

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PEACE MAP HOLDING LIMITED

天下圖控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 402)

RESULTS ANNOUNCEMENT

For the year ended 31 December 2016

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Peace Map Holding Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2016 together with the comparative figures for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000 (Restated)
Continuing operations			
Revenue	3	232,778	304,881
Cost of revenue		(228,585)	(272,763)
Gross profit		4,193	32,118
Other income	5	10,890	19,425
Selling and distribution expenses		(24,748)	(9,474)
Administrative and other operating expenses		(125,870)	(106,852)
Equity-settled share-based payment expenses		(2,215)	(8,761)
Share of result of associates		1,618	2,475
Impairment loss of goodwill		(183,404)	—
Impairment loss of other intangible assets		(220,793)	(60,680)
Other gain and losses, net	6	(41,281)	44,579
Operating loss		(581,610)	(87,170)
Finance costs	7	(52,509)	(67,197)
Loss before taxation	9	(634,119)	(154,367)
Income tax credit	10	35,964	3,934
Loss for the year from continuing operations		(598,155)	(150,433)
Discontinued operation			
Profit (loss) for the period/year from discontinued operation	8	77,862	(4,278)
Loss for the year		(520,293)	(154,711)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)**For the year ended 31 December 2016*

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
(Loss) profit for the year attributable to owners of the Company:			
– from continuing operations		(587,422)	(131,346)
– from discontinued operation		77,849	(4,160)
		<hr/>	<hr/>
Loss for the year attributable to owners of the Company		(509,573)	(135,506)
		<hr/>	<hr/>
(Loss) profit for the year attributable to non-controlling interests:			
– from continuing operations		(10,733)	(19,087)
– from discontinued operation		13	(118)
		<hr/>	<hr/>
Loss for the year attributable to non-controlling interests		(10,720)	(19,205)
		<hr/>	<hr/>
		(520,293)	(154,711)
		<hr/>	<hr/>
Loss per share		<i>HK cents</i>	<i>HK cents</i>
From continuing and discontinued operations			
– Basic and diluted	<i>12</i>	(6.25)	(1.79)
		<hr/>	<hr/>
From continuing operations			
– Basic and diluted	<i>12</i>	(7.20)	(1.73)
		<hr/>	<hr/>

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

For the year ended 31 December 2016

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	(520,293)	(154,711)
Other comprehensive expense for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of overseas operations	(68,979)	(69,175)
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of overseas operations	(70,491)	—
Total comprehensive expense for the year	<u>(659,763)</u>	<u>(223,886)</u>
Total comprehensive expense for the year attributable to:		
Owners of the Company	(645,226)	(200,892)
Non-controlling interests	(14,537)	(22,994)
	<u>(659,763)</u>	<u>(223,886)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

		2016	2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		42,553	58,576
Interests in associates		11,697	4,816
Goodwill	<i>14</i>	404,076	635,634
Mining licences	<i>15</i>	—	—
Exploration and evaluation assets		—	—
Other intangible assets	<i>13</i>	230,466	505,939
Available-for-sale investment		4,465	8,356
Deferred tax assets		48	137
		<hr/> 693,305 <hr/>	<hr/> 1,213,458 <hr/>
Current assets			
Inventories	<i>16</i>	886	10,585
Amounts due from customers of contract works	<i>17</i>	221,097	218,312
Trade and other receivables	<i>18</i>	179,336	175,169
Finance lease receivables		2,010	2,149
Tax recoverable		6	6
Pledged bank deposits		197	122,678
Bank balances and cash		158,582	213,141
		<hr/> 562,114 <hr/>	<hr/> 742,040 <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**As at 31 December 2016*

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current liabilities			
Amounts due to customers of contract works	<i>17</i>	11,902	5,738
Trade and other payables	<i>19</i>	258,107	218,469
Amounts due to non-controlling shareholders		74,632	69,285
Amounts due to associates		44,135	28,132
Tax payables		5,648	4,339
Borrowings		30,624	144,103
		<hr/>	<hr/>
		425,048	470,066
		<hr/>	<hr/>
Net current assets		137,066	271,974
		<hr/>	<hr/>
Total assets less current liabilities		830,371	1,485,432
		<hr/>	<hr/>
Non-current liabilities			
Amount due to a non-controlling shareholder		6,168	11,251
Borrowings		626	—
Convertible notes		469,282	421,466
Deferred income		264	4,658
Deferred tax liabilities		19,497	60,212
		<hr/>	<hr/>
		495,837	497,587
		<hr/>	<hr/>
Net assets		334,534	987,845
		<hr/> <hr/>	<hr/> <hr/>
Capital and Reserves			
Share capital		2,039,195	2,039,195
Reserves		(1,756,514)	(1,113,503)
		<hr/>	<hr/>
Equity attributable to owners of the Company		282,681	925,692
Non-controlling interests		51,853	62,153
		<hr/>	<hr/>
Total equity		334,534	987,845
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. GENERAL INFORMATION

Peace Map Holding Limited (the “**Company**”) was incorporated in the Cayman Islands on 25 May 2004 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company in Hong Kong is Rooms 2807-08, 28th Floor, Bank of America Tower, No. 12 Harcourt Road, Hong Kong.

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the geographic information business in the People’s Republic of China (the “**PRC**”) including aerial photography and remote sensing image data collection (the “**data collection**”, formerly known as “**data collection and processing**”), provision of geospatial data processing services, softwares and solutions (the “**business application and services**”), and development and sales of high-end surveying and mapping equipment (the “**development and sales of equipment**”). During the year ended 31 December 2015, the Group was also engaged in mining and exploration of mineral resources in Mongolia (the “**mining and exploration business**”), which was discontinued in current year upon the completion of the disposal of Fast Billion Investments Limited (“**Fast Billion**”), which together with its subsidiaries (collectively referred to as the “**Fast Billion Group**”), on 20 September 2016 (the “**Disposal**”). Details are set out in note 8.

