PEACE MAP HOLDING LIMITED
天下圖控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 402)

RESULTS ANNOUNCEMENT
For the year ended 31 December 2015

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Peace Map Holding Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015 together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	**2015** **HK$'000**	2014 *HK$'000* *(Restated)*
Revenue	*3*	**304,881**	333,808
Cost of revenue		**(272,763)**	(261,176)
Gross profit		**32,118**	72,632
Other income	*5*	**19,365**	15,447
Selling and distribution expenses		**(9,474)**	(9,644)
Administrative and other operating expenses		**(110,687)**	(109,831)
Equity-settled share-based payment expenses		**(8,761)**	(31,024)
Share of result of an associate		**2,475**	67
Other gain and losses, net	*6*	**(16,484)**	(260,641)
Operating loss		**(91,448)**	(322,994)
Finance costs	*7*	**(67,197)**	(89,704)
Loss before taxation	*8*	**(158,645)**	(412,698)
Income tax credit	*9*	**3,934**	30,231
Loss for the year		**(154,711)**	(382,467)
Loss for the year attributable to:			
Owners of the Company		**(135,506)**	(357,198)
Non-controlling interests		**(19,205)**	(25,269)
		(154,711)	(382,467)
Loss per share (HK cents)			
— Basic and diluted	*11*	**(1.79)**	(5.69)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(154,711)**	(382,467)
Other comprehensive expense, for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of overseas operations	**(69,175)**	(21,818)
Total comprehensive expense for the year	**(223,886)**	(404,285)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(200,892)**	(378,381)
Non-controlling interests	**(22,994)**	(25,904)
	(223,886)	(404,285)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**58,576**	53,841
Deposit paid for acquisition of properties		**—**	489
Interest in an associate		**4,816**	823
Goodwill		**635,634**	664,216
Mining licences	*13*	**—**	—
Exploration and evaluation assets		**—**	—
Other intangible assets	*12*	**505,939**	612,282
Available-for-sale investment		**8,356**	—
Deferred tax assets		**137**	145
		1,213,458	1,331,796
Current assets			
Inventories		**10,585**	12,154
Amounts due from customers of contract works	*14*	**218,312**	207,175
Trade and other receivables	*15*	**175,169**	157,123
Finance lease receivables		**2,149**	14,624
Loan receivable		**—**	—
Tax recoverable		**6**	6
Derivative financial asset — Derivative Component of the Convertible Note I	*18*	**—**	34,560
Pledged bank deposits		**122,678**	3,341
Bank balances and cash		**213,141**	103,539
		742,040	532,522

	Notes	2015 HK$'000	2014 HK$'000
Current liabilities			
Amounts due to customers of contract works	*14*	**5,738**	—
Trade and other payables	*16*	**218,469**	250,043
Amounts due to non-controlling shareholders		**69,285**	58,317
Amount due to an associate		**28,132**	6,577
Tax payables		**4,339**	7,321
Borrowings	*17*	**144,103**	119,619
Convertible notes	*18*	—	546,054
		470,066	987,931
Net current assets (liabilities)		**271,974**	(455,409)
Total assets less current liabilities		**1,485,432**	876,387
Non-current liabilities			
Amount due to a non-controlling shareholder		**11,251**	16,799
Borrowings	*17*	—	30,000
Convertible notes	*18*	**421,466**	116,660
Deferred income		**4,658**	4,934
Deferred tax liabilities		**60,212**	70,247
		497,587	238,640
Net assets		**987,845**	637,747
Equity			
Share capital	*19*	**2,039,195**	1,676,652
Reserves		**(1,113,503)**	(1,123,983)
Equity attributable to owners of the Company		**925,692**	552,669
Non-controlling interests		**62,153**	85,078
Total equity		**987,845**	637,747

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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 addresses of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Rooms 2807-08, 28th floor, Bank of America Tower, No.12 Harcourt Road, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the geographic information business in the People's Republic of China (the "**PRC**") including aerial photography and remote sensing image data processing (the "**data collection and processing**"), provision of geographic information system ("**GIS**") software and solutions (the "**business application and services**"), and development and sales of high-end surveying and mapping equipment (the "**development and sales of equipment**"), as well as mining and exploration of mineral resources in Mongolia.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG COMPANIES ORDINANCE

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current year and prior year and/or on the disclosures set out in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG COMPANIES ORDINANCE *(Continued)*

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The Annual Improvements to HKFRSs 2010 – 2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG COMPANIES ORDINANCE *(Continued)*

Annual Improvements to HKFRSs 2010 – 2012 Cycle *(Continued)*

The Directors consider that the application of the amendments to HKFRSs 2010-2012 Cycle has had no material impact in the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The Annual Improvements to HKFRSs 2011 – 2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The amendments are applied prospectively. The Directors consider that the application of the amendments to HKFRSs 2011 – 2013 Cycle has had no material impact in the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3. REVENUE

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

	2015	2014
	HK$'000	*HK$'000*
Business application and services	**150,009**	123,270
Data collection and processing	**100,409**	122,923
Development and sales of equipment	**54,463**	87,615
	304,881	333,808

4. SEGMENT INFORMATION

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

(1) Business application and services;

(2) Data collection and processing;

(3) Development and sales of equipment; and

(4) Mining and exploration business.

4. **SEGMENT INFORMATION** *(Continued)*

Segment revenue and results

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

For the year ended 31 December 2015

	Business application and services *HK$'000*	Data collection and processing *HK$'000*	Development and sales of equipment *HK$'000*	Mining and exploration business *HK$'000*	Total *HK$'000*
Revenue from external customers	150,009	100,409	54,463	—	304,881
Reversal of impairment loss of trade receivables	1,427	2,821	6,214	—	10,462
Impairment loss of trade receivables	(1,286)	(467)	(5,220)	—	(6,973)
Loss on uncertainty in respect of collectability of amounts due from customers of contract works	(11,551)	(2,474)	—	—	(14,025)
Amortisation and depreciation	(55,115)	(31,083)	(8,958)	—	(95,156)
Segment loss	(85,047)	(16,594)	(29,669)	(12,957)	(144,267)
Other income					7,303
Fair value gain on the Derivative Component of Convertible Note I					64,125
Finance costs					(67,197)
Central administrative cost					(12,323)
Equity-settled share-based payment expenses					(8,761)
Share of result of an associate					2,475
Loss before taxation					(158,645)

4. **SEGMENT INFORMATION** *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 December 2014

	Business application and services *HK$'000*	Data collection and processing *HK$'000*	Development and sales of equipment *HK$'000*	Mining and exploration business *HK$'000*	Total *HK$'000*
Revenue from external customers	123,270	122,923	87,615	—	333,808
Impairment loss of trade receivables	(1,709)	(5,536)	(6,304)	—	(13,549)
Loss on uncertainty in respect of collectability of amounts due from customers of contract works	(13,634)	(42,874)	—	—	(56,508)
Amortisation and depreciation	(43,098)	(22,109)	(8,873)	(2,142)	(76,222)
Segment loss	(37,541)	(39,463)	(6,905)	(159,276)	(243,185)
Other income					7,822
Fair value loss on the Derivative Component of Convertible Note I					(22,031)
Fair value gain on financial liabilities at fair value through profit or loss					1,287
Finance costs					(89,704)
Central administrative cost					(38,087)
Equity-settled share-based payment expenses					(31,024)
Share of result of an associate					67
Gain on disposal of a subsidiary					2,157
Loss before taxation					(412,698)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of central administrative cost, directors' salaries, certain other income, equity-settled share-based payment expenses, share of result of an associate, fair value change on Derivative Component of Convertible Note I, fair value gain on financial liabilities at fair value through profit or loss, gain on disposal of a subsidiary and finance costs. This is the measure reported to the chairman of the Board, being the chief operating decision maker, for the purposes of resource allocation and performance assessment.

