海航實業集團股份有限公司

HNA HOLDING GROUP CO. LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of HNA Holding Group Co. Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2016. 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 2016

		Six months ended 30 June	
		2016	2015
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
			(restated)
Continuing operations			
Revenue	*3*	**65,624**	79,342
Cost of sales		**(63,550)**	(64,851)
Gross profit		**2,074**	14,491
Other income		**17,352**	31,950
Other expenses		**–**	(14,694)
Other gains and losses	*4*	**67,202**	11,980
Selling and distribution costs		**(2,972)**	(3,888)
Administrative expenses		**(51,420)**	(31,385)
Finance costs		**(49,942)**	(63,876)
Loss before tax		**(17,706)**	(55,422)
Income tax credit	*5*	**2,256**	1,053
Loss for the period from continuing operations	*6*	**(15,450)**	(54,369)
Discontinued operations			
Loss for the period from discontinued operations	*7*	**(79,299)**	(92,398)
Loss for the period		**(94,749)**	(146,767)
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation of financial statements from functional currency to presentation currency		**(80,163)**	315
Total comprehensive expense for the period		**(174,912)**	(146,452)

	NOTE	Six months ended 30 June 2016 HK$'000 (unaudited)	2015 HK$'000 (unaudited) (restated)
Loss for the period attributable to owners of the Company			
– from continuing operations		**(9,292)**	(52,422)
– from discontinued operations		**(73,242)**	(82,397)
Loss for the period attributable to owners of the Company		**(82,534)**	(134,819)
Loss for the period attributable to non-controlling interests			
– from continuing operations		**(6,158)**	(1,947)
– from discontinued operations		**(6,057)**	(10,001)
Loss for the period attributable to non-controlling interests		**(12,215)**	(11,948)
		(94,749)	(146,767)
Total comprehensive expense attributable to:			
Owners of the Company		**(152,955)**	(134,547)
Non-controlling interests		**(21,957)**	(11,905)
		(174,912)	(146,452)
LOSS PER SHARE			
From continuing and discontinued operations	*8*		
Basic and diluted (HK cents)		**(0.72)**	(3.31)
From continuing operations			
Basic and diluted (HK cents)		**(0.08)**	(1.29)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	NOTES	30 June 2016 HK$'000 (unaudited)	31 December 2015 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**310,925**	331,866
Land use rights		**1,130,022**	1,178,104
Intangible assets		**–**	171
Deposit paid for acquisition of investment property		**144,978**	–
Available-for-sale investments		**–**	847
Club debentures		**700**	700
Amounts due from related companies		**–**	427,528
		1,586,625	1,939,216
Current assets			
Land use rights		**43,462**	44,457
Amounts due from related companies		**16,371**	121,456
Inventories		**7,269**	7,732
Trade receivables	*9(a)*	**12,529**	104,575
Prepayments, deposits and other receivables	*9(b)*	**17,564**	224,500
Amounts due from customers for contract work		**–**	88,415
Tax recoverable		**–**	4,957
Pledged bank deposits		**29,230**	3,220
Bank balances and cash		**2,349,973**	2,844,905
		2,476,398	3,444,217
Disposal groups classified as held-for-sale	*7*	**1,385,466**	1,045,743
		3,861,864	4,489,960
Current liabilities			
Trade and bills payables	*10(a)*	**16,235**	53,550
Other payables, deposits received, receipt in advance and accruals	*10(b)*	**59,817**	203,884
Borrowings – due within one year		**73,584**	201,616
Amounts due to related companies		**7,475**	91
Convertible loan notes and related payables		**–**	187,836
Embedded derivative components of convertible loan notes		**–**	11,996
Tax liabilities		**16,654**	17,429
Financial guarantee liabilities		**–**	6,255
Deferred revenue		**35,159**	34,349
Obligations under finance leases		**271**	266
		209,195	717,272
Liabilities associated with disposal groups classified as held-for-sale	*7*	**498,388**	204,024
		707,583	921,296
Net current assets		**3,154,281**	3,568,664
Total assets less current liabilities		**4,740,906**	5,507,880

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Non-current liabilities		
Deferred revenue	**219,214**	232,663
Borrowings – due after one year	**491,307**	518,066
Promissory note	**–**	543,773
Deferred tax liabilities	**248,130**	256,074
Obligations under finance leases	**854**	991
	959,505	1,551,567
Net assets	**3,781,401**	3,956,313
Capital and reserves		
Share capital	**4,731,480**	4,731,480
Reserves	**(1,382,389)**	(1,249,179)
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale	**10,334**	30,079
Equity attributable to owners of the Company	**3,359,425**	3,512,380
Non-controlling interests	**421,976**	443,933
Total equity	**3,781,401**	3,956,313

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 ("**Listing Rules**").