The consolidated financial statements are presented in Hong Kong Dollar (“**HK\$**”), which is also the functional currency of the Company. Other than those subsidiaries established in the PRC, Singapore and Mongolia whose functional currency is Renminbi (“**RMB**”), Singapore Dollar (“**SGD**”) and Mongolian Tugrik (“**MNT**”) respectively, the functional currency of the Company and other subsidiaries is HK\$.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”)

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards (“HKAS(s)”), amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of interests in Joint Operations

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

3. REVENUE

An analysis of the Group’s revenue for the year is as follows:

	2016	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
Business application and services	157,697	150,009
Data collection	73,387	100,409
Development and sales of equipment	1,694	54,463
	<u>232,778</u>	<u>304,881</u>

4. SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the chairman of the Board, being the chief operating decision-maker, for the purposes of resource allocation, strategic decisions making and assessment of segment performance focuses on type of goods or services provided are as follows:

- (1) Business application and services;
- (2) Data collection; and
- (3) Development and sales of equipment.

Operating segment regarding the mining and exploration business was discontinued in the current year. The segment information reported does not include any amounts for this discontinued operation, details which are described in note 8.

4. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

For the year ended 31 December 2016

Continuing operations

	Business application and services <i>HK\$'000</i>	Data collection <i>HK\$'000</i>	Development and sales of equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	157,697	73,387	1,694	232,778
Impairment loss of other intangible assets	(133,514)	(72,112)	(15,167)	(220,793)
Impairment loss of goodwill	—	(151,483)	(31,921)	(183,404)
Loss on uncertainty in respect of collectability of amounts due from customers of contract works	(9,743)	(4,028)	—	(13,771)
Amortisation and depreciation	(42,397)	(22,122)	(499)	(65,018)
Segment loss	(155,165)	(242,395)	(57,546)	(455,106)
Other income				4,055
Finance costs				(52,509)
Loss on deregistration of a subsidiary				(4,718)
Impairment loss of available-for-sale investment				(7,011)
Central administrative cost				(118,233)
Equity-settled share-based payment expenses				(2,215)
Share of result of associates				1,618
Loss before taxation				(634,119)

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2015 (Restated)

Continuing operations

	Business application and services <i>HK\$'000</i>	Data collection <i>HK\$'000</i>	Development and sales of equipment <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated)
Revenue from external customers	150,009	100,409	54,463	304,881
Impairment loss of other intangible assets	(38,930)	(16,250)	(5,500)	(60,680)
Loss on uncertainty in respect of collectability of amounts due from customers of contract works	(11,551)	(2,474)	—	(14,025)
Amortisation and depreciation	(55,115)	(31,083)	(8,958)	(95,156)
Segment loss	(55,185)	(4,777)	(25,482)	(85,444)
Other income				7,273
Fair value gain on the Derivative Component of Convertible Note I				64,125
Finance costs				(67,197)
Central administrative cost				(66,838)
Equity-settled share-based payment expenses				(8,761)
Share of result of an associate				2,475
Loss before taxation				<u>(154,367)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment loss represents the loss from each segment without allocation of central administrative cost, directors' salaries, certain other income, equity-settled share-based payment expenses, share of result of associates, fair value gain on the Derivative Component of Convertible Note I, loss on deregistration of a subsidiary, impairment loss of available-for-sale investment and finance costs. This is the measure reported to the chairman of the Board, being the chief operating decision maker, for the purposes of resource allocation and performance assessment.

There were no inter-segment sales between different business segments for the years ended 31 December 2016 and 2015.

5. OTHER INCOME

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Continuing operations		
Bank interest income	654	647
Exchange gain, net	—	2,274
Sub-letting rental income, net	300	1,195
Government grants (<i>note (i)</i>)	5,720	12,062
Write-back of trade and other payables	4,166	2,628
Sundry income	50	619
	<hr/>	<hr/>
Total	10,890	19,425
	<hr/> <hr/>	<hr/> <hr/>

Note:

- (i) Included in the amount of government grants recognised during the year ended 31 December 2016, approximately HK\$5,720,000 (equivalent to approximately RMB4,895,000) (2015: approximately HK\$12,062,000 (equivalent to approximately RMB9,705,000)) were granted in respect of certain research projects, which immediately recognised as other income for the year as the Group has fulfilled the relevant granting criteria.

6. OTHER GAIN AND LOSSES, NET

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Continuing operations		
Reversal of loss on uncertainty in respect of collectability of amounts due from customers of contract works (<i>note 17</i>)	(16,479)	—
Loss on uncertainty in respect of collectability of amounts due from customers of contract works (<i>note 17</i>)	13,771	14,025
Reversal of impairment loss of trade receivables	(6,057)	(10,462)
Impairment loss of trade and other receivables	10,893	7,346
Impairment loss of finance lease receivables	—	8,637
Impairment loss of available-for-sale investment	7,011	—
Fair value gain on the Derivative Component of Convertible Note I	—	(64,125)
Write-off of property, plant and equipment	15,989	—
Write-off of other intangible assets	4,880	—
Write-off of trade and other receivables	6,555	—
Loss on deregistration of a subsidiary	4,718	—
	<hr/>	<hr/>
	41,281	(44,579)
	<hr/> <hr/>	<hr/> <hr/>

7. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Continuing operations		
Interest on:		
— Bank loans	1,939	5,185
— Other loans	—	642
— Unsecured loan from a non-controlling shareholder	2,754	1,714
	<u>4,693</u>	<u>7,541</u>
Imputed interest on unsecured other loan	—	1,707
Imputed interest on Convertible Note I	—	29,671
Imputed interest on extended Convertible Note I	39,937	19,746
Imputed interest on Convertible Note II	7,879	8,532
	<u>47,816</u>	<u>59,656</u>
Total	<u><u>52,509</u></u>	<u><u>67,197</u></u>

8. DISCONTINUED OPERATION

The Group entered into a sale and purchase agreement with an independent third party (the “Acquirer”) to dispose of the Fast Billion Group, which carried out all of the Group’s mining and exploration business. The Disposal was effected in order to generate cash flows for the expansion of the Group’s other businesses. The Disposal was completed on 20 September 2016, on which date the control of the Fast Billion Group was passed to the Acquirer.