There were no inter-segment sales between different business segments for the year ended 31 December 2015 and 2014.

4. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2015	2014
	HK$'000	*HK$'000*
Segment assets		
Business application and services	**582,881**	799,571
Data collection and processing	**798,151**	563,456
Development and sales of equipment	**131,338**	286,078
Mining and exploration business	**10**	11
Total segment assets	**1,512,380**	1,649,116
Unallocated corporate assets	**443,118**	215,202
Total assets	**1,955,498**	1,864,318
Segment liabilities		
Business application and services	**86,073**	80,815
Data collection and processing	**57,116**	57,446
Development and sales of equipment	**14,814**	17,940
Mining and exploration business	**4,658**	4,934
Total segment liabilities	**162,661**	161,135
Unallocated corporate liabilities	**804,992**	1,065,436
Total liabilities	**967,653**	1,226,571

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

- all assets are allocated to operating segments other than interest in an associate, derivative financial asset — Derivative Component of Convertible Note I, 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.

4. **SEGMENT INFORMATION** *(Continued)*

Segment assets and liabilities *(Continued)*

- all liabilities are allocated to operating segments other than tax payables, amount(s) due to non-controlling shareholders and an associate, 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.

Other segment information

For the year ended 31 December 2015

	Business application and services *HK$'000*	Data collection and processing *HK$'000*	Development and sales of equipment *HK$'000*	Mining and exploration business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment loss or segment assets:						
Additions to exploration and evaluation assets	—	—	—	383	—	383
Additions to property, plant and equipment	12,650	3,846	633	—	3,580	20,709
Additions to other intangible assets	37,567	28,828	2,101	—	—	68,496
Depreciation of property, plant and equipment	6,527	4,204	812	—	549	12,092
Amortisation of other intangible assets	48,588	26,879	8,146	—	—	83,613
Impairment loss of exploration and evaluation assets	—	—	—	383	—	383
Impairment loss of other intangible assets	38,930	16,250	5,500	—	—	60,680
Impairment loss on finance lease receivable	—	—	8,637	—	—	8,637
Loss on disposal of property, plant and equipment	60	65	43	17	609	794
Write-off of inventories	—	—	634	—	—	634
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment loss or segment assets:						
Interest in an associate	—	—	—	—	4,816	4,816
Share of result of an associate	—	—	—	—	(2,475)	(2,475)
Bank interest income	(323)	(18)	(83)	(1)	(223)	(648)
Write-back of other payables	—	—	—	—	(2,628)	(2,628)
Impairment loss of other receivables	—	—	—	—	373	373
Finance costs	—	—	—	—	67,197	67,197
Income tax expense (credit)	1,719	704	147	(6,504)	—	(3,934)

4. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2014

	Business application and services *HK$'000*	Data collection and processing *HK$'000*	Development and sales of equipment *HK$'000*	Mining and exploration business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment loss or segment assets:						
Additions to exploration and evaluation assets	—	—	—	746	—	746
Additions to property, plant and equipment	12,939	8,567	1,109	16	—	22,631
Additions to other intangible assets	40,747	22,054	1,369	—	—	64,170
Depreciation of property, plant and equipment	4,229	4,443	1,259	2,132	—	12,063
Amortisation of other intangible assets	38,869	17,666	7,614	—	—	64,149
Amortisation of prepaid land lease payment	—	—	—	10	—	10
Impairment loss of property, plant and equipment	—	966	83	11,167	1,593	13,809
Impairment loss of mining licences	—	—	—	133,028	—	133,028
Impairment loss of exploration and evaluation assets	—	—	—	746	—	746
Impairment loss of other intangible assets	3,757	4,615	2,794	—	—	11,166
Loss on disposal of property, plant and equipment	5	3	—	461	—	469
Write-off of inventories	—	—	872	—	—	872
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment loss or segment assets:						
Interest in an associate	—	—	—	—	823	823
Share of result of an associate	—	—	—	—	(67)	(67)
Impairment loss of other receivables	—	—	—	—	1,378	1,378
Impairment loss of loan receivable	—	—	—	—	11,870	11,870
Bank interest income	(196)	(132)	(51)	(4)	—	(383)
Other loan interest income	—	—	—	—	(457)	(457)
Finance costs	—	—	—	—	89,704	89,704
Income tax (credit) expense	(1,773)	4,071	637	(33,166)	—	(30,231)

4. SEGMENT INFORMATION *(Continued)*

Geographic information

The Group's operations are located in the PRC.

Information about the Group's revenue from external customers is presented based on the location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets or location of operations in case of goodwill.

Revenue from external customers

	2015	2014
	HK$'000	*HK$'000*
PRC	**304,881**	333,808

Non-current assets

	2015	2014
	HK$'000	*HK$'000*
PRC	**1,203,274**	1,330,774
Hong Kong	**1,691**	877
	1,204,965	1,331,651

Non-current assets excluded financial instruments and deferred tax assets.

5. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**648**	383
Exchange gain, net	**2,193**	—
Other loan interest income	**—**	457
Rental income	**1,195**	—
Government grants *(note (i))*	**12,062**	7,625
Write-off of deposits received *(note (ii))*	**—**	5,003
Write-back of other payables	**2,628**	—
Sundry income	**639**	1,979
Total	**19,365**	15,447

5. **OTHER INCOME** *(Continued)*

Notes:

(i) Included in the amount of government grants recognised during the year ended 31 December 2015, approximately HK$12,062,000 (equivalent to approximately RMB9,705,000) (year ended 31 December 2014: approximately HK$6,364,000 (equivalent to approximately RMB5,046,000)) were received in respect of certain research projects, which immediately recognised as other income for the year as the Group fulfilled the relevant granting criteria.

During the year ended 31 December 2014, government grants amounts to approximately HK$1,261,000 (equivalent to approximately RMB1,000,000) (year ended 31 December 2015: nil) were recognised as deferred income utilised during the year.

(ii) On 12 April 2014, the Company entered into a subscription agreement (the "**Subscription Agreement**") with an independent third party (the "**Subscriber**"), pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the convertible notes up to the maximum aggregate principal amount of HK$249,800,000. On 15 July 2014, further to the initial deposit received of approximately HK$5,003,000, the Company had not received the remaining balance of the consideration of approximately HK$244,797,000 (or any part thereof) from the Subscriber, the Company had exercised its right under the Subscription Agreement to rescind and terminate the Subscription Agreement and the initial deposit had been forfeited and no convertible note was issued to the Subscriber. Further details were set out in the announcements of the Company dated 12 April 2014 and 15 July 2014.

