



(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
Stock Code: 402



2017

INTERIM REPORT

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. GUAN Hongliang (Chairman)
Mr. Wang Zheng (Chief Executive Officer)
Mr. ZHU Dong
(Deputy Chief Executive Officer)
Mr. FENG Tao (Chief Financial Officer)
Mr. LI Bin (appointed on 28 April 2017)
Ms. MU Yan (appointed on 28 April 2017)

Independent Non-Executive Directors

Mr. ZHANG Songlin
Mr. ZHAI Shenggang
Mr. KANG Hua

Authorised Representatives

Mr. ZHU Dong
Mr. LAU Ka Ho

Company Secretary

Mr. LAU Ka Ho

Audit Committee

Mr. ZHANG Songlin (Chairman)
Mr. ZHAI Shenggang
Mr. KANG Hua

Nomination Committee

Mr. ZHANG Songlin (Chairman)
Mr. ZHU Dong
Mr. ZHAI Shenggang

Remuneration Committee

Mr. ZHANG Songlin (Chairman)
Mr. ZHU Dong
Mr. ZHAI Shenggang

Executive Committee

Mr. GUAN Hongliang (Chairman)
Mr. WANG Zheng
Mr. ZHU Dong

Registered Office

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands
(before 24 July 2017)

Clarendon House
2 Church Street
Hamilton HM11
Bermuda
(on or after 24 July 2017)



Principal Place of Business in Hong Kong

Rooms 2807-08, 28th Floor
Bank of America Tower
No. 12 Harcourt Road
Hong Kong

Principal Place of Business in Mainland China

6F, West Zone, Huike Plaza
No. 158 North Road, West 4th Ring
Haidian, Beijing, China

Legal Advisers

Conyers Dill & Pearman
29th Floor
One Exchange Square
8 Connaught Place
Central
Hong Kong

Sidley Austin
39/F
Two International Finance Centre
Central
Hong Kong

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants
43rd Floor, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

Principal Bankers

Industrial and Commercial Bank
of China Limited
Bank of Jiangsu Co., Limited
DBS Bank (Hong Kong) Limited
Bank of Beijing Co., Limited
China Merchants Bank Co., Limited

Principal Share Registrar

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
P. O. Box 1586
Grand Cayman KY1-1110
Cayman Islands
(before 24 July 2017)

Conyers Corporate Services (Bermuda)
Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda
(on or after 24 July 2017)

Branch Share Registrar in Hong Kong

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

Stock Code

402

Website

<http://www.peacemap.com.hk>



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Related to Geographic Information Industry

For the six months ended 30 June 2017 (the “**Period under Review**”), Peace Map Holding Limited (the “**Company**”) and its subsidiaries (collectively, 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.

Business Application and Services

The Group has accumulated extensive experience and leading competence in data processing and software development in the People’s Republic of China (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.

In terms of business application and services, the Group has been striving to become a big data service provider in the industry. In addition to surveying and mapping, planning, land, smart city, electricity, water, oil and natural gas industries which are operating, we have commenced the new industries of real estate registration, specification of agriculture and forestry, security and technical precautions informatization, agriculture insurance intelligence, etc. which have great potentials in recent two years. During the Period under Review, this segment recorded a turnover of approximately HK\$72.98 million with a decrease of 17.99% on a year-on-year basis, which was mainly due to the reduction on the number and income of electricity industry application projects.



Data Collection

For a long time, in terms of geospatial data acquisition, the Group has had strong 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 street view data and unmanned aerial vehicles low attitude remote sensing data acquisition. As the Group has been committed to transforming from a single surveying and mapping geographic information service provider to a geographic information big data service provider in the industry in recent years, and has been affected by the overall development and changes of the domestic industry in the PRC in recent years, the business of such segment has been reduced. During the Period under Review, the data collection segment recorded a turnover of approximately HK\$23.14 million with a decrease of 16.38% on a year-on-year basis.

Development and Sales of Equipment

The Group has the development capability of high-end surveying and mapping equipment 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. However, as the Group has been transforming its overall business development direction in recent years, the business of such segment has been reduced. During the Period under Review, the development and sales of equipment segment recorded a turnover of approximately HK\$0.26 million, with a decrease of 93.86% on a year-on-year basis.



FINANCIAL SUMMARY

Revenue

During the Period under Review, the Group recorded revenue of approximately HK\$96.37 million (six months ended 30 June 2016: approximately HK\$120.82 million), representing a decrease of 20.24% compared to the six months ended 30 June 2016. The Group's operations consist of geospatial business application and services, data collection and the development and sales of equipment, contributing 75.73%, 24.01% and 0.26% of the revenue for the Period under Review, respectively (six months ended 30 June 2016: contributing 73.65%, 22.90% and 3.45% of the revenue for the period, respectively).

Gross (Loss) Profit

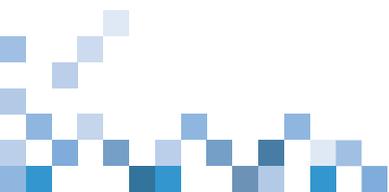
During the Period under Review, the Group recorded gross loss of approximately HK\$0.43 million (six months ended 30 June 2016: gross profit of approximately HK\$23.09 million) with a gross loss margin of 0.45% (six months ended 30 June 2016: gross profit margin of 19.11%) due to increasing costs of surveying and mapping and aerial photogrammetry.

Other Income

During the Period under Review, the Group generated other income of approximately HK\$3.61 million (six months ended 30 June 2016: approximately HK\$0.66 million). The sharp increase was mainly due to the recognition of government grants which amounted to approximately HK\$2.00 million during the Period under Review.

Administrative and Other Operating Expenses

During the Period under Review, the Group's administrative and other operating expenses amounted to approximately HK\$41.04 million (six months ended 30 June 2016: approximately HK\$52.34 million), accounting for approximately 42.59% of the total revenue (six months ended 30 June 2016: approximately 43.32%), mainly due to decreasing amortisation and exchange loss.



Finance Costs

During the Period under Review, the Group recorded finance costs of approximately HK\$28.34 million (six months ended 30 June 2016: approximately HK\$25.32 million), representing an increase of 11.93% compared with the six months ended 30 June 2016. The sharp increase was due to increasing bank loans interest expenses and imputed interest expenses in respect of outstanding convertible notes.

Impairment Loss of Goodwill

During the Period under Review, the Group recorded an impairment loss of goodwill of approximately HK\$169.47 million (six months ended 30 June 2016: nil) for the geographical information business. Please refer to note 14 to the interim financial statements for further details.

Loss Attributable to Shareholders

As a result of the combined effect of the above factors, loss attributable to shareholders amounted to approximately HK\$249.68 million (six months ended 30 June 2016: approximately HK\$38.92 million) during the Period under Review.

Capital Expenditure

During the Period under Review, the Group incurred approximately HK\$5.41 million for the acquisition of property, plant and equipment in Hong Kong and the mainland (six months ended 30 June 2016: approximately HK\$7.41 million).