The profit (loss) for the period/year from the discontinued operation is analysed as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit (loss) of mining and exploration business for the period/year	3,390	(4,278)
Gain on disposal of mining and exploration business (<i>note 20(b)</i>)	74,472	—
	<u>77,862</u>	<u>(4,278)</u>

9. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Continuing operations		
Staff costs (including directors' emoluments)		
— salaries, allowances and benefits in kind	86,659	68,321
— retirement benefits scheme contributions (defined contribution plans)	17,180	13,134
— equity-settled share-based payment expenses	2,215	8,761
	<u>106,054</u>	<u>90,216</u>
Amount of inventories recognised as an expense	2,399	57,136
Amortisation of other intangible assets	53,368	83,613
Depreciation of property, plant and equipment	12,520	12,092
Auditor's remuneration	1,320	1,260
Allowance for inventories	365	—
Write-off of inventories	—	634
Loss arising from change in shareholding in an associate	97	—
Exchange losses, net	9,895	—
Net loss on disposal of property, plant and equipment	65	777
Minimum lease payments under operating leases in respect of rented land and buildings and other intangible assets	<u>17,092</u>	<u>10,842</u>

10. INCOME TAX CREDIT

Continuing operations

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax for the year		
— PRC Enterprise income tax ("EIT")	4,345	6,397
Deferred tax for the year		
— Current year	(40,309)	(10,331)
Income tax credit	<u>(35,964)</u>	<u>(3,934)</u>

10. INCOME TAX CREDIT *(Continued)*

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI for the years ended 31 December 2016 and 2015.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2016 (year ended 31 December 2015: 16.5%). No provision for Hong Kong profits tax has been made as there were no assessable profits generated for the years ended 31 December 2016 and 2015.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate applicable to the PRC subsidiaries is 25% from 1 January 2008 onwards. Accordingly, provision for PRC EIT for the PRC subsidiaries is calculated at 25% on the estimated assessable profits for the years ended 31 December 2016 and 2015, except for the following:

A subsidiary of the Company, 北京天下圖信息技術有限公司 (Beijing Peace Map Information and Technology Limited*) (“**Beijing Peace Map Information**”) was confirmed to be recognised as a software enterprise and therefore is entitled to a tax concession of full exemption from EIT from 2012 to 2013 and followed by half reduction in EIT rate of 12.5% from 2014 to 2016. Beijing Peace Map Information was recognised as an approved high technology enterprise during the year and therefore is entitled to tax concession period of reduction in EIT rate of 15% from 2017 to 2019.

A subsidiary of the Company, 北京天下圖數據技術有限公司 (Peace Map Co. Ltd*) (“**Beijing Peace Map**”) was recognised as an approved high technology enterprise and therefore is entitled to a tax concession period of reduction in EIT rate of 15% in 2015 and 2016.

A subsidiary of the Company, 北京海澄華圖科技有限公司 (Beijing Haicheng Huatu Technology Limited*) was recognised as a software enterprise in 2013 and therefore is entitled to a tax concession of full exemption from EIT for two years from 2013 to 2014 and followed by half reduction in EIT rate of 12.5% from 2015 to 2017.

A subsidiary of the Company, 北京勝和幢科技有限責任公司 (Beijing Shenghezhuang Technology Limited*) (“**Shenghezhuang**”) was recognised as an approved high technology enterprise in 2014 and therefore is entitled to a tax concession period of reduction in EIT rate of 15% from 1 January 2014 to 31 December 2016. However, Shenghezhuang has been deregistered in March 2016 and no tax concession was granted during the year ended 31 December 2016.

11. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2016, nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2015: nil).

** For identification purpose only*

12. LOSS PER SHARE

a) 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:

Loss

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the purpose of basic and diluted loss per share — loss for the year attributable to owners of the Company	<u><u>(509,573)</u></u>	<u><u>(135,506)</u></u>

Number of shares

	2016 <i>'000</i>	2015 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>8,156,781</u></u>	<u><u>7,586,651</u></u>

b) From continuing operations

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

Loss

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(509,573)</u>	<u>(135,506)</u>
Less: (profit) loss for the year attributable to owners of the Company from discontinued operation	<u>(77,849)</u>	<u>4,160</u>
Loss for the purpose of basic and diluted loss per share from continuing operations	<u><u>(587,422)</u></u>	<u><u>(131,346)</u></u>

The denominators used are the same as those detailed above for basic and diluted loss per share.

12. LOSS PER SHARE *(Continued)*

c) From discontinued operation

Basic and diluted earnings (2015: loss) per share for the discontinued operation attributable to the owners of the Company is HK0.95 cents per share for the year ended 31 December 2016 (2015: HK0.06 cents per share), based on the profit (2015: loss) for the year ended 31 December 2016 from the discontinued operations of approximately HK\$77,849,000 (2015: HK\$4,160,000) and the denominators detailed above for both basic and diluted loss per share.

For the year ended 31 December 2016 and 2015, the diluted loss per share is the same as the basic loss per share.

The computation of diluted loss per share for the year ended 31 December 2016 and 2015 did not assume the exercise of the Company's share options as the exercise prices of the share options were higher than the average market price for shares. The computation of diluted loss per share for the year ended 31 December 2016 and 2015 did not assume the conversion of the Company's outstanding convertible notes as the conversion of the convertible notes would result in a decrease in loss per share.

13. OTHER INTANGIBLE ASSETS

As at 31 December 2016, the recoverable amounts of the licences with indefinite useful life have been determined based on a value-in-use calculation. That calculation used cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period, with discount rate ranging from 15.49% to 16.35% (2015: ranging from 15.92% to 16.35%) per annum. The cash flows beyond the five-year period were extrapolated using a steady growth rate of 3% (2015: 3%). The growth rate was based on the relevant industry growth rate forecast and does not exceed the average long-term growth rate for the relevant industry. The key assumptions for the value-in-use calculation related to the estimation of cash flows included gross margin and discount rate. Gross margin represents budgeted gross margin, which is based on past performance and the management's expectation for the market development. The discount rate used is a pre-tax rates that reflect current market assessments of the risks specific to the relevant industry. As at 31 December 2016, the recoverable amount of the impaired licences is approximately HK\$87,321,000 (2015: approximately HK\$160,775,000) in aggregate and the impairment loss on licences of approximately HK\$67,649,000 (2015: approximately HK\$5,382,000) has been recognised during the year ended 31 December 2016.