Pursuant to a special resolution passed on 17 June 2016, the Company changed the name from HNA International Investment Holdings Limited (海航國際投資集團有限公司) to HNA Holding Group Co. Limited (海航實業集團股份有限公司).

The financial information relating to the year ended 31 December 2015 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements, The auditor's report was modified and included a reference to matter to which the auditor drew attention by way of emphasis, and contained a statement under sections 407(2) and (3) of the Hong Kong Companies Ordinance.

During the six months ended 30 June 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 ("**Made Connection**"), a subsidiary of the Company, after restructuring as required. The directors of the Company consider that the disposal is highly probable as at 30 June 2016 and thus, the relevant assets and liabilities of Made Connection and its subsidiaries, which are mainly involved in intelligent information business ("**Intelligent Information Business**"), are classified as a disposal group held-for-sale and liabilities associated with a disposal group held-for-sale respectively and its income and expenses presented as a discontinued operation in the condensed consolidated financial statements for the period ended 30 June 2016 in accordance with HKFRS 5 *Non-current assets held for sale and discontinued operations*. As such, the comparatives of these condensed consolidated statement of profit or loss and other comprehensive income have been represented. The details of the disposal are set out in Note 7(b).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, 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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

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

The application of above 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 purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

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

Since 2011, a reportable and operating segment namely the "Digital television technical solutions and equipment business" ("**DTV Business**") was classified as a disposal group held-for-sale and included in discontinued operation. In 2016, a reportable and operating segment of the Group, namely "Intelligent Information Business" was discontinued as the Group has resolved to dispose it as detailed in Note 7(b). The segment information reported below does not include any amounts for these discontinued operations, which is described in more detail in Note 7, and the comparative figures in the segment information for the six months ended 30 June 2015 have been represented.

(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:

Continuing operations

For the six months ended 30 June 2016 (unaudited)

	Golf club and hotel business *HK$'000*	Sales of light emitted diode products *HK$'000*	Total *HK$'000*
SEGMENT REVENUE			
External sales	**65,186**	**438**	**65,624**
Segment loss	**(22,283)**	**(1,288)**	**(23,571)**
Unallocated income and gains			**60,976**
Unallocated expenses			**(35,596)**
Gain on derecognition of the derivative components of convertible loan notes			**11,996**
Finance costs			**(31,511)**
Loss before tax (continuing operations)			**(17,706)**

For the six months ended 30 June 2015 (unaudited and restated)

	Golf club and hotel business *HK$'000*	Sales of light emitted diode products *HK$'000*	Total *HK$'000*
SEGMENT REVENUE			
External sales	78,883	459	79,342
Segment loss	(8,150)	(906)	(9,056)
Unallocated income and gains			2,508
Unallocated expenses			(15,108)
Gain on fair value change of the derivative components of convertible loan notes			12,135
Finance costs			(45,901)
Loss before tax (continuing operations)			(55,422)

Segment loss represents the loss from each segment without allocation of bank interest income, exchange gain, 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 2016 and 2015.

(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 2016 ***HK$'000*** **(unaudited)**	31 December 2015 *HK$'000* (audited)
Reportable segment assets		
Continuing operations		
Golf club and hotel business	**1,483,700**	2,064,891
Sales of light emitted diode products	**1,609**	2,881
	1,485,309	2,067,772
Reportable segment liabilities		
Continuing operations		
Golf club and hotel business	**558,685**	572,255
Sales of light emitted diode products	**5,728**	6,748
	564,413	579,003

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Gain on fair value change of the derivative components of convertible loan notes	**–**	12,135
Gain on derecognition of the derivative components of convertible loan notes	**11,996**	–
Net exchange gain (loss)	**55,267**	(72)
Loss on disposal of property, plant and equipment	**–**	(83)
Others	**(61)**	–
	67,202	11,980

5. INCOME TAX CREDIT

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Deferred tax		
Current period	**(2,256)**	(1,053)

For the six months ended 30 June 2016 and 2015, 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%. For the six months ended 30 June 2016 and 2015, no provision for Enterprise Income Tax has been made as the group entities subject to Enterprise Income Tax have no assessable profit for both periods.

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	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Amortisation of land use rights (included in cost of sales)	**22,115**	23,217
Depreciation of property, plant and equipment	**8,813**	7,249
Total depreciation and amortisation	**30,928**	30,466
Auditor's remuneration	**1,531**	1,074
Bank interest income	**(3,529)**	(45)
Interest income on amount due from related companies	**(11,643)**	(26,061)

7. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Loss of DTV Business	**(64,624)**	(68,049)
Loss of Intelligent Information Business	**(14,675)**	(24,349)
Loss for the year from discontinued operations	**(79,299)**	(92,398)
Loss for the year from discontinued operations attributable to:		
Owners of the Company	**(73,242)**	(82,397)
Non-controlling interests	**(6,057)**	(10,001)
	(79,299)	(92,398)