6. OTHER GAIN AND LOSSES, NET

	2015	2014
	HK$'000	*HK$'000*
Impairment loss of property, plant and equipment	**—**	13,809
Impairment loss of other intangible assets	**60,680**	11,166
Impairment loss of mining licences	**—**	133,028
Impairment loss of exploration and evaluation assets	**383**	746
Loss on uncertainty in respect of collectability of amounts due from customers of contract works *(note 14)*	**14,025**	56,508
Reversal of impairment loss of trade and other receivables *(note 15)*	**(10,462)**	—
Impairment loss of trade and other receivables	**7,346**	14,927
Impairment loss of finance lease receivables	**8,637**	—
Impairment loss of loan receivable	**—**	11,870
Fair value (gain) loss on the Derivative Component of Convertible Note I *(note 18(a))*	**(64,125)**	22,031
Fair value gain on the financial liabilities at fair value through profit or loss	**—**	(1,287)
Gain on disposal of a subsidiary	**—**	(2,157)
	16,484	260,641

7. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on:		
— Bank loans	**5,185**	3,506
— Other loans	**642**	1,820
— Unsecured other loans from NCI	**1,714**	1,168
	7,541	6,494
Imputed interest on unsecured other loan *(note 17(d))*	**1,707**	2,058
Imputed interest on Convertible Note I *(note 18(a))*	**29,671**	65,407
Imputed interest on extended Convertible Note I *(note 18(a))*	**19,746**	—
Imputed interest on Convertible Note II *(note 18(b))*	**8,532**	15,745
	59,656	83,210
Total	**67,197**	89,704

8. LOSS BEFORE TAXATION

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

	2015	2014
	HK$'000	*HK$'000*
Staff costs (including directors' emoluments)		
— salaries, allowances and benefits in kind	**69,138**	57,103
— retirement benefits scheme contributions (defined contribution plan)	**13,226**	9,648
— equity-settled share-based payment expenses	**8,761**	31,024
	91,125	97,775
Amount of inventories recognised as an expense	**57,136**	77,432
Amortisation of prepaid land lease payments	**—**	10
Amortisation of other intangible assets	**83,613**	64,149
Depreciation of property, plant and equipment	**12,092**	12,063
Auditor's remuneration	**1,260**	1,347
Exchange losses, net	**—**	68
Net loss on disposal of property, plant and equipment	**794**	469
Minimum lease payments under operating leases in respect of land and buildings	**10,913**	9,838
Write-off of inventories (included in cost of revenue)	**634**	872

9. INCOME TAX CREDIT

	2015	2014
	HK$'000	*HK$'000*
Current tax for the year		
— PRC Enterprise income tax ("**EIT**")	**6,397**	6,173
Deferred tax for the year		
— Current year	**(10,331)**	(36,404)
Income tax credit	**(3,934)**	(30,231)

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI for the year ended 31 December 2015 and 2014.

9. INCOME TAX CREDIT *(Continued)*

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2015 (year ended 31 December 2014: 16.5%). No provision for Hong Kong profits tax has been made as there were no assessable profits for the years ended 31 December 2015 and 2014.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate applicable to the PRC subsidiaries is 25% from 1 January 2008 onwards. Accordingly, provision for PRC EIT for the PRC subsidiaries is calculated at 25% on the estimated assessable profits for the years ended 31 December 2015 and 2014, except for the followings:

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

A subsidiary of the Company, 北京天下圖數據技術有限公司 (Peace Map Co., Ltd*) was recognised as an approved high technology enterprise and therefore is entitled to a tax concession period of reduction in EIT rate of 15% in 2014 and 2015.

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

A subsidiary of the Company, 北京勝和幢科技有限責任公司 (Beijing Shenghezhuang Technology Limited*) was recognised as an approved high technology enterprise in 2014 and therefore is entitled to a tax concession period of reduction in EIT rate of 15% for 2014 and 2015.

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 profits tax has been made as there were no assessable profits during the years ended 31 December 2015 and 2014.

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2014: nil).

* *For identification purpose only*

11. LOSS PER SHARE

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

Loss

	2015	2014
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share		
— loss for the year attributable to owners of the Company	**(135,506)**	(357,198)

Number of shares

	2015	2014
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**7,586,651**	6,273,858

For the years ended 31 December 2015 and 2014, the diluted loss per share is the same as the basic loss per share.

The computation of diluted loss per share for the years ended 31 December 2015 and 2014 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 years ended 31 December 2015 and 2014 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.

12. OTHER INTANGIBLE ASSETS

As at 31 December 2015, the recoverable amounts of the licences with indefinite useful life have been determined based on a value-in-use calculation. That calculation used cash flow projections based on financial budgets approved by the Directors covering a five-year period, with discount rate ranging from 15.92% to 16.35% (2014: 15.31% to 18.62%) per annum. The cash flows beyond the five-year period were extrapolated using a steady growth rate of 3%. The growth rate was based on the relevant industry growth rate forecast and does not exceed the average long-term growth rate for the relevant industry. The key assumptions for the value-in-use calculation related to the estimation of cash flows included gross margin and discount rate. Gross margin represents budgeted gross margin, which is based on past performance and the management's expectation for the market development. The discount rate used is a pre-tax rate that reflect current market assessments of the risks specific to the relevant industry.

During the year ended 31 December 2015, the Directors further conducted a review of the Group's other intangible assets apart from licences as mentioned above and determined that certain of these assets were impaired based on the estimated recoverable amounts with reference to their value-in-use. The value-in-use was determined based on the estimated future cash flows discounted at a rate ranging from 15.92% to 18.35% (2014: 14.51% to 18.62%) per annum.

13. MINING LICENCES

	HK$'000
Cost	
At 1 January 2014	1,746,412
Exchange realignment	(230,526)
At 31 December 2014 and 1 January 2015	1,515,886
Exchange realignment	(84,725)
At 31 December 2015	**1,431,161**
Accumulated impairment	
At 1 January 2014	1,597,524
Impairment loss recognised during the year	133,028
Exchange realignment	(214,666)
At 31 December 2014 and 1 January 2015	1,515,886
Exchange realignment	(84,725)
At 31 December 2015	**1,431,161**
Carrying values	
At 31 December 2015	**—**
At 31 December 2014	—

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

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

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

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

13. MINING LICENCES *(Continued)*

In performing the impairment testing for the year, the management (2014: Roma Appraisals Limited ("**Roma Appraisals**"), an independent valuer not connected with the Group) has determined the recoverable amount of the TNE Mine using fair value less costs of disposal, which is derived by using the DCF Analysis. The DCF Analysis has incorporated assumptions that a typical market participant would use in estimating the TNE Mine's fair value. The DCF Analysis uses cash flow projection for a period of 13 years up to 2029 (2014: 13 years up to 2028) and the pre-tax discount rate applied to the cash flow projection is 25% (2014: 25%). In determining the pre-tax discount rate, the weighted average cost of capital was used, which is determined with reference to the industry capital structure based on the figures of similar publicly traded companies in the stock exchanges of Hong Kong and the PRC with mining projects, taking into account the specific risks encountered by the TNE Mine as further detailed below. For the estimation of inflation rate, inflation rates relevant to the local Mongolian economy and the coal market are taken as reference.