During the year ended 31 December 2016, the directors of the Company further conducted a review of the Group's other intangible assets apart from licences as mentioned above and determined that certain of these assets were impaired based on the estimated recoverable amounts with reference to their value-in-use. The value-in-use was determined based on the estimated future cash flows discounted at a rate ranging from 12.17% to 17.49% (2015: 15.92% to 18.35%) per annum. As at 31 December 2016, the recoverable amount of the impaired other intangible assets apart from licences is approximately HK\$143,145,000 (2015: approximately HK\$55,298,000) in aggregate and the impairment losses of other intangible assets of approximately HK\$153,144,000 have been recognised during the year ended 31 December 2016 (year ended 31 December 2015: approximately HK\$55,298,000).

14. GOODWILL

For the purposes of impairment testing, goodwill has been allocated to individual cash-generating units (“CGUs”), being i) the four mining licences for a coal mine in Tugrug Valley held by a subsidiary of the Company, Tugrugnuuriin Energy LLC (“TNE”), within mining and exploration business; and ii) the operating segments under Sinbo Investment Limited (“Sinbo”) and its subsidiaries (collectively referred to as “Sinbo Group”) in geographic information business.

The Group conducted impairment review on goodwill attributable to the respective CGUs at the end of the reporting period by reference to the estimated recoverable amounts. During the year ended 31 December 2016, goodwill attributable to mining and exploration business is derecognised through disposal of the Fast Billion Group. The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 December 2016 and 2015 allocated to these units are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Geographic information business	404,076	635,634
Mining and exploration business	—	—
	<u>404,076</u>	<u>635,634</u>

Geographic information business

The recoverable amounts of the goodwill attributable to the Sinbo Group of approximately HK\$404,076,000 has been determined based on the fair value less cost of disposal using market approach. Fair value was determined with reference to a valuation report prepared by Roma Appraisals Limited, an independent valuer not connected to the Group based on the price-to-earnings multiples (“P/E Multiple”) of comparable companies with similar business nature and operations as the CGU. The average P/E Multiple of 50 (2015: 53) and marketability discount rate of 21% (2015: 21%) and control premium of 40% (2015: 30%) were used. Other key estimation included the cost of disposal based on estimation by the management of the Group. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the respective CGUs to exceed its recoverable amount. During the year ended 31 December 2016, impairment loss of approximately HK\$183,404,000 (2015: nil) was recognised in profit or loss.

The level in the fair value hierarchy in arriving at the above recoverable amount is considered under Level 2 with observable inputs for the assets directly or indirectly.

14. GOODWILL (Continued)

Mining and exploration business

During the year ended 31 December 2014, the goodwill of approximately HK\$35,506,000 was fully impaired in previous year due to the unforeseeable technical causes and the required time for water management program was longer than expected, resulting in the delay in the overall production schedule of the coal mine located in Tugrug Valley (the “TNE Mine”), which resulted in downward adjustment on the estimated net cash inflows and hence the recoverable amount of the TNE.

During the year ended 31 December 2016, goodwill has been disposed of through the Disposal (note 20(b)).

15. MINING LICENCES

	<i>HK\$'000</i>
Cost	
At 1 January 2015	1,515,886
Exchange realignment	(84,725)
	<hr/>
At 31 December 2015 and 1 January 2016	1,431,161
Disposals through disposal of subsidiaries (<i>note 20(b)</i>)	(1,402,635)
Exchange realignment	(28,526)
	<hr/>
At 31 December 2016	<hr/> <hr/>
Accumulated impairment	
At 1 January 2015	1,515,886
Exchange realignment	(84,725)
	<hr/>
At 31 December 2015 and 1 January 2016	1,431,161
Eliminated on disposals through disposal of subsidiaries (<i>note 20(b)</i>)	(1,402,635)
Exchange realignment	(28,526)
	<hr/>
At 31 December 2016	<hr/> <hr/>
Carrying values	
At 31 December 2016	<hr/> <hr/>
At 31 December 2015	<hr/> <hr/>

15. MINING LICENCES *(Continued)*

Mining licences represent the carrying amounts of four mining rights in respect of the TNE Mine within the administrative unit of Bayan Soum of Tur Aimag in Mongolia covering area of 1,114 hectares in aggregate.

Pursuant to the Mineral Law of Mongolia which was adopted in 2006, a mining licence is granted for an initial period of 30 years and a holder of a mining licence may apply for an extension of such licence for two successive periods of 20 years each.

No amortisation for the mining licences was provided for as the production of the coal mine site had not been commenced since 2009.

The mining licences of the TNE Mine are subject to impairment review whenever there are indications that the mining licences' carrying amount may not be recoverable. The mining licences were fully impaired during the year ended 31 December 2014.

During the year ended 31 December 2016, the Group has disposed of these mining licences through the Disposal (note 20 (b)).

In performing the impairment testing for the year ended 31 December 2015, the management had determined the recoverable amount of the TNE Mine using fair value less costs of disposal, which was derived by using the discounted cash flow analysis (the “**DCF Analysis**”). The DCF Analysis had incorporated assumptions that a typical market participant would use in estimating the TNE Mine's fair value. The DCF Analysis uses cash flow projection for a period of 13 years up to 2029 and the pre-tax discount rate applied to the cash flow projection is 25%. In determining the pre-tax discount rate, the weighted average cost of capital was used, which was determined with reference to the industry capital structure based on the figures of similar publicly traded companies in the stock exchanges of Hong Kong and the PRC with mining projects, and have taken into account the specific risks encountered by TNE Mine as further detailed below. For the estimation of inflation rate, inflation rates relevant to the local Mongolian economy and the coal market were taken as reference.