Liquidity & Financial Resources

As at 30 June 2017, the Group's net current assets value was approximately HK\$152.25 million (as at 31 December 2016: approximately HK\$137.07 million). As at 30 June 2017, the Group's cash at banks and in hand and pledged bank deposits reached approximately HK\$111.88 million (as at 31 December 2016: approximately HK\$158.78 million). As at 30 June 2017, total borrowings, including convertible notes issued in the years 2013, 2014 and 2015, borrowings and amounts due to non-controlling shareholders, were approximately HK\$616.45 million (as at 31 December



2016: approximately HK\$581.33 million). Details of the borrowings and the convertible notes as at 30 June 2017 are set out in note 19 and note 20 to the interim financial statements respectively. The Group's current ratio, being the ratio of current assets to current liabilities, was 1.40 times (as at 31 December 2016: 1.32 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 471.97% (as at 31 December 2016: 126.31%).

Foreign Exchange Risk Management

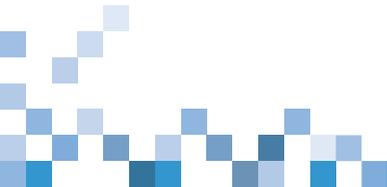
The Group's transactions are primarily denominated in Renminbi and Hong Kong Dollar. The Group has not implemented any formal hedging policy. However, the Group monitors its foreign exchange exposure continuously and, when it considers appropriate and necessary, will consider hedging significant foreign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

Human Resources

As at 30 June 2017, the Group had 472 employees (as at 30 June 2016: 510 employees). Total staff costs, including directors' emoluments for the Period under Review, amounted to approximately HK\$34.98 million (six months ended 30 June 2016: approximately HK\$29.98 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.

PROSPECTS

In the upcoming second half of the year, the Group will continue to deploy oblique photography-related business in addition to the plans developed at the beginning of the year, focusing on the development of agricultural insurance informatization, real estate registration and smart city, etc.



At the beginning of the year 2017, the Group has cooperated with PICC Property and Casualty Company Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) (hereinafter referred to as “**PICC**”) to promote the development of agricultural insurance informatization and jointly signed a strategic cooperation agreement for the three agricultural services in the fields of technology, equipment and data. The cooperation with PICC will provide precision services for agricultural insurance premium rate actuary, insurance development, product improvement, disaster prevention and control, growth monitoring and risk warning to improve the degree of agricultural insurance refinement. After the arrangement and deployment in the first half year, agricultural insurance informatization related business will enter into the actual operational phase for some time to come. The Group believes that such business will bring benefits to the Group in the near future.

Oblique photography technology is a new high-tech development in the field of international surveying and mapping in recent years. It overturns the limitations of orthophoto image which can only be taken from the vertical angle. By carrying several sensors on a flight platform and taking images with five different angles (i.e. one vertical and four other oblique angles), users will enter a real intuitive world in line which is consistent with human vision. The Group has started to prepare for the development plan of oblique photography-related business around the year 2015. After the continuous research and enhancement on relevant technology and relevant national standards in recent years, such business is expected to achieve encouraging development in the future.

The year 2017 is a critical year for the Group’s transformation and upgrading, the Group also needs to face the corresponding difficulties while achieving certain results. After the development in the first half of the year, the Group has accumulated valuable experience and timely adjusted development strategies. The board of directors of the Company (the “**Board**”) will continue to strive to bring considerable benefits to the shareholders of the Company.



SUPPLEMENTARY INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2017, the directors of the Company (the “**Directors**”) and the chief executive of the Company and their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”) which were notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) and which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”):

(a) Long position in the ordinary shares of HK\$0.25 each of the Company (“**Shares**”)

<u>Name of Director</u>	<u>Notes</u>	<u>Capacity/ Nature of interest</u>	<u>Number of Shares held</u>	<u>Approximate percentage of shareholding in the Company</u>
Mr. GUAN Hongliang	1	Interest in controlled corporation	350,652,000	4.30%

Note:

- (1) The 350,652,000 Shares are registered in the name of Broadlink Enterprises Limited (“**Broadlink**”), of which Mr. GUAN Hongliang is entitled to exercise, or control the exercise of 100% of the voting power at general meetings of Broadlink. Hence Broadlink is a controlled corporation (within the meaning of the SFO) of Mr. GUAN Hongliang, who is therefore deemed to be interested in these Shares under the SFO.

(b) Long position in the underlying shares and debentures of the Company

Share Options

Pursuant to the previous share option scheme adopted by the Company on 25 February 2006 and expired on 24 February 2016 (details are set out in note 23 to the interim financial statements), certain Directors were granted share options to subscribe for Shares. Details of share options outstanding and exercisable as at 30 June 2017 were as follows:

Name of Director	Date of grant	Capacity	Number of underlying shares comprised in the share options	Exercisable period	Exercise Price per Share
Mr. GUAN Hongliang	26 September 2014	Beneficial owner	65,000,000	16 October 2014 to 31 December 2017	HK\$0.26
Mr. WANG Zheng	26 September 2014	Beneficial owner	65,000,000	16 October 2014 to 31 December 2017	HK\$0.26
Mr. ZHU Dong	26 September 2014	Beneficial owner	65,000,000	16 October 2014 to 31 December 2017	HK\$0.26
Mr. FENG Tao	26 September 2014	Beneficial owner	65,000,000	16 October 2014 to 31 December 2017	HK\$0.26

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executive of the Company and their respective associates, had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company or the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Directors' and chief executive's interests and short positions in Shares, underlying shares and debentures of the Company and its associated corporations" above and note 23 to the interim financial statements, at no time during the Period under Review were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such benefits.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30 June 2017, so far as the Directors and the chief executive of the Company are aware, the following persons or corporations (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares, underlying shares and debentures of the Company of 5% or more of the Company's issued share capital:

Name of substantial shareholder	Capacity/Nature of interest	Notes	Number of Shares/ underlying shares held	Approximate percentage of shareholding in the Company
Aviation Industry Corporation of China	Interest in controlled corporation	1	2,268,080,000	27.81%
AVIC International Holding Corporation	Interest in controlled corporation	1	2,268,080,000	27.81%
AVIC International (HK) Group Limited	Interest in controlled corporation	1	2,268,080,000	27.81%
Best Pine Investment Limited	Beneficial owner	1	552,100,000	6.77%
Tacko International Limited	Interest in controlled corporation	1	1,161,900,000	14.24%
AVIC International Holding (HK) Limited	Interest in controlled corporation	1	1,161,900,000	14.24%
Kingspot Investment Limited	Beneficial owner	1	1,133,000,000	13.89%
Billirich Investment Limited	Beneficial owner	1	28,900,000	0.35%
AVIC Joy Holdings (HK) Limited	Interest in controlled corporation	1, 2	554,080,000	6.79%
Light Pearl Holdings Limited	Interest in controlled corporation	1, 2	554,080,000	6.79%
Tongda Information Technology Limited	Interest in controlled corporation	1, 2	554,080,000	6.79%
Smarty Capital Investments Limited	Beneficial owner	1, 2	554,080,000	6.79%

Notes:

1. Aviation Industry Corporation of China ("**AVIC**") is interested in 2,268,080,000 Shares, underlying shares and convertible notes of the Company through Best Pine Investment Limited ("**Best Pine**"), Kingspot Investment Limited ("**Kingspot**"), Billirich Investment Limited ("**Billirich**") and Smarty Capital Investments Limited ("**Smarty Capital**").

AVIC holds 62.52% interest in AVIC International Holding Corporation which in turn holds 100% interest in AVIC International (HK) Group Limited ("**AVIC Int'l Group**").