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

(a) During the year ended 31 March 2012, further drilling works and laboratory tests were undertaken to determine coal layer structure and thickness and to verify coal quality. From the laboratory test results, the calorific value of such samples was in the range of 3,100 to 4,300 Kcal/kg. Since the Group has not been able to excavate coal with expected calorific value, the Group decided to revise the cash flow forecasts to focus on the coal sales of lower calorific value which has lower expected coal sales price per tonne;

(b) Coal sales price is determined with reference to market information. In view of the sluggish coal market condition, the management has reduced the expected coal price for 2016 (the expected year of commencement of production) from United State Dollar ("**US$**") 8.53 per ton in last year's forecast to US$8.50 per ton in current year's forecast. The subsequent increment in coal sales price is on an average growth rate of 2.2% (2014: 2.5%) based on Australian export price index over the past 24 years;

(c) Cost of production and gross margin are determined with reference to the market comparables. The overall profit margin in the current year's forecast ranged from -123% to -35% (2014: ranged from -123% to -34%) throughout the mining project life; and

(d) In light of recent developments in Mongolia with regard to the implementation of laws and regulations related to the mining industry such as the passing of Resolution No. 194 ("**Rs 194**") and Resolution No. 289 ("**Rs 289**") in June 2012 and July 2015 respectively (as explained below), an additional risk premium of 2% (2014: 2%) has been factored into the discount rate.

13. MINING LICENCES *(Continued)*

Uncertainty relating to implementation of laws and regulations affecting the position of the mining licences

Currently there are two separate sources of restrictions on mineral exploration and mining activities around water areas in Mongolia which affect the mining and exploration business of the Group:

(i) On 16 July 2009, the Parliament of Mongolia enacted the Law to Prohibit Mineral Exploration and Mining Operations at the headwaters of rivers, protected zones of water reservoirs and forest areas (the "**Water and Forest Law**") which prohibits minerals exploration and mining activities in areas containing water reservoirs, water protection zones and forest zones (the "**Prohibited Areas**"). During the year ended 31 March 2013, Rs 194 was issued to define the boundaries of the Prohibited Areas pursuant to Article 4.3 of the Water and Forest Law. Pursuant to Rs 194, a letter was issued by Ministry of Environment and Green Development and Tourism ("**MEGDT**") confirming the Group that the four mining licences and two of the exploration licences of the Group, partially or wholly fell within the protected zones of water reservoirs specified under Rs 194. Under Rs 194, the Group is prohibited from undertaking mining and exploration activities in the areas that overlap with the Prohibited Areas. The Group has not yet commenced mining activities up to the date of this announcement.

The Water and Forest Law also states that all mineral and exploration licences which overlap with the Prohibited Areas may be cancelled (wholly or partially) upon the government of Mongolia paying compensation to the licence holder. For partial overlapping, the licence holder may submit a request to the Ministry of Mining to continue working on the non-overlapping part of the licensed area while claiming compensation on the overlapping part of the licensed area. For wholly overlapping, the licence holder could only submit a request to the Ministry of Mining for compensation.

(ii) The Ministry of Nature and Tourism and Ministry of Health passed a joint order in 2009 pursuant to the Water and Forest Law which provides that exploration and mining for common minerals is prohibited within certain distance from a water reservoir area. In April 2010, order #56 was issued by the Governor of Bayan County which specified the areas where mining and exploration activities was prohibited pursuant to the Water and Forest Law (the "**Protected Zone**"). In September 2010, the Group was notified by the Water Department that their four mining licences fell into the ordinary Protected Zone.

(iii) On 7 July 2015, the government of Mongolia approved Rs 289 regarding the determination of the boundaries of the area affected by the Water and Forest Law and resolved that the boundaries of the protected zones of headwaters of rivers and forested areas as set out in the Appendix I and Appendix III of Rs 194 respectively are approved while the boundaries of the protected zones of water reservoirs as set out in the Appendix II of Rs 194 are annulled.

13. MINING LICENCES *(Continued)*

Uncertainty relating to implementation of laws and regulations affecting the position of the mining licences *(Continued)*

In previous years, the Group had made request to the Governor of Bayan County for exemption from the restrictions under the Water and Forest Law on the ground of the Group's enormous contributions to Mongolia and that the mining operation of the Group would not have any harmful impact to the environment. In December 2011, based on the assessment report issued by an environmental inspector of the local government, which stated that the areas covered by the Group's mining licences do not constitute an ordinary protection zone or a water reservoir area, the Governor issued order #259 (the "**Release Order**") to cancel order #56 previously issued in April 2010.

As advised by the Group's legal advisors in Mongolia as at 31 December 2014, there is a potential for Rs 194 to be revised. The Directors understand that the Prohibited Areas currently set out under Rs 194 are considered inaccurate and based on information that is out of date and thus are subject to change. The Directors further understand the MEGDT and the Ministry of Mining are working together to correct these inaccuracies and will issue a definitive list of affected licences (the "**List**") that are subject to the Water and Forest Law and under the requirement of Rs 194. As at 31 December 2014, the government of Mongolia had not published the List and it is unclear when it would be issued.

Although the Group's three (2014: four) mining licences and two of its exploration licences ostensibly fall within the ambit of the Water and Forest Law, the Directors believe the impact to the Group will be minimal because of the following:

- The Release Order obtained in December 2011, in the normal may for the purposes of the Water and Forest Law and prepared by an environmental inspector of the local government, is based on many of the same requirements as in the Water and Forest Law. The Directors are confident that they can argue on the same environmental and geological grounds with the MEGDT to similarly exclude the Group's mining licences from the final List.

- On 18 February 2015, the Parliament of Mongolia approved an Amendment Law to the implementation of the Water and Forest Law. Pursuant to which, the Group shall be entitled to file an application with the Ministry of Mining to continue its mining activity within three months from the adoption of the Amendment Law. During the year ended 31 December 2015, the Group has filed an application to the Ministry of Mining that the Group wishes to continue its mining activity and the Group has successfully renewed its licences in a normal way.

- On 20 March 2015, Resolution No. 120 ("**Rs 120**") was approved to regulate about the agreement and the specific procedures on the determination on the boundaries of the protected zones that the MEGDT should appoint a commission to the determine boundaries of the protected zones and conclude an agreement with the licence holder. On 13 October 2015, the Group has submitted the request for the appointment of commission from MEGDT.

13. MINING LICENCES *(Continued)*

Uncertainty relating to implementation of laws and regulations affecting the position of the mining licences *(Continued)*

On 25 February 2016, an official notice (the "**Notice**") was delivered to the Group from the Ministry of Mining and the Notice highlighted following points:

– The Group had not concluded any agreement for three mining licenses with the relevant authorities in accordance with Rs 120.

– The Group was notified to be aware of that the three mining licences were under risk to be revoked.

The Group sent the request letter to the Ministry of Mining on 7 March 2016 as the response for such Notice. The request letter highlighted that the Group submitted letters to MEGDT to appoint a commission for the purpose of determination of boundary of protection zone in order to conclude agreement with the relevant authorities on mining operation and environment protection. However, no commission had been appointed until the date of the request letter. However, as of the date of this announcement, no official response from the Ministry of Mining has been given in relation to the Group's request letter dated 7 March 2016.

As advised by the Group's legal advisors, all mining licences and exploration licenses are valid during the year ended 31 December 2015 and up to the date of this announcement.

Assuming the Group is affected by these laws and regulations, given that the details of compensation from the Mongolian government are not available, the Directors are still unable to quantify the effect, if any, on the Group's financial position.