The assets and liabilities associated with discontinued operations are analysed as follows:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Disposal groups classified as held-for-sale		
DTV Business	**966,548**	1,045,743
Intelligent Information Business	**418,918**	–
	1,385,466	1,045,743
Liabilities associated with disposal groups classified as held-for-sale		
DTV Business	**119,874**	204,024
Intelligent Information Business	**378,514**	–
	498,388	204,024
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale		
DTV Business	**40,742**	30,079
Intelligent Information Business	**(30,408)**	–
	10,334	30,079

(a) DTV Business

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue	**–**	–
Cost of sales	**(57,350)**	(60,198)
Gross loss	**(57,350)**	(60,198)
Other income	**135**	341
Other gains and losses	**(3,642)**	36
Administrative expenses	**(2,262)**	(2,182)
Finance costs	**(1,505)**	(6,046)
Loss before tax	**(64,624)**	(68,049)
Income tax expense	**–**	–
Loss for the period from discontinued operation and attributable to owners of the Company	**(64,624)**	(68,049)

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

	30 June 2016 *HK$'000* **(unaudited)**	31 December 2015 *HK$'000* (audited)
Property, plant and equipment *(Note (7)(a)(i))*	**436,000**	494,937
Investment properties *(Note (7)(a)(ii))*	**39,025**	38,318
Goodwill	**12,932**	13,228
Intangible assets	**289,043**	305,969
Trade receivables *(Note (7)(a)(iii))*	**164,041**	167,794
Prepayments and other receivables	**19,086**	19,198
Restricted bank deposits	**275**	238
Bank balances and cash	**6,146**	6,061
Disposal group classified as held-for-sale	**966,548**	1,045,743
Trade and bills payables *(Note (7)(a)(iv))*	**9,863**	11,864
Other payables and accruals	**22,318**	23,676
Tax liabilities	**87,693**	89,700
Bank borrowings *(Note (7)(a)(v))*	**–**	78,784
Amounts due to group entities	**1,323,098**	1,264,182
Total liabilities associated with disposal group classified as held-for-sale	**1,442,972**	1,468,206
Less: Amounts due to group entities	**(1,323,098)**	(1,264,182)
Liabilities associated with disposal group classified as held-for-sale	**119,874**	204,024
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	**40,742**	30,079

For presentation in the condensed consolidated statement of financial position as at 30 June 2016 and 31 December 2015, the amounts due to group entities amounting to HK$1,323,098,000 (31 December 2015: HK$1,264,182,000) 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	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Amortisation of intangible assets (included in cost of sales)	**10,261**	10,772
Increase in fair value change of investment properties	**(1,591)**	–
Depreciation of property, plant and equipment	**48,689**	51,359
Bank interest income	**(50)**	(1)
Rental income from leasing of investment properties	**(28)**	(153)
Rental income from leasing of motor vehicles	**–**	(62)

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

	HK$'000
30 June 2016 (unaudited)	
Net cash outflows used in operating activities	**(10,386)**
Net cash outflows used in investing activities	**(128)**
Repayment of bank borrowings	**(78,382)**
Advance from group entities	**88,981**
Net cash inflows from financing activities	**10,599**
Net cash inflows	**85**
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
Net cash inflows	158

As disclosed in the Company's 2010 to 2015 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.

On 7 March 2016, the Company entered into a memorandum of understanding (the "**MOU**") with an independent third party in relation to the proposed disposal of the DTV Business, details of which are disclosed in the announcement of the Company dated 7 March 2016. As the parties to the MOU did not enter into a definitive agreement by 31 May 2016, being the long stop date of the MOU, the parties to the MOU have terminated all negotiations on the proposed disposal of the DTV Business.

Up to 30 June 2016, the Directors were seeking for a potential buyer for the disposal of certain subsidiaries of the Group (collectively referred as the "**DTV Disposal Group**"). As at 30 June 2016, there was no formal sales agreement and no valuation of the DTV Disposal Group has been concluded.

The Directors are committed to sell the DTV Disposal Group in the near future as the policy of the Reform remains unchanged. The Directors consider the disposal transaction remains highly probable and are of the view it is appropriate to continue classifying the DTV Disposal Group as held-for-sale in the condensed consolidated statement of financial position as at 30 June 2016 and 31 December 2015.

As at 30 June 2016, the net assets value (excluding amounts due to group entities) of the DTV Disposal Group included in the condensed consolidated financial statements (the "**2016 Net Assets Value of the DTV Disposal Group**") amounted to HK$846,674,000 (31 December 2015: HK$841,719,000). The Directors contemplated that the consideration for the disposal transaction should reasonably be in line with the fair value.