Other key assumptions used in the calculation of fair value less costs of disposal of the TNE Mine in the respective financial year are set out as follows:

- (a) During the year ended 31 March 2012, further drilling works and laboratory tests were undertaken to determine coal layer structure and thickness and to verify coal quality. From the laboratory test results, the calorific value of such samples was in the range of 3,100 to 4,300 Kcal/kg. Since the Group has not been able to excavate coal with expected calorific value, the Group decided to revise the cash flow forecasts to focus on the coal sales of lower calorific value which has lower expected coal sales price per tonne;
- (b) Coal sales price is determined with reference to market information. In view of the sluggish coal market condition, the management has reduced the expected coal price for 2016 (the expected year of commencement of production) from US\$8.53 per ton in last year's forecast to US\$8.50 per ton in current year's forecast. The subsequent increment in coal sales price is on an average growth rate of 2.2% based on Australian export price index over the past 24 years;

15. MINING LICENCES (Continued)

- (c) Cost of production and gross margin are determined with reference to the market comparables. The overall profit margin in the current year's forecast was ranged from -123% to -35% throughout the mining project life; and
- (d) In light of recent developments in Mongolia with regard to the implementation of laws and regulations related to the mining industry such as the passing of Resolution No. 194 ("Rs 194") and Resolution No. 289 ("Rs 289") in June 2012 and July 2015 respectively (as explained below), an additional risk premium of 2% has been factored into the discount rate.

16. INVENTORIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Raw materials and supplies	637	2,022
Finished goods	249	8,563
	<u>886</u>	<u>10,585</u>

17. AMOUNTS DUE FROM (TO) CUSTOMERS OF CONTRACT WORKS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Costs incurred to date plus recognised profits	521,374	288,080
Less: Progress billings to date	(312,179)	(75,506)
	<u>209,195</u>	<u>212,574</u>
Analysed for reporting purpose as:		
Amounts due from customers of contract works	221,097	218,312
Amounts due to customers of contract works	(11,902)	(5,738)
	<u>209,195</u>	<u>212,574</u>

Based on the assessment of the directors of the Company, certain contract works have been suspended or have not yet been compromised with the customers on amount of final billing, as such the related carrying amounts of contract works are not probable to recover. During the year ended 31 December 2016, loss on uncertainty in respect of collectability of amounts due from customers of contract works of approximately HK\$13,771,000 (2015: approximately HK\$14,025,000) and the respective reversal of approximately HK\$16,479,000 (2015: nil) was recognised in the profit or loss respectively (note 6).

18. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables		
— from third parties	101,865	81,535
— from a non-controlling shareholder	13,688	14,636
	<u>115,553</u>	<u>96,171</u>
Less: accumulated impairment loss	(12,831)	(11,748)
	<u>102,722</u>	<u>84,423</u>
Amounts due from non-controlling shareholders	3,075	3,292
Amount due from an associate	452	2,489
Prepayments and deposits	34,456	34,178
	<u>140,705</u>	<u>124,382</u>
Other receivables	42,952	52,449
Less: accumulated impairment loss	(4,321)	(1,662)
	<u>38,631</u>	<u>50,787</u>
Total trade and other receivables	<u><u>179,336</u></u>	<u><u>175,169</u></u>

The Group did not hold any collateral over the trade and other receivables.

The Group has a policy of allowing credit period to its customers, ranging from 90 to 180 days (2015: 90 to 180 days). The Group may, on a case by case basis and after evaluation of the business relationship and creditworthiness, extend the credit period of certain government related entities and normally over 1 year for its low default risk.

The following is an aged analysis of trade receivables, net of allowance for impairment loss of trade receivables, presented based on invoice date, as at the end of the reporting period.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 90 days	38,869	25,377
91 to 180 days	6,649	12,238
181 to 365 days	14,700	18,413
Over 365 days	42,504	28,395
	<u>102,722</u>	<u>84,423</u>

18. TRADE AND OTHER RECEIVABLES (Continued)

The aged analysis of trade receivables which are past due but not impaired is set out below:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Neither past due nor impaired	56,392	53,348
Past due but not impaired		
Within 90 days	21,311	13,502
91 to 365 days	21,624	11,846
Over 365 days	3,395	5,727
	<u>102,722</u>	<u>84,423</u>

Trade receivables that were past due but not impaired as at 31 December 2016 and 2015 relate to a wide range of customers. Based on past experiences, the management believes that no other impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

19. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the report period.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables aged		
Within 90 days	74,171	65,251
91 to 180 days	19,228	10,343
181 to 365 days	32,297	24,251
Over 365 days	59,214	52,420
	<u>184,910</u>	<u>152,265</u>
Other payables and accruals	73,197	66,204
	<u>258,107</u>	<u>218,469</u>

The credit period granted by suppliers and sub-contractors is normally 90 to 180 days as at 31 December 2016 (2015: 90 to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

20. DISPOSAL OF SUBSIDIARIES

- (a) On 5 February 2016, the Group disposed of its indirect wholly-owned subsidiary, Grand State Holdings Limited (“**Grand State**”), to an independent third party for a cash consideration of US\$738,000 (equivalent to approximately HK\$5,756,000). The transaction was completed on 18 March 2016.

The net assets of Grand State at the date of disposal were as follows:

Consideration received:

	<i>HK\$'000</i>
Cash consideration received	5,756

Analysis of the assets over which control was lost:

Property, plant and equipment	—
Net assets disposed of	—

Gain on disposal of a subsidiary:

Consideration received	5,756
Net assets disposed of	—
Gain on disposal	5,756

Net cash inflow arising on disposal:

Cash consideration	5,756
--------------------	-------

20. DISPOSAL OF SUBSIDIARIES (Continued)

- (b) As referred to in note 8, the Group discontinued its mining and exploration business at the time of disposal of the Fast Billion Group, to an independent third party for a cash consideration of US\$200,000 (equivalent to approximately HK\$1,560,000). The transaction was completed on 20 September 2016.

The net assets of the Fast Billion Group at the date of disposal were as follows:

Consideration received:

	<i>HK\$'000</i>
Cash consideration received	1,560
	<u><u>1,560</u></u>

Analysis of assets and liabilities over which control was lost:

Goodwill	—
Mining licences	—
Exploration and evaluation assets	—
Inventories	9
Trade and other receivables	843
Bank balances and cash	15
Deferred income	(4,152)
	<u>(4,152)</u>
Net liabilities disposed of	<u><u>(3,285)</u></u>

Gain on disposal of subsidiaries:

Consideration received	1,560
Net liabilities disposed of	3,285
Non-controlling interests	(864)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	70,491
	<u>70,491</u>
Gain on disposal (<i>note 8</i>)	<u><u>74,472</u></u>

Net cash inflow arising on disposal:

Cash consideration	1,560
Less: bank balances and cash disposed of	(15)
	<u>1,545</u>

21. COMPARATIVE FIGURES

The presentation of comparative information in respect of the consolidated statement of profit or loss for the year ended 31 December 2015 has been restated in order to disclose the discontinued operation separately from continuing operations.