In light of recent developments in Mongolia with regard to the implementation of laws and regulations related to the mining industry such as the passing of Rs 194 and Rs 289 in June 2012 and July 2015 respectively, an additional risk premium of 2% has been factored into the discount rate.

Notwithstanding the risk exposed by the Group relating to the above laws and regulations have been addressed by the Directors by adjusting the discount rate applied to the DCF Analysis of the TNE Mine, the ultimate outcome of this matter cannot be presently determined. If any of the mining licences of the Group was to be revoked due to Rs 120 or the Water and Forest Law, and the compensation entitled to the Group was to be significantly less than the carrying amounts of these mining licences, there would be a negative impact on the carrying amount of the mining licences and the related assets in addition to the impairment loss currently recognised and as described below. As the mining licences have already been fully impaired as at 31 December 2014, there would not be any significant effect on the consolidated financial statements of the Group as at 31 December 2015 and 2014.

13. MINING LICENCES *(Continued)*

Result of impairment assessment

Based on the above assessment, the estimated net cash inflows and the recoverable amount of the TNE Mine as at 31 December 2014 were dropped in a larger extent than prior years, and the Directors considered further impairment loss should be recognised. The impairment loss is primarily due to revision of expected selling price of coal according to market condition.

During the year ended 31 December 2014, total impairment loss of approximately HK$144,195,000 was recognised in respect of the mining assets as below:

	2014
	HK$'000
Mining licences	133,028
Land and building included in property, plant and equipment	11,167
	144,195

The total offsetting tax effect in the year amounted to approximately HK$33,257,000 for the year ended 31 December 2014.

Since there is no indication of reversal of impairment loss during the year ended 31 December 2015 and the carrying amount of the mining licences were nil, the carrying amount of mining licences remained fully impaired.

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

	2015	2014
	HK$'000	*HK$'000*
Costs incurred to date plus recognised profits	**288,080**	399,874
Less: Progress billings to date	**(75,506)**	(192,699)
	212,574	207,175

Based on the assessment of the Directors, certain contract works have been suspended or have not yet been compromised with the customers on amount of final billing, as such the related carrying amounts of contract works are not probable to recover. During the year ended 31 December 2015, loss on uncertainty in respect of collectability of amounts due from customers of contract works of approximately HK$14,025,000 (year ended 31 December 2014: approximately HK$56,508,000) was recognised in the profit or loss (note 6).

	2015	2014
	HK$'000	*HK$'000*
Analysed for reporting purpose as:		
Amounts due from customers of contract works	**218,312**	207,175
Amounts due to customers of contract works	**(5,738)**	—
	212,574	207,175

15. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables		
— from third parties	**81,535**	96,226
— from a non-controlling shareholder	**14,636**	4,930
	96,171	101,156
Less: accumulated impairment loss	**(11,748)**	(15,946)
	84,423	85,210
Amounts due from non-controlling shareholders	**3,292**	3,184
Amount due from an associate	**2,489**	—
Prepayments and deposits	**34,178**	29,872
	124,382	118,266
Other receivables	**52,449**	40,235
Less: accumulated impairment loss	**(1,662)**	(1,378)
	50,787	38,857
Total trade and other receivables	**175,169**	157,123

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 (2014: 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 doubtful debts, presented based on invoice date, as at the end of the reporting period.

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**25,377**	52,492
91 to 180 days	**12,238**	4,984
181 to 365 days	**18,413**	15,578
Over 365 days	**28,395**	12,156
	84,423	85,210

15. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**53,348**	64,701
Past due but not impaired		
Within 90 days	**13,502**	17,526
91 to 365 days	**11,846**	2,857
Over 365 days	**5,727**	126
	84,423	85,210

Trade receivables that were past due but not impaired as at 31 December 2015 and 2014 relate to a wide range of customers. Based on past experiences, the management believes that no other impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The movement in the impairment loss of trade receivables is as follows:

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**15,946**	15,857
Impairment loss recognised on trade receivables	**6,973**	13,549
Amounts written off as uncollectible	**—**	(13,359)
Impairment loss reversed *(note 6)*	**(10,462)**	—
Exchange realignment	**(709)**	(101)
At 31 December	**11,748**	15,946

The movement in the impairment loss of other receivables is as follows:

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**1,378**	—
Impairment loss recognised on other receivables	**373**	1,378
Exchange realignment	**(89)**	—
At 31 December	**1,662**	1,378

16. TRADE AND OTHER PAYABLES

Details of the trade and other payables including the ageing analysis of trade payables based on invoice date are as follows:

	2015	2014
	HK$'000	*HK$'000*
Trade payables aged		
Within 90 days	**65,251**	70,528
91 to 180 days	**10,343**	11,678
181 to 365 days	**24,251**	20,804
Over 365 days	**52,420**	53,191
	152,265	156,201
Other payables and accruals	**66,204**	93,842
	218,469	250,043

The credit period granted by suppliers and sub-contractors is normally 90 to 180 days as at 31 December 2015 (2014: 90 to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

17. BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Current liabilities		
Secured bank loan *(note a)*	**119,370**	—
Unsecured bank loans *(note b)*	**24,733**	58,611
Unsecured other loans *(notes c and d)*	**—**	61,008
	144,103	119,619
Non-current liabilities		
Unsecured other loans *(note e)*	**—**	30,000
Total borrowings	**144,103**	149,619

17. BORROWINGS *(Continued)*

Notes:

(a) As at 31 December 2015, a secured bank loan of RMB100,000,000 (equivalent to approximately HK$119,370,000) (2014: nil) is secured by the Group's pledged bank deposits with carrying amounts of RMB100,000,000 (equivalent to approximately HK$119,370,000) and the loan carried interest at the RMB Benchmark Interest Rate quoted by the People's Bank of China (2014: nil) per annum and repayable within one year for the purpose of general working capital.

(b) As at 31 December 2015, the unsecured bank loans carried interest at variable market rates ranged from 110% to 130% of the RMB Benchmark Interest Rate quoted by the People's Bank of China (2014: variable market rates at 120% of the RMB Benchmark Interest Rate quoted by the People's Bank of China) and repayable within one year.

As at 31 December 2015, certain unsecured bank loans amounted to approximately HK$24,250,000 (equivalent to RMB20,315,000) (2014: approximately HK$58,611,000 (equivalent to RMB46,491,000)) were guaranteed and indemnified by a director of the Company and a subsidiary of the Group.

(c) As at 31 December 2014, an unsecured loan of HK$5,000,000 (2015: nil) represented borrowing from a subsidiary of a former substantial shareholder for financing the general working capital of the Group. Under the loan agreement, up to an aggregate principal amount of HK$20,000,000 was available for drawings and ending on the earlier of (i) 31 December 2015; and (ii) the date when the loan had been fully drawn down or cancelled. The loan carried interest at a fixed rate of 5% per annum with a repayable on demand clause. The loan has been fully repaid during the year ended 31 December 2015.

(d) As at 31 December 2014, another unsecured loans of approximately HK$56,008,000 were borrowings from two independent third parties not related to the Group. Principal amount of approximately HK$37,821,000 (equivalent to RMB30,000,000) was non-interest bearing and approximately HK$19,919,000 (equivalent to RMB15,800,000) (2015: nil) bore interest at a variable market rate linked to the RMB Benchmark Interest Rate quoted by the People's Bank of China.