Agreement entered into between the Company and a related company

On 17 August 2016, the Company and Leader Concept Investments Limited ("**Leader Concept**"), a company which is ultimately controlled by HNA Group Co., Ltd.* (海航集團有限公司), the ultimate parent of the Company, entered into an agreement (the "**Agreement**") in relation to the disposal of the entire issued capital of South China Digital TV Holdings Limited ("**Target Company**"), a wholly owned subsidiary of the Company, by the Company to Leader Concept at a cash consideration of HK$1 ("**Disposal**"). After the completion of the Disposal, Leader Concept will procure the Target Group to repay the shareholders' loan of HK$950 million due to the Group ("**Repayment Obligations**"). As at 30 June 2016, Target Company and its subsidiaries (collectively referred as the "**Target Group**") is principally engaged in the DTV Business of the Group. Pursuant to the Agreement, the Target Group should include the subsidiaries of the Company which are principally engaged in the DTV Business and sales of light emitted diode products upon the completion of the Agreement.

The Directors are of the view that the disposal of the DTV Disposal Group is considered highly probable and as such no impairment in respect of the DTV Disposal Group is expected as at 30 June 2016 because the net proceeds from the Disposal and the Repayment Obligations are expected to exceed the 2016 Net Assets Value of the DTV Disposal Group. The Directors consider that the Agreement and the transactions contemplates thereunder are fair and reasonable, and executed in normal commercial terms and in the interests of the Company and the shareholders of the Company as a whole. The ultimate outcome of the completion of the Disposal 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 value less costs of disposal, there may be an impact on the carrying amounts of the DTV Disposal Group depending on the ultimate outcome of the completion of the Disposal.

(i) *Property, plant and equipment*

For the six months ended 30 June 2016, the DTV Disposal Group acquired property, plant and equipment of approximately HK$135,000 (six months ended 30 June 2015: HK$106,000) for DTV Business.

(ii) *Investment properties at fair value*

The fair values of the investment properties of DTV Business at 31 December 2015 and 30 June 2016 had been arrived at on the basis of a valuation carried out on that date by Vigers Appraisal & Consulting Limited. 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's 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.

(iii) *Trade receivables*

An aged analysis of the trade receivables associated with the 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 2016	31 December 2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Over 2 years	**164,041**	167,794

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 taking into account of the potential disposal.

(iv) *Trade and bills payables*

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

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
181 – 365 days	**–**	20
1 – 2 years	**2,801**	2,787
Over 2 years	**7,062**	9,057
	9,863	11,864

(v) Bank borrowings

During the six months ended 30 June 2016 and 2015, 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 2016, the Group repaid bank borrowings amounting to approximately HK$78,382,000 (six months ended 30 June 2015: HK$89,631,000).

As at 31 December 2015, the bank borrowings associated with the DTV Disposal Group classified as held-for-sale were variable rate borrowings which carried interest at two to five years benchmark interest rate of The People's Bank of China with 0% – 20% mark up, unsecured and fully repaid in the current period.

(b) Intelligent Information Business

On 13 January 2016, the Company 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, a subsidiary of the Company, after restructuring as required ("**Intelligent Information Business Disposal Group**") at a consideration of RMB120,000,000 ("**Intelligent Information Business Disposal**"). Pursuant to the sale and purchase agreement, immediately upon the completion of the sale and purchase agreement, all intercompany balances between Intelligent Information Business Disposal Group and the remaining group entities should be irrevocably waived on a dollar-to-dollar basis. Details are set out in the announcement dated 13 January 2016. Made Connection and its subsidiaries are mainly engaged in Intelligent Information Business. The Intelligent Information Business Disposal was approved by the shareholders of the Company on 22 February 2016. As at the date these condensed consolidated financial statements were authorised for issuance, the disposal has not been completed due to certain unfulfilled conditions. A reportable and operating segment namely "Intelligent Information Business" was classified as a disposal group held-for-sale and included in discontinued operation.

The loss for the period from the discontinued operation in respect of Intelligent Information Business is analysed as follows:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Revenue	**85,704**	60,750
Cost of sales	**(75,374)**	(52,979)
Gross profit	**10,330**	7,771
Other income	**107**	45
Other expense	**(390)**	(306)
Other gains and losses	**(11,930)**	(17,734)
Selling and distribution costs	**(1,807)**	(1,312)
Administrative expenses	**(6,920)**	(7,325)
Finance costs	**(4,065)**	(5,488)
Loss before tax	**(14,675)**	(24,349)
Income tax expense	**–**	–
Loss for the period from discontinued operation	**(14,675)**	(24,349)

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

	30 June 2016 *HK$'000* (unaudited)
Property, plant and equipment *(Note (7)(b)(i))*	**5,409**
Available-for-sale investments	**828**
Intangible assets	**163**
Inventories	**684**
Trade and bills receivables *(Note (7)(b)(ii))*	**58,349**
Prepayments, deposits and other receivables *(Note (7)(b)(iii))*	**225,875**
Amounts due from customers for contract work	**119,499**
Pledged bank deposits	**3,155**
Bank balances and cash	**4,956**
Amounts due from group entities	**313,565**
Disposal group classified as held-for-sale	**732,483**
Less: Amounts due from group entities	**(313,565)**
Disposal group classified as held-for-sale	**418,918**