During the year ended 31 December 2016, the comparative figures of impairment loss of other intangible assets had been reclassified to conform with current year's presentation.

As the reclassifications have no financial effect on the amounts stated in the consolidated statement of financial position, it is not necessary to present the third consolidated statement of financial position as at 1 January 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group continued to make efforts in developing its core business relating to the geographic information industry and recorded a total revenue of approximately HK\$232.8 million representing a decrease of 23.65% compared with the year ended 31 December 2015. The core business mainly consists of three segments, namely the geospatial business application and services, data collection, and development and sales of equipment.

FINANCIAL SUMMARY

Continuing Operations

Revenue

For the year ended 31 December 2016, the Group recorded revenue of approximately HK\$232.8 million (year ended 31 December 2015: approximately HK\$304.9 million), representing a decrease of 23.65% compared to the year ended 31 December 2015. The Group's operations consist of geospatial business application and services, data collection as well as the development and sales of equipment, contributing 67.74%, 31.53% and 0.73% of the revenue for the year, respectively (year ended 31 December 2015: contributing 49.20%, 32.93% and 17.87% of the revenue for the year, respectively).

Cost of Revenue

For the year ended 31 December 2016, the Group's cost of revenue was approximately HK\$228.6 million (year ended 31 December 2015 : approximately HK\$272.8 million), representing a decrease of 16.20% compared to the year ended 31 December 2015. The cost of revenue was mainly generated from business relating to the geographic information industry, including cost on aerial, training, rental of machines and software and data processing and amortization expenses of the other intangible assets.

Gross Profit

For the year ended 31 December 2016, the Group's gross profit decreased by 86.92% to approximately HK\$4.2 million (year ended 31 December 2015: approximately HK\$32.1 million). Gross profit margin decreased by 8.73% to 1.80% (year ended 31 December 2015: 10.53%).

Other Income

For the year ended 31 December 2016, the Group generated other income of approximately HK\$10.9 million (year ended 31 December 2015: approximately HK\$19.4 million), representing a decrease of 43.81% compared to the year ended 31 December 2015. The other income was mainly from government grants.

Administrative and Other Operating Expenses

For the year ended 31 December 2016, the Group's administrative and other operating expenses amounted to approximately HK\$125.9 million (year ended 31 December 2015: approximately HK\$106.9 million), representing an increase of 17.77% compared to the year ended 31 December 2015. The administrative expenses mainly consisted of legal and professional fees, staff costs (including directors' emoluments), depreciation expenses and amortisation expenses.

Finance Costs

For the year ended 31 December 2016, the Group recorded finance costs of approximately HK\$52.5 million (year ended 31 December 2015: approximately HK\$67.2 million), representing a decrease of 21.88% compared to the year ended 31 December 2015. The finance costs mainly included the interests incurred by bank loans and other loans, as well as the imputed interests on convertible notes during the year.

Impairment Loss of Other Intangible Assets

For the year ended 31 December 2016, the Group recorded an impairment loss of other intangible assets of approximately HK\$220.8 million (year ended 31 December 2015: approximately HK\$60.7 million), representing a sharp increase of 263.76% compared to the year ended 31 December 2015. It mainly related to the impairment of certain intangible assets in the business related to the geographic information industry.

Impairment Loss of Goodwill

For the year ended 31 December 2016, the Group recorded an impairment loss of goodwill of approximately HK\$183.4 million (year ended 31 December 2015: nil) for the geographical information business because of the decline of operating performance.

Loss for the Year from Continuing Operations

As a result of the combined effect of the above mentioned factors, the Group recorded loss of approximately HK\$598.2 million for the year ended 31 December 2016, as compared with the loss of approximately HK\$150.4 million for the year ended 31 December 2015.

Discontinued Operation

For the year ended 31 December 2016, the Group's mining and exploration business in Mongolia recorded an operating profit of approximately HK\$77.9 million. The management decided to discontinue the mining and exploration business with effect from 20 September 2016 following the disposal of mining rights so that the Group could focus on the business development of the geographic information industry.

Loss for the Year Attributable to Owners of the Company

As a result of the combined effect of the above factors, the Group recorded an attributable loss of approximately HK\$509.6 million for the year ended 31 December 2016 (year ended 31 December 2015: approximately HK\$135.5 million).

Liquidity & Financial Resources

As at 31 December 2016, bank balances and cash and pledged bank deposits were approximately HK\$158.8 million (as at 31 December 2015: approximately HK\$335.8 million). During the year, the total borrowings, which included convertible notes issued in the years 2010, 2013 and 2014, borrowings and amounts due to non-controlling shareholders, were approximately HK\$581.3 million (as at 31 December 2015: approximately HK\$646.1 million). The Group's current ratio, being the ratio of current assets to current liabilities, was 1.3 times (as at 31 December 2015: 1.6 times), and its gearing ratio, in terms of total borrowings net of bank balances and cash and pledged bank deposits to total equity, stood at 126.31% (as at 31 December 2015: 32.42%).

Foreign Exchange Risk Management

The Group's transactions are primarily denominated in Renminbi and Hong Kong Dollar. The Group has not implemented any formal hedging policy. However, the Group monitors its foreign exchange exposure continuously and, when it considers appropriate and necessary, will consider hedging significant foreign exchange exposure by way of forward foreign exchange contracts.

Human Resources

As at 31 December 2016, the Group had 411 employees (as at 31 December 2015: 558 employees) all of which were officially hired. Total staff costs, including directors' emoluments during the year amounted to approximately HK\$106.1 million (year ended 31 December 2015: approximately HK\$90.2 million). The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the Group and of the individuals concerned. In addition to salary payments, other staff benefits include performance bonuses, education subsidies, provident funds, medical insurance and the use of share option schemes to recognise and acknowledge contributions made or potentially to be made to the business development of the Group by its employees.