AVIC Int'l Group holds 8.49% in AVIC Joy Holdings (HK) Limited ("**AVIC Joy**"). AVIC Int'l Group also holds 100% interest in Tacko International Limited which in turn holds 34.34% interest in AVIC International Holding (HK) Limited ("**AVIC Int'l**") which in turn holds 100% interest in Billirich which in turn holds 17.38% interest in AVIC Joy. AVIC Int'l Group also holds 100% interest in Best Pine which holds 552,100,000 Shares.

AVIC Int'l also holds 100% interest in Kingspot which is interested in (i) 733,000,000 Shares and (ii) convertible notes that may be converted into 400,000,000 Shares. Billirich also holds 28,900,000 Shares.

AVIC Joy holds 100% interest in Light Pearl Holdings Limited ("**Light Pearl**") which in turn holds 100% interest in Tongda Information Technology Limited ("**Tongda**") which in turn holds 100% interest in Smarty Capital which holds 554,080,000 Shares.

2. Mr. ZHU Dong is a director of Light Pearl, Tongda and Smarty Capital; and an executive director and chairman of AVIC Joy.

Save as disclosed above, as at 30 June 2017, the Company has not been notified of any other person or corporation who had an interest directly or indirectly or short positions in the Shares, underlying shares and debentures of the Company which would fail to be disclosed to the Company and the Stock Exchange and were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Period under Review, none of the Directors had any competing interests in any business or had any interests in any business that may constitute direct or indirect competition with the Group.

SHARE OPTIONS

Details of the Company's share option schemes are set out in note 23 to the interim financial statements.

INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no significant investments, material acquisitions and disposals of its subsidiaries and associated companies during the Period under Review.

PLEDGE OF ASSETS

As at 30 June 2017, the Group has pledged bank deposits of approximately HK\$3,000 to secure certain projects in relation to data collection and processing and will be released upon completion of services pursuant to the agreements and the Group has pledged land and buildings with carrying amount of approximately HK\$4,160,000 (as at 31 December 2016: approximately HK\$4,054,000) to secure the bank's borrowings as disclosed in note 19 to the interim financial statements.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no material contingent liabilities (as at 31 December 2016: nil).



PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Period under Review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any listed securities of the Company.

CORPORATE GOVERNANCE

The Board considers that good corporate governance is essential for enhancing accountability and transparency of a company to the investment public and other shareholders. The Directors are dedicated to maintain 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 as set out in appendix 14 to the Listing Rules for the Period under Review.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The obligations to comply with the Listing Rules are set out in the letter of appointment of each executive Director and each independent non-executive Director. The Company has made specific enquiries with the Directors, and all Directors have confirmed that they have complied with the requirements as set out under the Model Code for the Period under Review.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

The Company is not aware of changes in the biographical details of the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



BOARD COMMITTEES

Audit Committee

As at the date of this report, the audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors. The Audit Committee together with the Company’s management have reviewed the internal control and financial reporting matters of the Company and the unaudited condensed consolidated interim results of the Group for the Period under Review before submitting such results to the Board for approval. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

Nomination Committee

As at the date of this report, the nomination committee of the Company (the “**Nomination Committee**”) comprises three members, a majority of whom are independent non-executive Directors. The main role and functions of the Nomination Committee are to assist and make recommendations to the Board to ensure that all the nominations are fair and transparent.

Remuneration Committee

As at the date of this report, the remuneration committee of the Company (the “**Remuneration Committee**”) comprises three members, a majority of whom are independent non-executive Directors. The main role and functions of the Remuneration Committee are to review and make recommendations to the Board on the policy and structure for the remuneration of the Directors and the senior management and determine the remuneration package of the executive Directors and senior management.

Executive Committee

As at the date of this report, the executive committee of the Company (the “**Executive Committee**”) comprises three executive Directors. The main role and functions of the Executive Committee are to advise and assist the Board in formulating policies and to monitor the performance of management in carrying out and implementing the policies laid down by the Board for the Group.



CHANGE OF DOMICILE

On 10 July 2017, the change of domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda (the “**Change of Domicile**”) and the adoption of the memorandum of continuance and bye-laws in connection with the Change of Domicile were approved by the shareholders of the Company at the extraordinary general meeting of the Company. The Change of Domicile became effective on 24 July 2017 (Bermuda time)/25 July 2017 (Hong Kong time). The details of the Change of Domicile were disclosed in the Company’s circular dated 16 June 2017 and the Company’s announcements dated 2 June 2017, 10 July 2017 and 25 July 2017.

CAPITAL REORGANISATION

On 14 August 2017, the Company completed the capital reorganisation (the “**Capital Reorganisation**”) as described in the circular of the Company dated 16 June 2017. The Capital Reorganisation involved the following:

- (i) the issued share capital of the Company reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.24 on each of the ordinary share(s) of HK\$0.25 each in the existing issued and unissued share capital of the Company prior to the Capital Reorganisation becoming effective (“**Existing Shares**”) such that the nominal value of each issued Existing Share will be reduced from HK\$0.25 to HK\$0.01 (the “**Capital Reduction**”);
- (ii) immediately following the Capital Reduction taking effect, all the authorised but unissued share capital of the Company (which shall include the authorised but unissued share capital arising from the Capital Reduction) would be cancelled in its entirety and forthwith upon such cancellation, the authorised share capital of the Company would be increased to HK\$7,500,000,000 by the creation of such number of additional ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective (“**New Shares**”) as shall be sufficient to increase the authorised share capital of the Company to HK\$7,500,000,000 divided into 750,000,000,000 New Shares;



- (iii) the credits arising in the books of the Company from the Capital Reduction would be credited to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda; and
- (iv) the amount standing to the credit of the contributed surplus account be applied to set off the accumulated losses of the Company by the amount of such credit or be applied in any other manner as may be permitted under the new bye-laws of the Company which was adopted by the Company on 24 July 2017 (Bermuda time)/25 July 2017 (Hong Kong time) and all applicable laws of Bermuda.

The Capital Reorganisation was approved by the shareholders of the Company by a special resolution at an extraordinary general meeting of the Company held on 10 July 2017 and became effective on 14 August 2017. As at the date of this report, the issued share capital of the Company was HK\$81,567,810.91, divided into 8,156,781,091 ordinary shares of HK\$0.01 each. Details of the Capital Reorganisation were set out in the announcements of the Company dated 2 June 2017, 10 July 2017 and 14 August 2017 and the circular of the Company dated 16 June 2017.

APPRECIATION

On behalf of the Board, I would like to express our appreciation to all our management and staff members for their ongoing contribution and hard work. We would also like to thank our customers, suppliers, shareholders and other stakeholders of the Company for their continuous support.