	30 June 2016 *HK$'000* (unaudited)
Trade payables *(Note (7)(b)(iv))*	**66,404**
Other payables, receipt in advance and accruals	**121,167**
Financial guarantee liabilities	**8,544**
Tax liabilities	**385**
Bank borrowings *(Note (7)(b)(v))*	**140,507**
Amounts due to group entities	**697,920**
Total liabilities associated with disposal group classified as held-for-sale	**1,034,927**
Deposit received from purchaser relating to disposal of intelligent information business	**41,507**
Total liabilities associated with disposal group classified as held-for-sale	**1,076,434**
Less: Amounts due to group entities	**(697,920)**
Liabilities associated with disposal group classified as held-for-sale	**378,514**
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	**(30,408)**

For presentation in the condensed consolidated statement of financial position as at 30 June 2016, the amounts due from group entities, amounts due to group entities amounting to HK$313,565,000 and HK$697,920,000 respectively have been excluded from the total assets and 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	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Amortisation of intangible assets (included in cost of sales)	**34**	380
Auditor's remuneration	**90**	89
Research and development expense (included in other expenses)	**390**	306
Depreciation of property, plant and equipment	**653**	912
Loss on issuing financial guarantee contracts	**3,788**	2,367
Amortisation of financial guarantee contracts	**(1,316)**	(1,857)
Impairment loss recognised in respect of trade receivables	**7,171**	3,918
Impairment loss recognised in respect of other receivables	**–**	5,779
Impairment loss recognised in respect of amounts due from customers for contract work	**2,231**	7,465
Bank interest income	**(107)**	(44)

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

	HK$'000
30 June 2016 (unaudited)	
Net cash outflows used in operating activities	**(5,643)**
Net cash outflows used in investing activities	**(279)**
Net cash outflows used in financing activities	**(8,313)**
Net cash outflows	**(14,235)**
30 June 2015 (unaudited)	
Net cash inflows from operating activities	27,075
Net cash outflows used in investing activities	(8,316)
Net cash outflows used in financing activities	(22,442)
Net cash outflows	(3,683)

(i) Property, plant and equipment

For the six months ended 30 June 2016, the Intelligent Information Business Disposal Group acquired property, plant and equipment of approximately HK$302,000 (for the six months ended 30 June 2015: HK$7,000) to operate its intelligent information business.

(ii) ***Trade and bills receivables***

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

An aged analysis of the trade and bills receivables associated with the Intelligent Information Business 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 2016 ***HK$'000*** **(unaudited)**
0 – 90 days	**13,049**
91 – 180 days	**40,809**
181 – 365 days	**1,845**
1 – 2 years	**2,646**
	58,349

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.

(iii) ***Prepayments, deposits and other receivables***

As at 30 June 2016, the balances include advances to suppliers of HK$48,448,000, other receivables of HK$77,934,000 and deposit for projects in relation to Intelligent Information Business of HK$36,099,000.

(iv) ***Trade payables***

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

	30 June 2016 ***HK$'000*** **(unaudited)**
0 – 90 days	**40,770**
91 – 180 days	**1,126**
181 – 365 days	**2,252**
1 – 2 years	**14,151**
Over 2 years	**8,105**
	66,404

(v) Bank borrowings

At 30 June 2016, the carrying amount of bank borrowings are repayable within one year and unsecured.

During the six months ended 30 June 2016, there were new bank borrowings amounting to approximately HK$62,824,000 (for the six months ended 30 June 2015: HK$159,466,000) associated with the Intelligent Information Business Disposal Group classified as held-for-sale obtained by the Group.

During the six months ended 30 June 2016, the Group repaid bank borrowings amounting to approximately HK$71,137,000 (for the six months ended 30 June 2015: HK$181,908,000). The bank borrowings associated with the Intelligent Information Business Disposal Group classified as held-for-sale are variable rate borrowings which carry interest at one year benchmark interest rate of The People's Bank of China plus 2.3% per annum and are repayable in one year from the end of the reporting period.

8. 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:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Loss		
Loss for the purposes of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	**82,534**	134,819

	2016	2015
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**11,399,996**	4,076,351

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the six months ended 30 June 2015 has been adjusted to reflect the bonus element of the rights issue on 18 November 2015.

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 2016 and 2015 because the assumed exercise of share options and conversion of convertible loan notes would result in decrease in loss per share.

