carefully, amongst others, practices under different local geographical locations in which the Group operates. The employees' remuneration packages are comprised of salaries, discretionary bonuses, together with retirement schemes, medical insurances and share options to form a part of such welfare benefits.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2015 (2014: Nil).

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The auditor expressed a disclaimer opinion in the auditor's report. The basis for disclaimer of opinion is extracted as follows:

Basis for Disclaimer of Conclusion

As described in Note 7 to the condensed consolidated financial statements, the directors of the Company are seeking for a potential buyer for the disposal of certain subsidiaries of the Group (collectively referred as the "DTV Disposal Group") and consider the disposal transaction remains highly probable, however, no formal sales agreement and valuation in relation to the DTV Disposal Group have been concluded as at the date of this report.

In the absence of a formal sales agreement and an appropriate valuation performed as at 30 June 2015, we were unable to obtain sufficient information to assess (i) whether the disposal of the DTV Disposal Group is still highly probable and the classification of the DTV Disposal Group as held-for-sale in the condensed consolidated financial statements remains appropriate; (ii) whether individual assets (other than investment properties and bank balances and cash) included in the DTV Disposal Group are measured in accordance with applicable HKFRSs; and (iii) whether the DTV Disposal Group in its entirety is measured at the lower of its net assets value and fair value less cost of disposal in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" issued by the HKICPA.

There were no other satisfactory procedures that we could adopt to satisfy ourselves that the carrying amounts of the assets included in the DTV Disposal Group as at 30 June 2015 was fairly stated. Any adjustment to the carrying amounts may have a consequential significant effect on the loss for the six months ended 30 June 2015 and the net assets as at 30 June 2015.

The above matters caused us to issue a disclaimer audit opinion on the consolidated financial statements in respect of the years ended 31 December 2014 and 2013.

DISCLOSURE OF ADDITIONAL INFORMATION FOR THE ISSUE OF SHARES MADE IN 2014

Hereunder are the additional information for the issue of shares of the Company made in 2014:

On 25 April 2014, the Company conducted the top-up placing to issue a maximum of 379,520,000 ordinary shares with an aggregate nominal value of HK\$94,880,000, at a price of HK\$0.30 each to not fewer than six placees, who are all independent third parties of the Company, to raise funds of HK\$113.9 million (the “Top-up Placing”). The net price of each share was HK\$0.29 and the market price of the share of the Company as at the date of the Top-up Placing was HK\$0.36 each. The net proceeds of HK\$109.4 million from the Top-up Placing was used by the Company for repayment of convertible bonds upon maturity. The new shares ranked pari passu with the existing shares in all respects.

On 29 April 2014, the Company entered into a placing agreement with a placing agent to place a maximum of 158,908,000 ordinary shares with an aggregate nominal value of HK\$39,727,000 to not less than six placees, who are all independent third parties of the Company, at a price of HK\$0.30 each to raise funds of HK\$47.7 million (the “Placing”). The net price of each share was HK\$0.29 and the market price of the share of the Company as at the date of the Placing was HK\$0.34 each. The net proceeds of HK\$46.7 million from the Placing was used by the Company primarily for repayment of borrowings and interests of the Group. The new shares ranked pari passu with the existing shares in all respects.

On 28 July 2014, the Company issued 418,144,000 new ordinary shares with an aggregate nominal value of HK\$104,536,000, to HNA Group (International) Company Limited at a price of HK\$0.30 each to raise proceeds of HK\$125.4 million under an agreement signed on 18 June 2014. The net price of each share was HK\$0.30 and the market price of the share of the Company as at 18 June 2014 was HK\$0.29 each. The total net proceeds were HK\$124.6 million, of which approximately HK\$6.46 million was used for payment of a tax of a subsidiary of the Company and the remaining was used for repayment of borrowings and interest of the Group. The new shares ranked pari passu with the existing shares in all respects.

For further information of the above placings and subscription, please refer to the announcements of the Company dated 25 April 2014, 29 April 2014 and 18 June 2014, respectively.

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 of Hong Kong Limited or otherwise) during the period under review.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2015.

APPRECIATION

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

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

Hong Kong, 28 August 2015

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