On behalf of the Board

GUAN Hongliang

Chairman

Hong Kong, 30 August 2017



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2017

		Six months ended 30 June	
	Notes	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000 (Restated)
Continuing operations			
Revenue	4	96,372	120,822
Cost of revenue		(96,805)	(97,737)
Gross (loss) profit		(433)	23,085
Other income	6	3,611	661
Selling and distribution expenses		(17,616)	(5,471)
Administrative and other operating expenses		(41,043)	(52,338)
Share of results of associates		(1,038)	1,032
Impairment loss of goodwill	14	(169,466)	–
Other gain and losses, net	7	467	(6,095)
Operating loss		(225,518)	(39,126)
Finance costs	8	(28,339)	(25,319)
Loss before taxation	9	(253,857)	(64,445)
Income tax (expense) credit	10	(1,422)	2,827
Loss for the period from continuing operations		(255,279)	(61,618)
Discontinued operation			
Profit for the period from discontinued operation	11	–	3,257
Loss for the period		(255,279)	(58,361)



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

for the six months ended 30 June 2017

		Six months ended 30 June	
	Notes	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000 (Restated)
(Loss) profit for the period attributable to owners of the Company:			
– from continuing operations		(249,683)	(42,159)
– from discontinued operation		–	3,244
Loss for the period attributable to owners of the Company		(249,683)	(38,915)
(Loss) profit for the period attributable to non-controlling interests:			
– from continuing operations		(5,596)	(19,459)
– from discontinued operation		–	13
Loss for the period attributable to non-controlling interests		(5,596)	(19,446)
		(255,279)	(58,361)
		HK cents	HK cents
Loss per share			
From continuing and discontinued operations			
– Basic and diluted	13	(3.06)	(0.48)
From continuing operations			
– Basic and diluted	13	(3.06)	(0.52)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2017

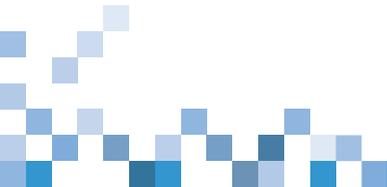
	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Loss for the period	(255,279)	(58,361)
Other comprehensive income (expense) for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of overseas operations	27,653	(28,928)
Total comprehensive expense for the period	(227,626)	(87,289)
Total comprehensive expense for the period attributable to:		
Owners of the Company	(223,378)	(66,925)
Non-controlling interests	(4,248)	(20,364)
	(227,626)	(87,289)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	15	45,311	42,553
Interests in associates		10,492	11,697
Goodwill	14	253,133	404,076
Other intangible assets	16	233,583	230,466
Available-for-sale investment		4,606	4,465
Deferred tax assets	21	50	48
		547,175	693,305
Current assets			
Inventories		857	886
Amounts due from customers of contract works		232,452	221,097
Trade and other receivables	17	190,263	179,336
Finance lease receivables		2,073	2,010
Tax recoverable		6	6
Pledged bank deposits		3	197
Bank balances and cash		111,878	158,582
		537,532	562,114
Current liabilities			
Amounts due to customers of contract works		-	11,902
Trade and other payables	18	295,185	258,107
Amounts due to non-controlling shareholders		10,926	74,632
Amounts due to associates		41,079	44,135
Tax payables		2,302	5,648
Borrowings	19	35,789	30,624
		385,281	425,048
Net current assets		152,251	137,066
Total assets less current liabilities		699,426	830,371



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

as at 30 June 2017

	Notes	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Non-current liabilities			
Amount due to a non-controlling shareholder		74,187	6,168
Borrowings	19	646	626
Convertible notes	20	494,902	469,282
Deferred income		501	264
Deferred tax liabilities	21	22,282	19,497
		592,518	495,837
Net assets		106,908	334,534
Equity			
Share capital	22	2,039,195	2,039,195
Reserves	24	(1,979,892)	(1,756,514)
Equity attributable to owners of the Company		59,303	282,681
Non-controlling interests		47,605	51,853
Total equity		106,908	334,534



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2017

	Equity attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Share option reserve	Capital redemption reserve	Statutory reserve	Translation reserve	Convertible note equity reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(note 24(a))	(note 24(b))	(note 24(c))	(note 24(d))	(note 24(e))	(note 24(f))	(note 20)				
At 1 January 2016 (Audited)	2,038,195	1,087,267	13,805	46,903	6,629	14,836	11,977	156,998	(2,451,918)	925,692	62,153	987,845
Loss for the period	-	-	-	-	-	-	-	-	(38,915)	(38,915)	(19,446)	(58,361)
Other comprehensive expense for the period												
- Exchange difference arising from translation of overseas operations	-	-	-	-	-	-	(28,010)	-	-	(28,010)	(918)	(28,928)
Total comprehensive expense for the period	-	-	-	-	-	-	(28,010)	-	(38,915)	(66,925)	(20,364)	(87,289)
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	-	3,373	3,373
Forfeiture of share options (note 23)	-	-	-	(1,982)	-	-	-	-	1,982	-	-	-
At 30 June 2016 (Unaudited)	2,038,195	1,087,267	13,805	44,921	6,629	14,836	(16,033)	156,998	(2,488,851)	858,767	45,162	903,929
At 1 January 2017 (Audited)	2,038,195	1,087,267	13,805	42,226	6,629	14,836	(123,676)	156,998	(2,954,589)	282,681	51,853	334,534
Loss for the period	-	-	-	-	-	-	-	-	(249,683)	(249,683)	(5,596)	(255,279)
Other comprehensive income for the period												
- Exchange difference arising from translation of overseas operations	-	-	-	-	-	-	26,305	-	-	26,305	1,348	27,653
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	26,305	-	(249,683)	(223,378)	(4,248)	(227,626)
At 30 June 2017 (Unaudited)	2,038,195	1,087,267	13,805	42,226	6,629	14,836	(97,371)	156,998	(3,204,282)	59,303	47,605	106,908

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2017

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
OPERATING ACTIVITIES		
Cash used in operations	(32,169)	(59,095)
Interest paid on bank loans and other loans	(986)	(720)
Interest received	180	345
Income tax paid	(3,740)	(1,860)
NET CASH USED IN OPERATING ACTIVITIES	(36,715)	(61,330)
INVESTING ACTIVITIES		
Payments to acquire other intangible assets	(10,931)	(16,393)
Payments to acquire property, plant and equipment	(5,405)	(7,405)
Acquisition of investments in associates	-	(3,089)
Payments to acquire exploration and evaluation assets	-	(175)
Placement of pledged bank deposits	(3)	-
Net cash inflow on disposal of a subsidiary	-	5,756
Withdrawal of pledged bank deposits	197	60,409
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(16,142)	39,103
FINANCING ACTIVITIES		
New bank borrowings raised	35,583	16,897
(Repayment to) advance from associates	(4,366)	7,668
Government grant received	2,497	7,584
Advance from non-controlling shareholders	-	1,560
Repayment of bank borrowings	(30,398)	(77,742)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	3,316	(44,033)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(49,541)	(66,260)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	158,582	213,141
Effect of foreign exchange rate changes	2,837	6,014
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	111,878	152,895

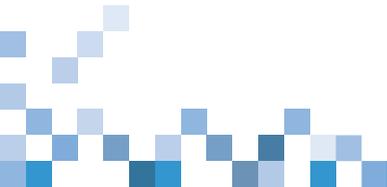
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 Company was de-registered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The change of domicile from the Cayman Islands to Bermuda became effective on 24 July 2017 (Bermuda time) / 25 July 2017 (Hong Kong time). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the interim report.

The Company and its subsidiaries (collectively referred as the “**Group**”) are principally engaged in geographic information business in the People’s Republic of China (the “**PRC**”) including aerial photography and remote sensing image data collection (the “**data collection**”), 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 six months ended 30 June 2016, the Group was also engaged in mining and exploration of mineral resources in Mongolia (the “**mining and exploration business**”) which was discontinued 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 11.