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:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Loss figures are calculated as follows:		
Loss for the period attributable to owners of the Company	**82,534**	134,819
Less: Loss for the period from discontinued operations attributable to owners of the Company	**73,242**	82,397
Loss for the purposes of basic and diluted loss per share from continuing operations	**9,292**	52,422

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 operations

Basic and diluted loss per share for the discontinued operations is HK0.64 cents per share (six months ended 30 June 2015: HK2.02 cents per share (restated)).

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Loss for the period for discontinued operations attributable to owners of the Company	**73,242**	82,397

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 RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(a) Trade 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 receivables at the end of the reporting period, based on invoice date, and net of allowance for doubtful debts, is as follows:

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 90 days	**8,756**	79,677
91 – 180 days	**577**	7,266
181 – 365 days	**2,506**	10,995
1 – 2 years	**19**	6,637
Over 2 years	**671**	–
	12,529	104,575

(b) Prepayments, deposits and other receivables

At 31 December 2015, the balance recognised in the condensed consolidated statement of financial position mainly included advances to suppliers in relation to Intelligent Information Business of HK$88,758,000, other receivables of HK$79,343,000 and deposit for projects for Intelligent Information Business of HK$27,360,000. The outstanding balances of these items as at 30 June 2016 are grouped under a disposal group classified as held-for-sale (Note 7(b)).

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 the reporting period:

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 90 days	**8,080**	10,627
91 – 180 days	**29**	4,214
181 – 365 days	**–**	20,316
1 – 2 years	**10**	875
Over 2 years	**8,116**	17,518
	16,235	53,550

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

At 31 December 2015, 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 included an other payable to an independent third party, amounting to approximately HK$70,257,000. The amount was unsecured, interest-free and fully repaid during the six months ended 30 June 2016.

At 30 June 2016, the balance mainly represented other taxes payable and accrued staff costs for continuing operations of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the first six months ended 30 June 2016, the Group recorded total revenue from continuing operations of HK$65.6 million, representing a decrease of HK$13.7 million (17.3%) compared with HK$79.3 million (as restated) during the same period last year. The continuing operations mainly refer to the golf club and hotel business. The decline in revenue was due to persistent influence of bad weather, which forced the golf course to close down for total duration of 375.5 hours during the period (six months ended 30 June 2015: 86.5 hours), representing a dramatic increase of 334.1% compared with that for the same period last year.

During the period under review, despite the fact that the Company's golf club and hotel business in China was faced with significant challenges, including keen competition, transformation of macro-economy and persistent influence of bad weather, the management team of the Company had endeavored to enhance the business by various means. The management team of the Company, on one hand, continued to strengthen its cost control effectiveness and pursue operational excellence; on the other hand, tried to mitigate the negative impact by allowing the membership transfer at the second-hand market, arranging more golf game events and adopting innovative marketing strategies.

In line with the Company's transformation in investment direction, the management team of the Company has been continuing to seek opportunities to spin off its loss-making businesses. Following the signing of a memorandum of understanding with an independent third party in respect of the disposal of the Intelligent Information Business in November 2015, the formal sale and purchase agreement was signed on 13 January 2016.

On 17 August 2016, the Company entered into the sale and purchase agreement with a related party to dispose the DTV business, which has been classified as held-for-sale business in the financial statements since 2011.

It is expected that these two disposals will be completed in the second half of 2016.

FINANCIAL REVIEW

Continuing operations

Revenue, Cost of Sales and Gross Profit of the Group

The Group's revenue for the reporting period amounted to HK$65.6 million (six months ended 30 June 2015: HK$79.3 million, as restated), representing a decrease of 17.3%. The decrease was mainly due to the decline in revenue of golf club and hotel business.

Cost of sales for the Group was HK$63.6 million (2015: HK$64.9 million, as restated), representing a decrease of 2.0%. The decrease was mainly due to the decline in cost of sales of golf club and hotel business.

Gross profit of the Group amounted to HK$2.1 million (2015: HK$14.5 million, as restated), representing a decrease of 85.5%.

Other income for the Group was HK$17.4 million (six months ended 30 June 2015: HK$32.0 million, as restated), which mainly comprised bank interest income, rental income and interest income from related companies. The decrease was due to restructuring of loan due from related companies.

Other gains and losses for the Group was HK$67.2 million (six months ended 30 June 2015: HK$12.0 million, as restated). The increase was mainly due to the exchange gain resulting from the continuing depreciation of the Renminbi against the Hong Kong dollar from proceeds of rights issue.

Loss attributable to owners of the Company amounted to HK$9.3 million (six months ended 30 June 2015: HK$52.4 million, as restated), representing a significant decrease of HK$43.1 million (82.3%).

SEGMENT INFORMATION

Continuing operations

Golf Club and Hotel Business

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

Revenue from this segment amounted to HK$65.2 million for the reporting period (six months ended 30 June 2015: HK$78.9 million) with operating loss of HK$22.3 million (six months ended 30 June 2015: HK$8.2 million).