The non-interest bearing unsecured loans were subsequently measured at amortised cost using effective interest method with carrying amount of approximately RMB28,626,000 (equivalent to approximately HK$36,089,000). An imputed interest expense of approximately RMB1,374,000 (equivalent to approximately HK$1,707,000) was recognised in profit or loss for the year ended 31 December 2015 (note 7) (2014: approximately RMB1,632,000 (equivalent to approximately HK$2,058,000)). The loans have been fully repaid during the year ended 31 December 2015.

(e) As at 31 December 2014, an unsecured loan of HK$30,000,000 represented borrowing from a shareholding company for financing the general working capital of the Group. The loan carried interest at a fixed rate of 5% p.a. and has been fully repaid during the year ended 31 December 2015.

17. BORROWINGS *(Continued)*

As at 31 December 2015, the Group had available bank facilities of approximately RMB370,405,000 (equivalent to approximately HK$442,152,000) (2014: approximately RMB131,980,000, equivalent to approximately HK$166,387,000), out of which approximately RMB246,958,000 (equivalent to approximately HK$294,794,000) (2014: approximately RMB44,063,000, equivalent to approximately HK$55,551,000) was not utilised.

18. CONVERTIBLE NOTES

	2015	2014
	HK$'000	*HK$'000*
Convertible Note I *(note a)*		
Liability component	**343,467**	546,054
Equity component	**139,915**	298,856
Derivative component	**—**	(34,560)
	483,382	810,350
Convertible Note II *(note b)*		
Liability component	**77,999**	116,660
Equity component	**17,083**	50,553
	95,082	167,213
Analysed for reporting purpose:		
Current portion:		
Liability component	**—**	546,054
Derivative component	**—**	(34,560)
	—	511,494
Non-current portion:		
Liability component	**421,466**	116,660
Equity component	**156,998**	349,409
	578,464	977,563

18. 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**") to acquire 100% interest in Central Asia Mineral Exploration LLC ("**Camex**"). 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$1.1 (adjusted from HK$0.22 per share as a result of the share consolidation on 20 November 2012). 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 the Binomial valuation model.

The Derivative Component is accounted for as financial assets at fair value through profit or loss under current assets.

On Maturity I, the Company exercised its rights 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$560,580,000 ("**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 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 liability component and equity component were determined based on the valuation carried out by Roma Appraisals, an independent professional valuer, by using Binomial valuation model.

18. CONVERTIBLE NOTES *(Continued)*

Notes: (Continued)

(a) *(Continued)*

The carrying values of the liability component, the equity component and the Derivative Component of the Convertible Note I recognised in the consolidated statement of financial position are as follows:

	Liability component		Equity component		Derivative Component	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Carrying amounts						
At beginning of the year	**546,054**	518,146	**298,856**	320,578	**(34,560)**	(60,851)
Imputed interest expenses of Convertible Note I *(note i)*	**29,671**	65,407	**—**	—	**—**	—
Conversion of Convertible Note I *(note ii)*	**(15,145)**	(37,499)	**(8,275)**	(21,722)	**1,741**	4,260
Change in fair value recognised in profit or loss *(note iii)*	**—**	—	**—**	—	**(64,125)**	22,031
Derecognise of liability component, equity component and Derivative Component on Maturity I	**(560,580)**	—	**(290,581)**	—	**96,944**	—
Fair value of Extended Convertible Note I recognised on Maturity I	**323,721**	—	**139,915**	—	**—**	—
Imputed interest expense of Extended Convertible Note I *(note iv)*	**19,746**	—	**—**	—	**—**	—
At end of the year	**343,467**	546,054	**139,915**	298,856	**—**	(34,560)

Notes:

(i) The liability component is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.91% (31 December 2014: 12.91%) per annum. Imputed interest expense of approximately HK$29,671,000 was recognised in profit or loss for the year ended 31 December 2015 (year ended 31 December 2014: approximately HK$65,407,000) (note 7).

18. CONVERTIBLE NOTES *(Continued)*

Notes: (Continued)

(a) *(Continued)*

Notes: (Continued)

(ii) 14,512,727 shares (2014: 38,095,909 shares) were issued upon conversion of the Convertible Note I in total amount of approximately HK$15,964,000 for the year ended 31 December 2015 (year ended 31 December 2014: approximately HK$41,906,000). At the time of conversion, the proportional amounts of the convertible note equity reserve, the Derivative Component and the carrying value of the liability component were transferred to share capital and share premium as proceeds for the shares issued.

(iii) The Derivative Component is measured at fair value with changes in fair value recognised in profit or loss. The Derivative Component is carried as derivative financial asset in the consolidated statement of financial position until extinguished on conversion or redemption.

The fair value of the Derivative Component of the Convertible Note I was calculated using the Black-Scholes model with the major inputs as follows:

	2015	2014
Stock price	**N/A**	0.335
Exercise price	**N/A**	1.100
Expected Volatility	**N/A**	52.11%
Risk free rate	**N/A**	0.057%

As the Black-Scholes model requires the input of highly subjective assumptions, change in subjective input assumptions can materially affect the fair value estimate. Further details of the principal terms and conditions regarding the issue of the Convertible Note I have been set out in the circular of the Company dated 12 May 2010.

(iv) The liability component is subsequently measured at amortised cost using effective interest method by applying an effective rate of 11.59% per annum (2014: nil). Imputed interest expense of approximately HK$19,746,000 was recognised in profit or loss for the year ended 31 December 2015 (2014: nil) (note 7).

18. 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$1,250,000,000 (the "**Convertible Note II**") comprising a principal amount of HK$80,000,000 in aggregate which is subject to adjustment (the "**Contingent Consideration**"), to acquire 100% interest in Sinbo. The Convertible Note II will be matured on 2 August 2018, 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 at any time from the issue date up to maturity date. The Convertible Note II is non-redeemable prior to the maturity date.

The Convertible Note II comprises of 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 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 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 HK$923,758,000 which comprises a liability component with fair value on the Issue Date II of HK$723,889,000 and an equity component with fair value on the Issue Date II of 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 by using the option pricing model.

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

18. CONVERTIBLE NOTES *(Continued)*

Notes: (Continued)

(b) *(Continued)*

On 26 March 2014 ("**Issue Date III**"), the PAT has been met and the Company issued the Tranche A Convertible Notes II in the aggregate principal amount of HK$80,000,000 and initially recognised at fair value amounting to approximately HK$108,486,000 which comprises liability 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 was no longer existed and 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 by using the option pricing model. As at 31 December 2015, the Tranche A Convertible Note II with aggregate principal amount of HK$80,000,000 has been fully converted.

The carrying values of the liability component, the equity component and the Contingent Consideration of the Convertible Note II recognised in the consolidated statement of financial position are as follows:

	Liability component		**Equity component**		**Contingent Consideration**	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Carrying amounts						
At beginning of the year	**116,660**	194,420	**50,553**	51,591	**—**	109,773
Addition at Issue Date III	**—**	51,149	**—**	57,337	**—**	(108,486)
Imputed interest expenses *(note i)*	**8,532**	15,745	**—**	—	**—**	—
Conversion of Convertible Note II *(note ii)*	**(47,193)**	(144,654)	**(33,470)**	(58,375)	**—**	—
Change in fair value recognised in profit or loss *(note iii)*	**—**	—	**—**	—	**—**	(1,287)
At end of the year	**77,999**	116,660	**17,083**	50,553	**—**	—

18. CONVERTIBLE NOTES *(Continued)*

Notes: (Continued)

(b) *(Continued)*

Notes:

(i) The liability component is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 9.35% to 10.07% (2014: 9.35% to 10.07%) per annum. An imputed interest expense of approximately HK$8,532,000 was recognised in profit or loss for the year ended 31 December 2015 (year ended 31 December 2014: approximately HK$15,745,000) (note 7).