These condensed consolidated interim financial information has not been audited.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2017 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**new and revised HKFRSs**”) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 January 2017:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

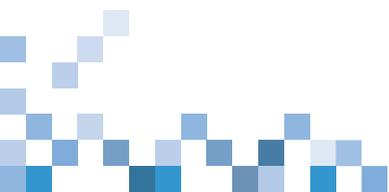
3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Except as described below, the application of other new and revised HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to HKAS 7 results in additional disclosures on the Group's financing activities, especially reconciliation between the opening and closing balances for liabilities arising from financing activities. The Group will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

4. REVENUE

An analysis of the Group's revenue for the period from continuing operations is as follows:

	Six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Business application and services	72,980	88,989
Data collection	23,136	27,667
Development and sales of equipment	256	4,166
Total	96,372	120,822

5. SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the board of directors, 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 2016. The segment information reported does not include any amounts for this discontinued operation, details which are described in note 11.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

5. 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 six months ended 30 June 2017 (Unaudited)

Continuing operations

	Business application and services HK\$'000	Data collection HK\$'000	Development and sales of equipment HK\$'000	Total HK\$'000
Revenue from external customers	72,980	23,136	256	96,372
Impairment loss of goodwill	-	(137,577)	(31,889)	(169,466)
Amortisation and depreciation	(13,494)	(4,073)	(182)	(17,749)
Segment loss	(9,952)	(144,937)	(32,047)	(186,936)
Other income				1,615
Share of results of associates				(1,038)
Finance costs				(28,339)
Central administrative costs				(39,159)
Loss before taxation				(253,857)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results (Continued)

For the six months ended 30 June 2016 (Unaudited)

Continuing operations

	Business application and services HK\$'000	Data collection HK\$'000	Development and sales of equipment HK\$'000	Total HK\$'000 (Restated)
Revenue from external customers	88,989	27,667	4,166	120,822
Amortisation and depreciation	(21,167)	(6,580)	(944)	(28,691)
Segment profit (loss)	6,948	53	(7,566)	(565)
Other income				661
Share of results of associates				1,032
Loss on deregistration of a subsidiary				(4,718)
Finance costs				(25,319)
Central administrative costs				(35,536)
Loss before taxation				(64,445)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit from each segment without allocation of central administrative costs, directors' salaries, certain other income, loss on deregistration of a subsidiary, finance costs and share of results of associates. This is the measure reported to the board of directors, being the chief operating decision maker, for the purposes of resources allocation and performance assessment.

There were no inter-segment sales between different business segments for the six months ended 30 June 2017 and 30 June 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Segment assets		
Business application and services	456,206	435,742
Data collection	371,514	501,620
Development and sales of equipment	36,155	64,135
Total segment assets	863,875	1,001,497
Unallocated corporate assets	220,832	253,922
Total assets	1,084,707	1,255,419
Segment liabilities		
Business application and services	172,427	125,988
Data collection	48,506	68,853
Development and sales of equipment	2,915	2,235
Total segment liabilities	223,848	197,076
Unallocated corporate liabilities	753,951	723,809
Total liabilities	977,799	920,885

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than interests in associates, available-for-sale investment, deferred tax assets, tax recoverable, certain corporate assets, pledged bank deposits and bank balances and cash as these assets are managed on a group basis. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.
- all liabilities are allocated to operating segments other than tax payables, amounts due to non-controlling shareholders/associates, deferred tax liabilities, borrowings, convertible notes and certain corporate liabilities as these liabilities are managed on a group basis. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

6. OTHER INCOME

	Six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Bank interest income	180	345
Government grants (note i)	1,996	–
Rental income	–	316
Sundry income	1,337	–
Exchange gain, net	98	–
Total	3,611	661

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

6. OTHER INCOME *(Continued)*

Note:

- (i) During the six months ended 30 June 2017, government grants of approximately RMB1,765,000 (equivalent to approximately HK\$1,996,000) (six months ended 30 June 2016: nil) were granted in respect of certain research projects, the relevant granting criteria for which have been fulfilled and were immediately recognised as other income.

7. OTHER GAIN AND LOSSES, NET

	Six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Reversal of loss on uncertainty in respect of collectibility of amounts due from customers of contract works	378	–
Reversal of impairment loss of trade receivables	89	5,881
Impairment loss of trade receivables	–	(7,258)
Loss on deregistration of a subsidiary	–	(4,718)
Total	467	(6,095)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

8. FINANCE COSTS

	Six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Interest charges on:		
– Bank loans	986	720
– Other loans	1,733	1,466
	2,719	2,186
Imputed interest on Extended Convertible Note I (note 20(a)(i))	21,434	19,310
Imputed interest on Convertible Note II (note 20(b)(i))	4,186	3,823
Total	28,339	25,319

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

9. LOSS BEFORE TAXATION

Loss before taxation for the period has been arrived at after charging:

	Six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Staff costs (including directors' emoluments)		
– salaries, allowances and benefits in kind	30,259	25,462
– retirement benefits scheme contributions (defined contribution plan)	4,725	4,515
	34,984	29,977
Amount of inventories recognised as an expense	32	1,850
Amortisation of other intangible assets	14,199	22,488
Depreciation of property, plant and equipment	3,982	6,203
Exchange losses, net	–	3,028
Write-off of inventories (included in the cost of revenue)	–	304
Net loss on disposal of property, plant and equipment (note 15)	2	–
Write-off of property, plant and equipment (note 15)	–	30
Minimum lease payments under operating leases in respect of rented land and buildings and other intangible assets	6,172	12,048

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

10. INCOME TAX EXPENSE (CREDIT)

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual (loss) earnings. The major components of income tax expense (credit) in the condensed consolidated statement of profit or loss and other comprehensive income are:

	Six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Current tax		
– PRC Enterprise income tax	280	205
Deferred tax		
– Current period (note 21)	1,142	(3,032)
Income tax expense (credit)	1,422	(2,827)

11. 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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

11. DISCONTINUED OPERATION *(Continued)*

The results of the mining and exploration business for the period from 1 January 2016 to 30 June 2016, which have been included in the condensed consolidated statement of profit or loss, were as follows:

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	—	—
Other income	—	220
Gain on disposal of a subsidiary (Note 27)	—	5,756
Other loss	—	(175)
Administrative and other operating expenses	—	(2,544)
Profit before taxation	—	3,257
Income tax expense (note)	—	—
Profit for the period	—	3,257
Profit for the period from discontinued operation include the following:		
Impairment loss of exploration and evaluation assets	—	(175)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

11. DISCONTINUED OPERATION *(Continued)*

Note:

Subsidiaries incorporated in Mongolia are subject to Mongolian income tax which is calculated at the rate of 10% on the first 3 billion MNT of taxable income and 25% on the amount in excess thereof. No provision for income tax has been made as there were no assessable profits during the six months ended 30 June 2017 and 30 June 2016.