Sales of Light Emitted Diode Products and Others

Sales of light emitted diode products and others segment refers to the provision of system design, and sales of system hardware and light emitted diode products by the Group.

During the period under review, revenue of sales of light emitted diode products and others segment amounted to HK$0.4 million (six months ended 30 June 2015: HK$0.5 million) with operating loss of HK$1.3 million (six months ended 30 June 2015: HK$0.9 million).

Discontinued operations

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.

Revenue of this segment amounted to HK$85.7 million for the period under review (six months ended 30 June 2015: HK$60.8 million, as restated) with operating loss of HK$14.7 million (six months ended 30 June 2015: HK$24.3 million, as restated). The business has been suffering losses since 2012. The Group is now in the progress of disposing of this business (as disclosed in the circular of the Company dated 17 March 2016). The Intelligent Information Business has been classified as held-for-sale business in the condensed consolidated financial statements.

DTV Business

The Group was no longer engaged in the DTV Business. There was no operating income for the period under review for both 2016 and 2015. Total loss of the DTV business was HK$64.6 million (six months ended 30 June 2015: HK$68.0 million). It has been the intention of the Group to dispose of this held-for-sale business.

LIQUIDITY AND FINANCING ACTIVITIES

In order to minimise financing costs and further improve its liquidity position during the six months ended 30 June 2016, the Group has:

1. entered into an agreement which mainly offsets a loan to a related company and the promissory note; and

2. repaid the convertible loan note on its maturity date.

The Group's total capital[1] (equity and total debt[2]) decreased from HK$5.0 billion as at 31 December 2015 to HK$4.1 billion as at 30 June 2016. Meanwhile, the Group's total assets also decreased from HK$6.4 billion as at 31 December 2015 to HK$5.4 billion as at 30 June 2016.

The Group's net debt[2] to total capital[1] ratio as at 30 June 2016 was nil (31 December 2015: nil). The Group also entered into a subscription agreement on 30 May 2016 with two subscribers whereby the two subscribers have severally agreed to subscribe and pay for the convertible bonds in an aggregate principal amount of US$52,000,000. The transaction was completed on 19 July 2016.

Save as the above, the Group's liquidity position remains strong to satisfy its capital commitments and working capital requirements.

Note:

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

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

CAPITAL STRUCTURE

As at 30 June 2016, the Group had bank borrowings of HK$705.4 million, of which HK$214.1 million were repayable within one year and HK$491.3 million were repayable more than one year. Amongst the borrowings, 69.7% is pledged with land use rights and buildings.

During the current period, the effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings range from 5.00% to 6.55% for fixed-rate bank borrowings and range from 6.55% to 7.86% for variable-rate bank borrowings.

CHARGE ON ASSETS

As at 30 June 2016, 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:

	30 June 2016 *HK$'000*	31 December 2015 *HK$'000*
Hotel and buildings for golf club business	**249,971**	260,256
Land use rights	**1,173,484**	1,222,561
Bank deposits	**32,385**	3,220
Motor vehicles	**860**	1,329
Trade and bills receivables	**11,040**	–
Buildings for Intelligent Information Business	**1,574**	–
Total	**1,469,314**	1,487,366

FOREIGN EXCHANGE EXPOSURE

The Group's ordinary operations and investments are mainly in Hong Kong and the PRC, with revenue and expenditures denominated in Hong Kong dollars, Renminbi and United States dollars. The Group's operating results may be affected by volatility of the Renminbi. The Group will regularly review its foreign exchange exposure and may consider using financial instruments to hedge against such exposure when appropriate. As at 30 June 2016, there were no derivative financial instruments employed by the Group.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group's contingent liabilities were generated from guarantees of HK$138.9 million (31 December 2015: HK$99.7 million) in total for credit facilities granted to third parties, and the amount drawn down was HK$111.0 million (31 December 2015: HK$79.6 million).

MATERIAL ACQUISITIONS, DISPOSALS, SIGNIFICANT INVESTMENTS AND FUTURE PLANS OF MATERIAL INVESTMENT

The Group entered into a sale and purchase agreement with an independent third party to dispose the intelligent information business on 13 January 2016. The disposal was approved by the shareholder of the Company in March 2016, pending completion.

The Group has entered into a sale and purchase agreement with an independent third party to acquire interests in a property in London on 18 April 2016. The acquisition has been approved by shareholders of the Company at the general meeting held on 5 July 2016. The acquisition was completed on 12 July 2016.

The Group has entered into a subscription agreement and a management agreement on 15 August 2016 to participate in a partnership with the associates of a substantial shareholder of the Company. Such partnership is currently exploring a property development opportunity in the United States.

The Group entered into a sale and purchase agreement on 17 August 2016 with a company controlled by a substantial shareholder of the Company to dispose its DTV business. The disposal is subject to the fulfilment of the condition precedents of approval by shareholders of the Company at the general meeting.