BUSINESS REVIEW

Continuing Operations

Business Related to Geographic Information Industry

During the year, the Group continued to commit to developing its business relating to the geographic information industry, which mainly consists of the geospatial business application and services, data collection as well as development and sales of equipment. Meanwhile, the Group commenced the business transformation from a provider of comprehensive data service based on big platform to a provider of industry data and solutions, based on the trend of domestic geographic information development as well as its financial capacity and service capacity. During this challenging transformation, significant adjustments have been made to business segments and corresponding major management.

Business Application and Services

The Group has accumulated extensive experience and leading competence in data processing and software development in the PRC. The Group currently owns geographic information data processing capacity that reaches leading international standard, not only able to realize the automated processing of massive image data, but also can process raw geographic image data into "4D" data with diversified purposes, including digital orthophoto model (DOM), digital elevation model (DEM), digital line graphics (DLG) and digital raster graphics (DRG).

During the year, the Group was undergoing a transformation from a comprehensive mapping geographical information service provider to an industry big data service provider, and focused on developing the following business categories for the business application and services segment: surveying and mapping for fundamental planning, planning, national geographic conditions and the construction of smart cities, etc; application of geographic information data for property title management in sectors such as state territory, agriculture, forestry, water resources, electricity power, oil, transportation and real estate; in addition, the Group has always attached great importance to its social responsibilities and actively participated in emergency and public security projects covering emergency, public security, environmental protection, meteorological phenomena and urban management, etc. During the year, this segment recorded a turnover of approximately HK\$157.7 million, with an increase of 5.13% on a year-on-year basis. The number of projects and revenue from the industry application for property title management in sectors such as real estate registration, electricity power and general survey for geographical names, etc, has increased.

Data Collection

For a long time, the Group has had strong geospatial information data acquisition capability. The Group possesses considerable amount of talents and industrial experiences in terms of the introduction of aerial photogrammetry equipment and aerial and aerospace remote sensing data, and the street view data and unmanned aerial vehicles low altitude remote sensing data acquisition, etc. During the year, the data collection segment recorded a turnover of approximately HK\$73.4 million, with a decrease of 26.89% on a year-on-year basis, which was mainly due to significant decrease in business orders for street view data collection with headwinds from the availability of street view data via the Internet.

Development and Sales of Equipment

The Group has developed and manufactured high-end surveying and mapping equipments with independent intellectual property rights, such as laser panoramic photogrammetry vehicles, professional aerial surveying and mapping unmanned aerial vehicles and geographic information emergency surveillance vehicles, etc. and has been a franchisee distributor of Ultracam series aerial camera products developed by Microsoft Corporation. During the year, the development and sales of equipment segment recorded a turnover of approximately HK\$1.7 million, with a decrease of 96.88% on a year-on-year basis, which was mainly attributable to the fact that current exclusive camera agency contract has expired and fierce competition in the domestic hardware market has resulted in rapid decrease in pricing and profit.

Discontinued Operation

Mining and Exploration Business in Mongolia

During the year, the Group disposed of all its assets in Mongolia, including four coal mining licences covering a 1,114-hectare coal mine at Tugrug Valley and three exploration licences in respect of coal deposits in DundGobi (14,087 hectares) located in Mongolia at a consideration of approximately HK\$7.3 million. The disposal of assets contributed a gain on disposal of approximately HK\$74.5 million to the Group. The Group did not hold any assets in Mongolia as at 31 December 2016.

PROSPECTS

During the past year, the Group improved the development of its various businesses by adjusting its business segments, strengthening its management system and optimizing its staffing structure, based on the needs for business transformation.

In the new year, the Group will conform to major national demands by exploring new directions of industry development, while maintaining a stable pace of development in conventional geographic Information industry. In the year 2017, the Group will focus on developing the following industries, striving to achieve the transformation into an industry data and solutions provider.

Businesses capturing the demands arising from national major projects

National real estate registration and related data integration and services

According to the overall progress of real estate registration work of the PRC, all governments at county level or above had completed the early-stage preparatory work for real estate registration by the end of the year 2016, and have initiated the issuance of real estate registration certificates and data integration business in some regions.

The Group undertook a large amount of management rights of rural land, ownership rights and the rights to the use of rural collective land, and the specification of rights to the use of land for construction purposes and investigation projects since the year 2016, and obtained precious experience for developing real estate registration and related business. Real estate registration related business will develop vigorously in the year 2017.

Specification of property rights to water and unitary specification of rights to natural resources and spaces

On 4 November 2016, Ministry of Water Resources of the PRC and Ministry of Land and Resources of the PRC, with the approval of the State Council of the PRC (the “**State Council**”), jointly issued the “Pilot Program for the Specification of Property Rights to Water” (《水流產權確權試點方案》), formulated in accordance with the “Overall Plan for the Reform of Eco-civilization System” (《生態文明體制改革總體方案》) issued by the State Council and the requirements of the comprehensively deepening reforms. On 23 December 2016, Ministry of Land and Resources of the PRC held a press conference for the issuance of the “Measures for Unitary Registration of and Determination of Property Rights to Natural Resources (For Trial Implementation)” (《自然資源空間統一確權登記辦法(試行)》), which imposes unitary registration for specification of all the rights to natural resources including waters, forests, mountains, grasslands, unreclaimed lands, shoal and mineral resources with proven reserves, with the plan of implementing pilot program in some regions from December 2016 to February 2018.

In view of the close association of real estate registration with both the specification of property rights to water and the specification of rights to natural resources and spaces, the Group will conduct its real estate registration business in the year 2017 while tapping into business opportunities arising from these two businesses from the year 2017 to the year 2018, by making all necessary preparations in advance and laying a solid foundation for the development of future business.

Ecological redline business

Ecological conservation is one of the key contents for the year 2017 in the government work report delivered by Premier Li Keqiang. It is the foundation for the building of an ecologically civilized society. The setting of ecological redlines is also an important institutional innovation of the PRC in environmental protection. Ecological redlines refer to space boundaries and environmental management limits that must be strictly conserved in ecological services function, environmental quality and safety, and natural resources utilization, so as to ensure national and regional ecological safety, sustainable economic and social development, and to secure people’s health.