Net cash inflow arising from discontinued operation is as follows:

	Six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Operating activities	-	(5,430)
Investing activities	-	5,581
Financing activities	-	-
	<hr/>	<hr/>
	-	151
	<hr/>	<hr/>

12. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2017, nor has any dividend been proposed since the end of the interim reporting period (six months ended 30 June 2016: nil).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

13. 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

	Six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the purpose of basic and diluted loss per share		
– loss for the period attributable to owners of the Company	(249,683)	(38,915)

Number of shares

	Six months ended	
	30 June	
	2017	2016
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	8,156,781	8,156,781

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

13. LOSS PER SHARE *(Continued)*

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

	Six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company	(249,683)	(38,915)
Less: profit for the period attributable to owners of the Company from discontinued operation	-	(3,244)
Loss for the purpose of basic and diluted loss per share from continuing operations	(249,683)	(42,159)

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

13. LOSS PER SHARE *(Continued)*

c) From discontinued operation

Basic and diluted earnings per share for the discontinued operation attributable to the owners of the Company is HK0.04 cents per share for the six months ended 30 June 2016 (six months ended 30 June 2017: nil), based on the profit for the six months ended 30 June 2016 from the discontinued operation of approximately HK\$3,244,000 (six months ended 30 June 2017: nil) and the denominators detailed above for both basic and diluted profit per share.

The computation of diluted loss per share for the six months ended 30 June 2017 and 30 June 2016 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 six months ended 30 June 2017 and 30 June 2016 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.

14. GOODWILL

The carrying amount of goodwill was related to the cash-generating unit ("**CGU**") of the operating segments under Sinbo Investment Limited ("**Sinbo**") and its subsidiaries (collectively referred to as "**Sinbo Group**") in geographic information business.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

14. GOODWILL *(Continued)*

The recoverable amount of the goodwill attributable to the Sinbo Group of approximately HK\$253,133,000 (31 December 2016: 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 (“**Roma Appraisals**”), an independent professional 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 36 (31 December 2016: 50) and marketability discount rate of 21% (31 December 2016: 21%) and control premium of 40% (31 December 2016: 40%) 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 six months ended 30 June 2017, impairment loss of approximately HK\$169,466,000 (six months ended 30 June 2016: 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.

15. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired assets with a cost of approximately HK\$5,405,000 (six months ended 30 June 2016: approximately HK\$7,405,000). Assets with a carrying amount of approximately HK\$2,000 were disposed of by the Group during the six months ended 30 June 2017 (six months ended 30 June 2016: nil), resulting in a net loss on disposal of approximately HK\$2,000. During the six months ended 30 June 2016, the Group has written off property, plant and equipment with a net carrying value of approximately HK\$30,000, resulting in a loss on written off of approximately HK\$30,000 (six months ended 30 June 2017: nil).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

16. OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2017, the Group incurred capital expenditure of approximately HK\$10,931,000 (six months ended 30 June 2016: approximately HK\$16,393,000) in respect of deferred development cost.

17. TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Trade receivables		
– from third parties	97,479	101,865
– from a non-controlling shareholder	14,120	13,688
	111,599	115,553
Less: accumulated impairment loss	(13,144)	(12,831)
	98,455	102,722
Amounts due from non-controlling shareholders	3,171	3,075
Amounts due from associates	1,250	452
Prepayments and deposits	46,571	34,456
	50,992	37,983
Other receivables	45,273	42,952
Less: accumulated impairment loss	(4,457)	(4,321)
	40,816	38,631
Total trade and other receivables	190,263	179,336

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

17. TRADE AND OTHER RECEIVABLES *(Continued)*

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 as at 30 June 2017 (31 December 2016: 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 which is 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:

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Within 90 days	26,214	38,869
91 to 180 days	3,149	6,649
181 to 365 days	25,773	14,700
Over 365 days	43,319	42,504
	98,455	102,722

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

18. TRADE AND OTHER PAYABLES

Details of the trade and other payables including an aged analysis of trade payables, presented based on invoice date, as at the end of the reporting period are as follows:

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Trade payables aged		
Within 90 days	77,832	74,171
91 to 180 days	20,951	19,228
181 to 365 days	85,799	32,297
Over 365 days	39,267	59,214
	223,849	184,910
Other payables and accruals	71,336	73,197
Total trade and other payables	295,185	258,107

The credit period granted by suppliers and sub-contractors is normally 90 to 180 days as at 30 June 2017 (31 December 2016: 90 to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

19. BORROWINGS

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Secured bank loan (note a)	853	1,002
Unsecured bank loans (note b)	35,582	30,248
Total borrowings	36,435	31,250

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

19. BORROWINGS *(Continued)*

Notes:

- (a) As at 30 June 2017, a secured bank loan of approximately RMB741,000 (equivalent to approximately HK\$853,000) (31 December 2016: approximately RMB898,000 (equivalent to approximately HK\$1,002,000)) is secured by the Group's land and building with carrying amount of approximately RMB3,612,000 (equivalent to approximately HK\$4,160,000) (31 December 2016: approximately RMB3,631,000 (equivalent to approximately HK\$4,054,000)). The loan carried interest at a fixed rate of 6.2% (31 December 2016: 6.2%) per annum and repayable within three years by monthly installment of approximately RMB28,000 (equivalent to approximately HK\$32,000) (31 December 2016: approximately RMB28,000 (equivalent to approximately HK\$31,000)) for the purpose of general working capital.
- (b) As at 30 June 2017, the unsecured bank loans of approximately RMB30,898,000 (equivalent to approximately HK\$35,582,000) (31 December 2016: approximately RMB27,094,000 (equivalent to approximately HK\$30,248,000)) were used for the purposes of general working capital.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

20. CONVERTIBLE NOTES

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Convertible Note I (note a)		
Liability component	404,838	383,404
Equity component	139,915	139,915
	544,753	523,319
Convertible Note II (note b)		
Liability component	90,064	85,878
Equity component	17,083	17,083
	107,147	102,961
	651,900	626,280
Analysed for reporting purpose:		
Non-current portion:		
Liability component	494,902	469,282
Equity component	156,998	156,998
	651,900	626,280



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

20. CONVERTIBLE NOTES *(Continued)*

Notes:

- (a) On 17 June 2010 (the “**Issue Date I**”), the Company issued a five-year zero coupon convertible note in principal amount of HK\$954,100,000 (the “**Convertible Note I**”) as part of the consideration for acquiring 100% interest in MIG Resources Limited (formerly known as “**Well Delight Holdings Limited**”). The Convertible Note I was matured on 17 June 2015 (the “**Maturity I**”), subject to an option of the holder of the Convertible Note I (“**Noteholder I**”) to convert the whole or part of the principal amount of the Convertible Note I into ordinary shares of the Company at a conversion price of HK\$1.10 per share (adjusted from HK\$0.22 per share as a result of the share consolidation on 20 November 2012 and which may be subject to further adjustment). The Convertible Note I is non-redeemable prior to the maturity date. The Company has the right to extend the maturity date in respect of the outstanding amount of the Convertible Note I for another five years (the “**Derivative Component**”), which has been exercised on Maturity I.