Save as disclosed above, the Group had no other material acquisitions, disposals, significant investments or future plans of material investment during the period ended 30 June 2016.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of 899 employees as at 30 June 2016.

The Group's remuneration policies are to ensure the remuneration package as a whole is fair and competitive, motivate and retain current employees and attract potential talents. These remuneration packages have already carefully taken into account, amongst other aspects, the Group's businesses in different local geographic locations. The employees' remuneration packages comprise of salaries and discretionary bonuses, along with retirement schemes, medical insurance and share options which form a part of 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% (2015: 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.

PROSPECT

Despite general global economic headwinds and uncertainty, the Group remains cautiously optimistic about its future prospects.

In the first half of 2016, the Group had taken a pivotal step to the disposal of each of the DTV Business and Intelligent Information Business. Such disposals will enhance the Group's financial base and will give the Group a better position to explore its new business opportunities.

The rebranding of the Group in July 2016 has also strengthened the ties with its parent company, HNA Group Co., Ltd.* (海航集團有限公司). By way of cooperation with the parent company which can create synergy, the Group will be able to benefit from revenue enhancing and cost saving. The successful acquisition of a commercial property in London will generate stable cash flow to the Group, strengthen its financial position, and diversify its revenue streams so as to benefit the future development of the Group.

Leveraging the announced potential acquisition of a certain recreational and tourism service in the United States, and in conjunction with a property development opportunity in the United States developed by Tishman Speyer, a global real estate development and operating company, the Group will continue to strengthen and expand its principal businesses and explore opportunities to further diversify its businesses at the same time, with a view to further enhancing the growth of the Group and creating value for the shareholders of the Company.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

EXTRACT OF REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The auditor expressed a qualified conclusion as well as included an emphasis of matter paragraph in the report on review of condensed consolidated financial statements. The basis for the conclusion is extracted as follows:

Basis for Qualified Conclusion

As described in Note 7 to the condensed consolidated financial statements, the sales agreement entered into between the Group and Hong Kong Guang Hua Resources Investments Company Limited, 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 30 June 2016, 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 30 June 2016. The directors of the Company were of the view that the carrying amounts of the assets included in the DTV Disposal Group were measured in accordance with applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") taking into account of the potential disposal.

In the absence of a formal sales agreement and an appropriate valuation as at 30 June 2016 and 31 December 2015, we were unable to obtain sufficient information to assess, as at 30 June 2016 and 31 December 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 condensed 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 as this could have an impact on the comparative figures reflected in the Group's condensed consolidated statement of profit or loss and other comprehensive income. There were no other satisfactory 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 2015 and 30 June 2016, 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.

The above matters caused us to issue a qualified opinion in respect of the consolidated financial statements for the year ended 31 December 2015 and a disclaimer of review conclusion in respect of the condensed consolidated financial statements for the six months ended 30 June 2015 accordingly.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the Basis for Qualified Conclusion paragraphs, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 7(a) to the condensed consolidated financial statements which explains that the Group has entered into a formal sales agreement (the "**Agreement**") subsequent to the end of the reporting period with Leader Concept Investments Limited ("**Leader Concept**"), a company ultimately controlled by the ultimate parent of the Company, to dispose of the DTV Disposal Group to Leader Concept (the "**Disposal**"). The directors of the Company consider the Disposal is highly probable and are confident that the net proceeds from the Disposal would not be less than the net assets value of the DTV Disposal Group of approximately HK$846,674,000 included in the condensed consolidated financial statements as at 30 June 2016. As at the date of this report, the Disposal is subject to the approval by the independent shareholders of the Company and accordingly, the ultimate outcome of the completion of the Disposal cannot be assessed at this stage. The ultimate outcome of completion of the Disposal may have a consequential impact on the recoverable amount of the DTV Disposal Group in its entirety.

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 had 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 six months ended 30 June 2016, except the following deviation:

Pursuant to the code provision of E.1.3 of the CG Code, the issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting. On 27 April 2016, a notice convening the annual general meeting on 17 June 2016 was announced and despatched to the shareholders of the Company. Given that a further special resolution in relation to the proposed change of company name was added for the shareholder's consideration at the annual general meeting, a revised notice was further announced and despatched to the shareholders of the Company on 25 May 2016 for the annual general meeting on 17 June 2016. But such revised notice was given less than 20 clear business days before the annual general meeting. The Company considered that the arrangement of voting on the critical resolutions in one general meeting would facilitate its shareholders' schedule to attend. Nevertheless, the revised notice has fulfilled the requirements for giving at least 21 days' notice in accordance with the Companies Ordinance (Chapter 622, the laws of Hong Kong).

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 the management and all our staff for their hard work and dedication throughout the period.

By order of the Board
HNA Holding Group Co. Limited
Zhao Quan
Chairman

Hong Kong, 26 August 2016

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

* *for identification purpose only*