(ii) 264,000,000 shares (year ended 31 December 2014: 864,011,360 shares) were issued upon conversion of the Convertible Note II in total amount of approximately HK$66,000,000 for the year ended 31 December 2015 (year ended 31 December 2014: approximately HK$216,003,000). At the time of conversion, the proportional amounts of the convertible note equity reserve, the equity component and the carrying value of the liability component were transferred to share capital and share premium as proceeds for the shares issued.

(iii) The Contingent Consideration is measured at fair value with changes in fair value recognised in profit or loss. The Contingent Consideration is carried as a derivative financial liability in the consolidated statement of financial position until the Tranche A Convertible Note II is issued.

The fair value of the Contingent Consideration of the Convertible Note II was calculated using the Binomial valuation model with the major inputs as follows:

	Issue Date III	31 December 2013	**Issue Date II**
Stock price	0.275	0.290	0.315
Exercise price	0.250	0.250	0.250
Volatility	65.869%	60.723%	62.544%
Risk free rate	1.490%	1.241%	1.251%

As the Binomial valuation model requires the input of highly subjective assumptions, change in subjective input assumptions can materially affect the fair value estimate. Further details of the principal terms and conditions regarding the issue of the Convertible Note II have been set out in the circular of the Company dated 27 June 2013.

19. SHARE CAPITAL

	Par value	Number of ordinary shares	Total
	HK$		*HK$'000*
Authorised			
At 1 January 2014	0.25	10,000,000,000	2,500,000
Increase in authorised share capital	0.25	20,000,000,000	5,000,000
At 31 December 2014 and 31 December 2015	**0.25**	**30,000,000,000**	**7,500,000**
Issued and fully paid 1 January 2014	0.25	5,782,301,095	1,445,575
Exercise of share options	0.25	22,200,000	5,550
Conversion of Convertible Note I	0.25	38,095,909	9,524
Conversion of Convertible Note II	0.25	864,011,360	216,003
At 31 December 2014	0.25	6,706,608,364	1,676,652
Exercise of share options	0.25	221,660,000	55,415
Conversion of Convertible Note I	0.25	14,512,727	3,628
Conversion of Convertible Note II	0.25	264,000,000	66,000
Shares issued under placing	0.25	950,000,000	237,500
At 31 December 2015	**0.25**	**8,156,781,091**	**2,039,195**

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

20. EVENT AFTER THE REPORTING PERIOD

On 5 February 2016, MIG Resources Limited, a subsidiary of the Group entered into a sale and purchase agreement with an independent third party to dispose of entire equity interest of 100% in Grand State Holdings Limited for a cash consideration of US$738,000. The transaction was completed on 18 March 2016 and the gain on disposal is approximately HK$5,181,000.

21. COMPARATIVE FIGURES

The comparative figures of other gain and losses had been reclassified to conform to current year's presentation as the Directors consider the reclassifications are more meaningful.

As the reclassifications have no effect on the amounts in the consolidated statement of financial position as at 1 January 2014, it is not necessary to present the comparative information as at 1 January 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group continued to made efforts in expanding its core business relating to the geographic information industry and recorded a total revenue of approximately HK$304.9 million, representing an decrease of 8.66% compared with the year ended 31 December 2014. The core business mainly consists of three segments, namely the geospatial business application and services, data collection and processing, and development and sales of equipment.

FINANCIAL SUMMARY

Revenue

For the year ended 31 December 2015, the Group recorded revenue of approximately HK$304.9 million (year ended 31 December 2014 : approximately HK$333.8 million), representing a decrease of 8.66% compared to the year ended 31 December 2014. The Group's operations consist of GIS data collection and processing, business application and services as well as the development and sales of equipment, contributing 32.93%, 49.20% and 17.87% of the revenue for the year, respectively (year ended 31 December 2014 : contributing 36.82%, 36.93% and 26.25% of the revenue for the year, respectively).

Cost of Revenue

For the year ended 31 December 2015, the Group's cost of revenue was approximately HK$272.8 million (year ended 31 December 2014 : approximately HK$261.2 million), representing an increase of 4.44% compared to the year ended 31 December 2014. The cost of revenue was mainly generated from business relating to the geographic information industry, including cost on aerial, training, rental of machines and software and data processing and amortization expenses of the other intangible assets. The increase was mainly due to increase in aerial cost, purchase cost of machines and software which were amounted to approximately HK$81.6 million and HK$51.2 million respectively.

Gross Profit

For the year ended 31 December 2015, the Group's gross profit decreased by 55.78% to approximately HK$32.1 million (year ended 31 December 2014: approximately HK$72.6 million). Gross profit margin decreased by 11.23% to 10.53% (year ended 31 December 2014: 21.76%) mainly due to increase in cost of revenue to enable the Group to fulfill the increase in demand.

Other Income

For the year ended 31 December 2015, the Group generated other income of approximately HK$19.4 million (year ended 31 December 2014 : approximately HK$15.4 million), representing an increase of 25.97% compared to the year ended 31 December 2014. The other income was mainly from government grants.

Administrative Expenses

For the year ended 31 December 2015, the Group's administrative expenses amounted to approximately HK$110.7 million (year ended 31 December 2014: approximately HK$109.8 million), representing an increase of 0.82% compared to the year ended 31 December 2014. The administrative expenses mainly consisted of legal and professional fees, staff costs (including directors' emoluments), depreciation expenses and amortisation expenses.

Finance Costs

For the year ended 31 December 2015, the Group recorded finance costs of approximately HK$67.2 million (year ended 31 December 2014: approximately HK$89.7 million), representing a decrease of 25.08% compared to the year ended 31 December 2014. The finance costs mainly included the interests incurred by bank loans and other loans, as well as the imputed interests on convertible notes during the year.

Impairment Loss of Other Intangible Assets

For the year ended 31 December 2015, the Group recorded an impairment loss of other intangible assets of approximately HK$60.7 million (year ended 31 December 2014: approximately HK$11.2 million), representing a sharp increase of 441.96% compared to the year ended 31 December 2014. It mainly related to the impairment of certain intangible assets in the business related to the geographic information industry.

Impairment Loss of Exploration and Evaluation Assets

For the year ended 31 December 2015, the Group recorded an impairment loss of exploration and evaluation assets of approximately HK$0.4 million (year ended 31 December 2014: approximately HK$0.7 million), representing a decrease of 42.86% as compared to the year ended 31 December 2014. The impairment loss is attributed to the fact that the exploration and evaluation activities have not yet led to the discovery of commercially viable quantities of minerals and there has been no further plan for substantive expenditure on further exploration and evaluation of mineral resources in the area.