The Convertible Note I was stated at fair value on the Issue Date I which amounted to approximately HK\$948,237,000. The Convertible Note I contains three components – liability component, equity component and the Derivative Component. The fair value of the liability component of the Convertible Note I was calculated using cash flows discounted at a rate based on an equivalent market interest rate for an equivalent non-convertible bond. The fair value of the equity component and the Derivative Component were determined based on the valuation carried out by Asset Appraisals Limited, an independent professional valuer, by using Binomial valuation model.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

20. CONVERTIBLE NOTES *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

On Maturity I, the Company exercised its right to extend the maturity date of the Convertible Note I for another five years, from 17 June 2015 to 17 June 2020, with the outstanding principal amount of HK\$560,580,400 (the "**Extended Convertible Note I**"), the then liability component, equity component and the Derivative Component were derecognised. No other terms and conditions of the Convertible Note I have been amended. The Extended Convertible Note I was stated at fair value on the Maturity I which amounted to approximately HK\$463,636,000. The Extended Convertible Note I contains two components – liability component and equity component. The fair value of the Extended Convertible Note I as a whole, which composed liability component and equity component, was determined based on the valuation carried out by Roma Appraisals by using Binomial valuation model. The fair value of the liability component of the Extended Convertible Note I was calculated using cash flows discounted at a rate based on an equivalent market interest rate for an equivalent non-convertible bond. The fair value of the equity component of the Extended Convertible Note I was calculated by subtracting the fair value of the liability component from the fair value of the Extended Convertible Note I as a whole.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

20. CONVERTIBLE NOTES *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

The movement of the liability component and the equity component of the Convertible Note I for the period/year is set out below:

	Liability component		Equity component	
	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Carrying amounts				
At beginning of the period/year	383,404	343,467	139,915	139,915
Imputed interest expenses of Extended Convertible Note I (note i)	21,434	39,937	–	–
At end of the period/year	404,838	383,404	139,915	139,915

Note:

- (i) The liability component of Extended Convertible Note I is subsequently measured at amortised cost using effective interest method by applying an effective rate of 11.59% per annum (six months ended 30 June 2016: 11.59% per annum). Imputed interest expense of approximately HK\$21,434,000 was recognised in profit or loss for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$19,310,000) (note 8).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

20. CONVERTIBLE NOTES *(Continued)*

Notes: *(Continued)*

- (b) On 2 August 2013 (the “**Issue Date II**”), the Company issued a five-year zero coupon convertible note in principal amount of HK\$1,170,000,000 as part of the consideration for acquiring 100% interest in Sinbo. Subject to adjustments, convertible note in additional principal amount of HK\$80,000,000 in aggregate (the “**Contingent Consideration**”) would be issued also as part of the consideration for acquiring 100% interest in Sinbo (together with the convertible note in principal amount of HK\$1,170,000,000, the “**Convertible Note II**”). The Company issued the Convertible Note II in aggregate principal amount of HK\$80,000,000 on 26 March 2014. The Convertible Note II will be matured on the business day falling on the fifth anniversary of the date of issue, subject to an option of the holder of the Convertible Note II (“**Noteholder II**”) to convert the whole or part of the principal amount of the Convertible Note II into ordinary shares of the Company at a conversion price of HK\$0.25 per share (subject to adjustment) at any time from the issue date up to maturity date.

The Convertible Note II comprises three parts:

- a principal amount of HK\$80,000,000 in aggregate Tranche A Convertible Note II which is subject to adjustment.
- a principal amount of HK\$870,000,000 in aggregate Tranche A Convertible Note II which is not subject to adjustment.
- a principal amount of HK\$300,000,000 in aggregate of Tranche B Convertible Note II which is not subject to adjustment.

The Company cannot unilaterally redeem all or any part of the Convertible Note II prior to the maturity date without the prior written consent of the Noteholder II. Subject to the consent from the Company, the holder of Tranche B Convertible Note II may request the Company to redeem up to all of the principal amount outstanding under the Tranche B Convertible Note II on one or more occasions at any time prior to its maturity date.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

20. CONVERTIBLE NOTES *(Continued)*

Notes: *(Continued)*

(b) *(Continued)*

The Contingent Consideration would be adjusted in the event that the audited consolidated net profit after tax of Sinbo Group attributable to the owners of Sinbo (net of minority interests) for the nine months ended 31 December 2013 (the "PAT") was less than HK\$80,000,000, and the consideration shall be adjusted by deducting the sum equivalent to the shortfall between the PAT and HK\$80,000,000 subject to a maximum deduction of the sum of HK\$80,000,000.

The Tranche A Convertible Note II with the principal amount of HK\$870,000,000 in aggregate which was not subject to adjustment and the Tranche B Convertible Note II with the principal amount of HK\$300,000,000 in aggregate was accounted for using split accounting as the corresponding conversion option can be settled by issuing a fixed number of the Company's own equity instruments. They were initially recognised at fair value on the Issue Date II amounting to approximately HK\$923,758,000 which comprises a liability component with fair value on the Issue Date II of approximately HK\$723,889,000 and an equity component with fair value on the Issue Date II of approximately HK\$199,869,000. The fair value of the liability component was calculated by Roma Appraisals using cash flows discounted at a rate based on an equivalent market interest rate for an equivalent non-convertible bond. The fair value of the equity component was determined based on the valuation carried out by Roma Appraisals using option pricing model.

The Convertible Note II contains three components – liability component, equity component and the Contingent Consideration.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

20. CONVERTIBLE NOTES *(Continued)*

Notes: *(Continued)*

(b) *(Continued)*

On 26 March 2014 (the “**Issue Date III**”), the PAT had been met and the Company issued the Tranche A Convertible Note II in the aggregate principal amount of HK\$80,000,000. They were initially recognised at fair value on the Issue Date III amounting to approximately HK\$108,486,000 which comprises liability component and equity component with fair value on the Issue Date III of approximately HK\$51,149,000 and HK\$57,337,000 respectively. On the same date, the Contingent Consideration no longer existed and was derecognised. The fair value of the liability component was calculated by Roma Appraisals using cash flows discounted at a rate based on an equivalent market interest rate for an equivalent non-convertible bond. The fair value of the equity component was determined based on the valuation carried out by Roma Appraisals using option pricing model. As at 31 December 2015, the Tranche A Convertible Note II with aggregate principal amount of HK\$80,000,000 had been fully converted.

The movement of the liability component and the equity component of the Convertible Note II for the period/year is set out below:

	Liability component		Equity component	
	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Carrying amounts				
At beginning of the period/year	85,878	77,999	17,083	17,083
Imputed interest expenses of Convertible Note II (note i)	4,186	7,879	-	-
At end of the period/year	90,064	85,878	17,083	17,083

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

20. CONVERTIBLE NOTES *(Continued)*

Notes: *(Continued)*

(b) *(Continued)*

Note:

- (i) The liability component of Convertible Note II is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 9.35% to 10.07% per annum. Imputed interest expense of approximately HK\$4,186,000 was recognised in profit or loss for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$3,823,000) (note 8).

21. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial information purposes:

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Deferred tax assets	50	48
Deferred tax liabilities	(22,282)	(19,497)
Balance at end of period/year	(22,232)	(19,449)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

21. DEFERRED TAXATION *(Continued)*

Deferred tax (assets) liabilities recognised in the condensed consolidated statement of financial position and their movements during the current interim period are as follows:

	Fair value adjustment arising from acquisition of subsidiaries HK\$'000	Others HK\$'000	Total HK\$'000
At 31 December 2016 (Audited)	19,497	(48)	19,449
Charged to profit or loss (note 10)	1,142	—	1,142
Exchange realignment	1,643	(2)	1,641
At 30 June 2017 (Unaudited)	22,282	(50)	22,232

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

22. SHARE CAPITAL

	Par value HK\$	Number of ordinary shares	Total HK\$'000
Authorised			
At 1 January 2016, 31 December 2016 and 30 June 2017	0.25	<u>30,000,000,000</u>	<u>7,500,000</u>
Issued and fully paid			
At 1 January 2016, 31 December 2016 (Audited) and 30 June 2017 (Unaudited)		<u>8,156,781,091</u>	<u>2,039,195</u>

All of the shares issued by the Company rank pari passu in all respects with others in issue.

