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PEACE MAP HOLDING LIMITED

天下圖控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 402)

**CLARIFICATION ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT OF THE COMPANY FOR
THE YEAR ENDED 31 DECEMBER 2014**

Reference is made to the annual report (the “**Annual Report**”) of Peace Map Holding Limited (the “**Company**”) for the financial year ended 31 December 2014 (the “**Reporting Period**”) dated 25 March 2015. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Annual Report.

In addition to the information disclosed in the Annual Report, the Company wishes to provide shareholders of the Company and the public with information regarding (i) the contractual arrangements of our business; and (ii) the share option scheme of the Company during the Reporting Period as below.

STRUCTURAL AGREEMENTS

On 22 October 2012, Beijing Peace Map Information, Beijing Peace Map and the majority of its ultimate shareholders entered into the Structural Agreements, namely a management and consultancy services agreement, technical support and services agreement, intellectual properties transfer and license agreement, cameras transfer and lease agreement, equity pledge agreement, and an equity call option agreement in relation to ongoing transactions conducted on a regular and continuing basis and in the ordinary and usual course of the business of the Group.

The registered owners of Beijing Peace Map are CATIC Siwei, Mr. Zhang Zhenshan, Mr. Guan Hongliang, 北京博訊通達科技有限公司 (Beijing Boxun Tongda Technology Co., Ltd.*)、北京天行圖技術有限公司 (Beijing Skywalker Map Technology Co., Ltd*)、北京海澄盈創科技有限公司 (Beijing Haicheng Yingchuang Technology Co., Ltd*) and Mr. Qin Chun.

Under the Structural Agreements, the Company through Beijing Peace Map Information, a subsidiary of the Company, is able to exercise control over Peace Map Group by way of controlling the voting rights of Beijing Peace Map, governing their financial and operating policies, appointing and removing the majority of the members of their controlling authorities, casting the majority of votes at meeting of such authorities and deriving economic benefit from Peace Map Group.

Pursuant to the Structural Agreements, (a) Beijing Peace Map Information agrees to (i) provide management and consultancy services; (ii) provide technical support service to Beijing Peace Map; (iii) purchase the equipment of aerial photography from Beijing Peace Map and lease back the same to Beijing Peace Map; and (iv) purchase relevant intellectual properties from Beijing Peace Map and licence back to Beijing Peace Map whereas the economic benefits derived from Beijing Peace Map shall be transferred to Beijing Peace Map Information; and (b) the then majority shareholders of Beijing Peace Map or their respective nominee(s) (i) have granted an option to Beijing Peace Map Information to purchase their equity interest in Beijing Peace Map at nominal price or the lowest price allowed by PRC laws (only if the nominal price is forbidden by PRC laws), which does not have an expiry date; (ii) have pledged the shares of Beijing Peace Map to Beijing Peace Map Information to guarantee any sum payable to Beijing Peace Map Information and any damages, cost or expense (including legal cost on or other costs associated with the enforcement or realisation of this guarantee) suffered or incurred by Beijing Peace Map Information pursuant to the other Structural Agreements; and (iii) have appointed Beijing Peace Map Information's nominee(s) as their attorney(s) to exercise their rights as shareholders of Beijing Peace Map such that Beijing Peace Map Information will have effective control over Beijing Peace Map.

The Structural Agreements, excluding the agreements without validity period provided in relation to the grant of an option to purchase equity interest in Beijing Peace Map, pledge of shares of Beijing Peace Map and the appointment of attorney for shareholders of Beijing Peace Map, are for a term of 20 years and will be automatically extended for another 10 years unless terminated by Beijing Peace Map Information in writing within 3 months of original expiry. In addition, Beijing Peace Map Information shall be entitled to extend or early terminate the period of the Structural Agreements at its own discretion. Unless agreed by Beijing Peace Map Information in writing, Beijing Peace Map shall not vary or terminate the Structural Agreements. There is no restriction on the number of times of extension of the Structural Agreements unless they are terminated by Beijing Peace Map Information. The Company does not purchase insurance to cover the risk of non-compliance of obligations under the Structural Agreements by Beijing Peace Map and the majority shareholders.

The principal activities of the Peace Map Group can be found on pages 12-15 under the section headed “Business Review” of the Annual Report. Peace Map Group is responsible for 100% of the revenue of the Group.

The following table sets out the financial results that Peace Map Group contributed to the Group for the financial year preceding the Reporting Period:

	For the financial year ended	
	31 December 2013	31 December 2014
Revenue	210,089,000	333,808,000
Net profits (loss)	39,462,000	(39,776,000)
Total assets	1,758,736,000	1,649,105,000

Reasons for using Contractual Arrangement

Currently, PRC laws and regulations place certain restrictions on foreign ownership of companies that engage in surveying and mapping. Specifically, a foreign investor may only hold a minority interest in a Chinese entity that engages in surveying and mapping, and foreign-invested companies are prohibited from engaging in aerial photography. The Structural Agreements allow the Group to effectively control Beijing Peace Map and therefore recognise and receive substantially all of the economic benefits of the business and operations of the Peace Map Group.

The risks associated with the arrangements and the actions taken by the Company to mitigate the risks

Under current PRC laws and regulations, foreign ownership in the surveying aerial photography and/or surveying and mapping services is prohibited and/or restricted, and as a policy, approval of foreign investment into this area is very difficult. To comply with PRC laws and regulations, the Group has been conducting its operation of the business in the PRC through the Structural Agreements.

Tian Yuan Law Firm, the PRC legal adviser to the Company (the “**PRC Legal Adviser**”), has issued a legal opinion confirming that each of the Structural Agreements is legally binding and enforceable under the applicable laws of the PRC during the Reporting Period.

However, there can be no assurance that the PRC government authority would deem these contractual arrangements and/or the Structural Agreements to be in compliance with the licensing, registration or other regulatory requirements, or that the legal requirements or policies that may

be adopted in the future (in particular those concerning foreign investment and/or merger and acquisition by foreign investors) would not affect the Structural Agreements and such contractual arrangements. Also, the enforceability may be affected by any applicable bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium or similar laws affecting creditors' rights generally and possible judicial or administrative actions or any PRC laws and regulations affecting creditors' rights.

In order to mitigate the risk, effective consent has been obtained or shareholders' resolution has been reached stipulating CATIC Siwei's intention to be voluntarily and irreversibly bound by the Structural Agreements in its capacity as a shareholder of Beijing Peace Map. By operation of such consent or shareholders' resolution, CATIC Siwei will not conduct any action or omission of action which will adversely affect the performance of the Structural Agreements, the receipt of economic benefits of Beijing Peace Map Information from Beijing Peace Map, and Beijing Peace Map Information's control on Beijing Peace Map in accordance with the Structural Agreements. Such consent or shareholders' resolution is not against the applicable PRC laws, has not been withdrawn, suspended or deemed invalid by any PRC government authority.

The Company has engaged our PRC Legal Adviser to review the Structural Agreements on an annual, or otherwise on a need, basis to mitigate the risk of any non-compliance of PRC laws and regulations.

As of the date of the Annual Report, there is no unwinding of any of the Structural Agreements.

SHARE OPTION SCHEME

As of the date of the Annual Report, the total number of shares of the Company available for issue under the share option scheme is 672,080,000, representing approximately 10.0% of the issued share capital of the Company as of the date of the Annual Report.

The above additional information does not affect any other information disclosed in the Annual Report and the contents of the Annual Report remain correct and unchanged.

For and on behalf of the Board
Peace Map Holding Limited
ZHU Dong

Executive Director and Deputy Chief Executive Officer

Hong Kong, 13 August 2015

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

**For identification purpose only*