The Group has, in collaboration with the relevant departments of Ministry of Environmental Protection of the PRC, currently launched pilot projects in several regions to develop administrative measures for the implementation of ecological redlines, and using geographic information based big data service and technology to support the management of spaces within ecological redlines. The Group expects to make certain progress in relevant pilot business in the year 2017, which will lay a solid foundation for comprehensive expansion of the ecological redline business in the year 2018.

“Multiple Planning Integration” business

“Multiple Planning Integration” refers to the integration of multiple plans such as national economy and social development plan, urban-rural development plan, land utilization plan, and ecological and environmental protection plan in a region, realizing one city or one county having one plan and one blueprint, so as to solve problems from various existing plans, such as self-contained system, conflicts in content, lack of coordination, etc.

The ecological redline planning pilot business that the Group is developing is also an important part of ecological and environmental protection plan. “Multiple Planning Integration” involves basic geographic information data acquisition and processing which is a core business of the Group for years, where the Group has years of rich experience and advanced technology to offer protection to the expansion of “Multiple Planning Integration” business.

Expansion into emerging industries

Security and technical precautions informatization business

The Group secured for a pilot project of Ministry of Justice of the PRC on security and technical precautions informatization of prisons nationwide in the year 2015. After one year’s development, debugging and deployment in the year 2016, the pilot project has entered the stage of acceptance inspection and completion at present. This pilot project was introduced and promoted as a key project for security and technical precautions informatization of prisons at the national security and technical precautions development meeting of Ministry of Justice of the PRC held at the end of December 2016. The prison management authorities of multiple provinces that had introduced related projects in the year 2016 openly expressed their intention to learn from the model and development experience of the pilot project so as to improve the management level of prison.

This business area currently fits in the blue ocean strategy of the geographic information industry, the Group has established its first-mover advantage and plans to further promote and secure wider applications in the year 2017.

Smart city and its related business

Smart city solutions employ information and communication technologies to sense, analyse and integrate relevant key information of the core systems of running a city and provide intelligent responses to various needs of the city, including livelihood, environmental protection, public security, urban service, and industrial and commercial activities.

With years of experience accumulated from extensive industries in geographic information business and various industries, the Group is currently well positioned to enter the smart city industry in a comprehensive manner. Backed by its strength of research and development in cloud computing technology, it will focus on key areas including spatiotemporal information cloud platform development for smart city, smart tourism, smart environment, and safe city. Currently, it has made preliminary research and preparation for related smart city projects in multiple cities and is actively coordinating with the government in building smart cities.

Agriculture insurance business

In the year 2016, the China Insurance Regulatory Commission issued a document requiring precise insurance featuring “map-based underwriting and map-based settlement of claims” for agriculture insurance. The Group has accumulated geographic information data with independent intellectual property rights and rich industry experiences which will provide a good business support for precise agriculture insurance business. The Group will actively explore business opportunities in cooperation with insurance companies and strive for major breakthroughs in the year 2017.

The year 2017 is a year of crucial importance for the Group’s business transformation and upgrading, and of trailblazing and innovation in key areas. The Board has confidence in attaining the goals and delivering satisfactory returns to shareholders.

DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2016, nor has any dividend been recommended since the end of the reporting period (year ended 31 December 2015: nil).

THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers that good corporate governance is essential for enhancing accountability and transparency of a company to the investment public and other shareholders. Therefore, the Directors are dedicated to maintaining high standard corporate governance practices. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and to fulfill its commitment to excellence in corporate governance.

The Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange for the year ended 31 December 2016, except for the compliance with code provision E.1.2 of the CG Code which states that the chairman of the board should attend the annual general meeting. Mr. GUAN Hongliang, the Chairman of the Board, did not attend the annual general meeting of the Company held on 26 May 2016 due to other overseas business engagement. In his absence, Mr. ZHU Dong, an executive Director and the Deputy Chief Executive Officer of the Company, acted as the chairman of the meeting. Mr. ZHU Dong is also a member of both the remuneration committee of the Company and the nomination committee of the Company. Mr. HUI Yat On, the then independent non-executive Director and member of the audit committee of the Company (the “Audit Committee”), and the external auditor, SHINEWING (HK) CPA Limited, were invited to attend the meeting to answer questions from shareholders of the Company. The Board believes that the absence of Mr. GUAN Hongliang at the annual general meeting did not hinder the maintaining of an on-going dialogue with shareholders of the Company.

REVIEW OF THIS RESULTS ANNOUNCEMENT

Scope of work of SHINEWING (HK) CPA Limited

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in this announcement have been agreed by the Group’s auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this announcement.

Audit Committee

The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. ZHANG Songlin, Mr. ZHAI Shenggang and Mr. KANG Hua. Mr. ZHANG Songlin, who possesses professional accounting qualifications and relevant accounting experience, is the Chairman of the Audit Committee.

Under the terms of reference of the Audit Committee, its main role and functions are to review the Group’s financial information, to supervise the Group’s financial reporting and internal control systems, the Group’s risk management systems and to maintain relationship with the auditor of the Company.

The Board has, through the Audit Committee, conducted regular reviews on the effectiveness of the internal control system and risk management system of the Group during the year ended 31 December 2016 and the interim and annual results, and has reviewed with management the accounting principles and practices adopted by the Group and discussed the auditing and financial reporting matters of the Group.

The Group's final results for the year ended 31 December 2016 have been reviewed by the members of the Audit Committee before submission to the Board for approval.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any shares of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND REPORT

This announcement is available for viewing on the designated website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.peacemap.com.hk. The report of the Company for the year ended 31 December 2016 will be despatched to shareholders of the Company and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all our management and staff members for their diligence and dedication over the past year. Along the line, we will continue to improve our existing operation and carry out further exploration and development for important businesses while ramping up development of new business ventures and exploring mergers and acquisitions opportunities, with an aim of enhancing shareholder's value in the long run.

By order of the Board
Peace Map Holding Limited
GUAN Hongliang
Chairman

Hong Kong, 23 March 2017

As at the date of this announcement, the executive Directors are Mr. GUAN Hongliang (Chairman), Mr. WANG Zheng (Chief Executive Officer), Mr. ZHU Dong (Deputy Chief Executive Officer) and Mr. FENG Tao (Chief Financial Officer) and the independent non-executive Directors are Mr. ZHANG Songlin, Mr. ZHAI Shenggang and Mr. KANG Hua.