23. SHARE-BASED PAYMENT TRANSACTIONS

On 26 May 2016, the Company has adopted a new share option scheme (the “**Scheme**”). The previous share option scheme was adopted on 25 February 2006 and has already been expired on 24 February 2016 (the “**2006 Share Option Scheme**”). The outstanding share options under the 2006 Share Option Scheme remain valid. The purpose of the Scheme and the 2006 Share Option Scheme is to recognise and acknowledge the contributions that the eligible participants have made or may make to the business development of the Group.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

23. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

As of 30 June 2017, the total number of shares of the Company available for issue under the Scheme was 815,678,109 representing approximately 10% of the issued share capital of the Company as of the date of this report.

Movements of the share options and their weighted average exercise price

Grantees	Options grant date	Number of share options		
		As at 1 January 2016 '000	Forfeited '000	As at 31 December 2016 and 30 June 2017 '000
Directors	25 October 2010	36,700	-	36,700
	9 October 2012	14,080	-	14,080
	26 September 2014	325,000	(65,000)	260,000
		375,780	(65,000)	310,780
Employees	25 October 2010	8,000	-	8,000
	9 October 2012	440	-	440
	26 September 2014	53,200	(26,000)	27,200
		61,640	(26,000)	35,640
Suppliers of services or goods	25 October 2010	13,000	-	13,000
Total		450,420	(91,000)	359,420
Exercisable at the end of year/period				359,420
Weighted average exercise price (HK\$ per share)		0.34	0.26	0.32

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

23. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Movements of the share options and their weighted average exercise price *(Continued)*

During the six months ended 30 June 2016, 26,000,000 vested share options (six months ended 30 June 2017: nil) granted to employees were forfeited. For the forfeiture of vested share options during the six months ended 30 June 2016, the corresponding amount of approximately HK\$1,982,000 was transferred from share option reserve to accumulated losses (six months ended 30 June 2017: nil).

During the six months ended 30 June 2017 and 30 June 2016, no expense was recognised in relation to share options granted by the Company to the directors and the employees of the Company and the consultants.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

24. RESERVES

- (a) Under the Companies Law Cap. 22, (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the funds in the share premium of the Company are distributable to the shareholders of the Company provided that immediately following the date on which a dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.
- (b) The merger reserve of the Group represents the difference between the nominal value of the aggregate share capital of subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange pursuant to the reorganisation of the Group taken place before the listing of the Company on the Stock Exchange.
- (c) Share option reserve represents the fair value of share options granted.
- (d) Capital redemption reserve represents the transfer from accumulated losses of the amount equivalent to the par value of the shares repurchased.
- (e) As stipulated by regulations in the PRC, entities established and operated in the PRC are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity owners.
- (f) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

25. COMMITMENTS

Operating lease commitments

The future aggregate minimum lease rental payable under non-cancellable operating leases in respect of properties and an intangible asset which fall due was as follows:

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Within one year	11,887	16,883
In the second to fifth years, inclusive	14,262	30,559
	26,149	47,442

The Group leases certain properties and an intangible asset under operating leases. The leases are negotiated for an initial period of one to five years (31 December 2016: one to five years), with an option to renew the leases and renegotiate the terms at the expiry date. Rentals are fixed for an average of two (31 December 2016: two) years.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

26. RELATED PARTY TRANSACTIONS

The Group has entered into the following transactions with related parties.

(i) Transactions with related companies

	Six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(i) Subcontracting cost payable to an associate	31,895	30,030
(ii) Interest expenses payable to a non-controlling shareholder	1,384	1,466
(iii) Rental income receivable from an associate	290	305
(iv) Rental expenses for office premises payable to a non-controlling shareholder	–	3,184

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

26. RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Key management personnel

Included in staff costs is key management personnel compensation which comprises the following categories:

	Six months ended	
	30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term benefits	2,331	2,101
Post-employment benefits	249	207
	2,580	2,308

27. DISPOSAL OF A SUBSIDIARY

On 5 February 2016, the Group disposed of its indirect wholly-owned subsidiary, Grand State Holdings Limited (“**Grand State**”) which was engaged in mining and exploration business, 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 and the gain on disposal is US\$738,000 (equivalent to approximately HK\$5,756,000).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

27. DISPOSAL OF A SUBSIDIARY *(Continued)*

The net asset of Grand State as at the date of disposal was as follows:

Consideration received:

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

Analysis of the asset over which control was lost:

Property, plant and equipment	<u>–</u>
Net asset disposed of	<u>–</u>

Gain on disposal of a subsidiary:

Consideration received	5,756
Net asset disposed of	<u>–</u>
Gain on disposal (note 11)	<u>5,756</u>

Net cash inflow arising on disposal:

Cash consideration	<u>5,756</u>
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28. EVENTS AFTER THE REPORTING PERIOD

- (a) As announced by the Company on 2 June 2017, the Company proposed to effect:
- (i) a cancellation of the entire amount of approximately HK\$1,087,267,000 standing to the credit of the share premium account of the Company and to transfer the credits arising from such cancellation to an account designated as the contributed surplus account of the Company (the “**Cancellation of Share Premium Account**”);

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

28. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(a) *(Continued)*

- (ii) a capital reorganisation (the “**Capital Reorganisation**”) which involves the followings:
- the issued share capital of the Company would be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.24 on each of the issued share such that the nominal value of each issued share would be reduced from HK\$0.25 to HK\$0.01 (the “**Capital Reduction**”);
 - immediately following the Capital Reduction taking effect, all the authorised but unissued share capital of the Company (which shall include the authorised but unissued share capital arising from the Capital Reduction) would be cancelled in its entirety and forthwith upon such cancellation, the authorised share capital of the Company would be increased to HK\$7,500,000,000 by the creation of such number of additional new shares (the “**New Shares**”) as shall be sufficient to increase the authorised share capital of the Company to HK\$7,500,000,000 divided into 750,000,000,000 New Shares;
 - the credits of approximately HK\$1,957,627,000 arising in the books of the Company from the Capital Reduction would be credited to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda; and



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

28. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(a) *(Continued)*

(ii) *(Continued)*

- the amount of approximately HK\$3,044,894,000 standing to the credit of the contributed surplus account be applied to set off the accumulated losses of the Company by the amount of such credit or be applied in any other manner as may be permitted under the new bye-laws of the Company which was proposed to be adopted by the Company on 24 July 2017 (Bermuda time) and all applicable laws of Bermuda.

Details of the Cancellation of Share Premium Account and the Capital Reorganisation are set out in, among others, the circular of the Company dated 16 June 2017. Special resolutions approving the Cancellation of Share Premium Account and the Capital Reorganisation were passed at the extraordinary general meeting of the Company held on 10 July 2017 and the Cancellation of Share Premium Account and the Capital Reorganisation became effective on 10 July 2017 and 14 August 2017 respectively.

29. COMPARATIVE FIGURES

The presentation of comparative information in respect of the condensed consolidated statement of profit or loss for the six months ended 30 June 2016 has been restated in order to disclose the discontinued operation separately from continuing operations.