Fair Value Gain (Loss) on the Derivative Component of the Convertible Note I

During the year ended 31 December 2015, the Group recorded a fair value gain of approximately HK$64.1 million on the Derivative Component of the Convertible Note I, representing a sharp increase of approximately HK$86.2 million when compared with the year ended 31 December 2014 (year ended 31 December 2014: fair value loss of approximately HK$22.0 million). The increase was mainly due to a net fair value gain of the fair value gain of approximately HK$96.9 million from the extended Convertible Note I on 17 June 2015, which partially offset by a fair value loss of approximately HK$32.8 million from the original Convertible Note I issued on 17 June 2010.

Loss for the Year Attributable to Owners of the Company

As a result of the combined effect of the above factors, the Group recorded an attributable loss of approximately HK$135.5 million for the year ended 31 December 2015 (year ended 31 December 2014: approximately HK$357.2 million).

Liquidity & Financial Resources

As at 31 December 2015, bank balances and cash and pledged bank deposits were approximately HK$335.8 million (as at 31 December 2014: approximately HK$106.9 million). During the year, the total borrowings, which included convertible notes issued in the years 2010, 2013 and 2014, borrowings and amounts due to non-controlling shareholders, were approximately HK$629.4 million (as at 31 December 2014: approximately HK$887.4 million). The Group's current ratio, being the ratio of current assets to current liabilities, was 1.6 times (as at 31 December 2014: 0.5 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 29.72% (as at 31 December 2014: 119.02%).

Foreign Exchange Risk Management

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

Human Resources

As at 31 December 2015, the Group had 558 employees (as at 31 December 2014: 527 employees) all of which were officially hired. Total staff costs, including directors' emoluments during the year, amounted to approximately HK$91.1 million (year ended 31 December 2014: approximately HK$97.8 million). The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the Group and of the individuals concerned. In addition to salary payments, other staff benefits include performance bonuses, education subsidies, provident funds, medical insurance and the use of share option schemes to recognise and acknowledge contributions made or potentially to be made to the business development of the Group by its employees.

BUSINESS REVIEW

Business Related to Geographic Information Industry

During the year, the Group continued to commit to developing its business relating to the geographic information industry, which mainly consists of the geospatial business application and services, data collection and processing as well as the development and sales of equipment.

Business Application and Services

During the year, the Group's businesses mainly focus on the following business categories for the business application and services segment: fundamental planning, property title management and emergency and public security. Among these, fundamental planning mainly covered surveying and mapping, planning, national geographic conditions and the construction of smart cities; property title management mainly referred to the application of geographic information data in sectors such as state territory, agriculture, forestry, water resources, electricity power, oil, transportation and real estate; and emergency and public security mainly referred to emergency, public security, environmental protection, meteorological phenomena and urban management, etc. During the year, this segment recorded a turnover of approximately HK$150.0 million, with an increase of 21.69% on a year-on-year basis, which was mainly attributable to the industry application business of rural and forestrial land rights, electricity power, water resources and transportation under the category of property title management achieved significant growth during the year.

Data Collection and Processing

For a long time, the Group had strong data acquisition capabilities for geospatial information data collection. No matter on the introduction of aerial photogrammetry equipment and aerial and aerospace remote sensing data, or on the street view data and unmanned aerial vehicles low altitude remote sensing data acquisition, the Group has accumulated a large number of talents and industrial experiences. The Group continued to make major developments in its capability to acquire oblique photographs. Oblique photography is an emerging high-end technology recently developed in the international surveying and mapping sector which breaks the limit of the previous ortho-photograhic technology under which photographs could only be taken from a vertical angle. With oblique photography, photos are collected from five different angles (one vertical and four oblique) and transmitted through a number of sensors carried on the same flying platform, thus introducing users to a real and intuitive world conforming to the human vision.

For the data processing segment, the Group has accumulated extensive experience and leading competence in data processing and software development in the PRC. As the first domestic enterprise introducing the “Pixel Factory” data-processing system, the Group currently owns three sets of “Pixel Factory” data-processing systems with processing capacity that reach leading international standard. The Group is therefore able to realize the automated processing of massive image data, and processes raw geographic image data into “4D” data with diversified purposes, including digital orthophoto model (DOM), digital elevation model (DEM), digital line graphics (DLG) and digital raster graphics (DRG). In addition, the Group has vigorously developed technologies related to street view data processing and three-dimensional holographic model processing during the year, thereby providing early-stage preparation for further exploration of industry application and business expansion.

For the year ended 31 December 2015, the segment of data collection and processing recorded a turnover of approximately HK$100.4 million, with an decrease of 18.32% on a year-on-year basis, which was mainly attributable to the slowdown of the country’s infrastructure construction, which affected the demand for geographic information data from various sectors such as land mapping and planning, etc..

Development and Sales of Equipment

To closely meet market demands, the Group developed and manufactured 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, and has been a franchisee distributor of Ultracam series aerial camera products developed by Microsoft Corporation. During the year, the development and sales of equipment segment recorded a turnover of approximately HK$54.5 million, with an decrease of 37.84% on a year-on-year basis, which was mainly attributable to the slowdown in the sales of cameras with the domestic aerial camera market becoming increasingly saturated.

Mining and Exploration Business in Mongolia

The Group currently holds four coal mining licences covering a 1,114-hectare coal mine at Tugrug Valley (the "**TNE Mine**"). Based on a report from an independent technical advisor issued in 2010, the TNE Mine has approximately 64.0 million tonnes of measured and indicated resources and an additional 27.9 million tonnes of inferred resources as set out in the below table.

	Measured and indicated resources	**Inferred resources**
TNE Mine	64.0 million tones	27.9 million tones

During the year, there was no material change in the amount of resources in the TNE Mine, compared with that of last year. Besides, the Group also holds three exploration licences in respect of coal deposits in DundGobi (14,087 hectares) located in Mongolia.

Both of the carrying amount of the coal mining licences and the exploration licences were nil, and the carrying amount of coal mining licences and exploration licences remained fully impaired. Taking into consideration the market price of coal, the cost of production of the TNE Mine and the continuous recession of foreign investment in Mongolia, the Group did not commence production during the year 2015.

PROSPECTS

Although constrained by the international economic situation and domestic economic restructuring and other factors in recent years, geographic information industry still maintained a rapid growth with an average annual growth of over 20% during the 12th five-year plan period while the national macro-economy facing the downward pressure. As a modern service industry, a strategic emerging industry and a high-tech industry that utilizes geographic information resource as development core, geographic information industry plays a significant role in transforming economic development model of the PRC and promoting information consumption. With high technology content, less consumption of material resources, huge growth potential, good comprehensive benefits, strong job creating ability, close industrial relevancy and other unique advantages, geographic information industry has become a vital link for macro economic strategic transformation of the PRC. Because of these unique characteristics of the geographic information industry, relevant national authorities attached great importance to the industry and established a series of guidance rules. In accordance with the request of the State Council on the promotion of surveying and mapping geographic information industry, National Development and Reform Commission and the National Administration of Surveying, Mapping and Geoinformation jointly issued the《國家地理信息產業發展規劃(2014-2020年)》(Development and Planning of the National Geographic Information Industry, (2014-2020)*) , which is the first geographic information industry planning of national level. In addition, the promulgation of the「全國基礎測繪中長期規劃綱要(2015-2030年)」(Outline of the National Medium-and Long-Term Plan for Basic Surveying and Mapping (2015-2030)*),「各省市行業2016-2020規劃綱要」(Outline of the Industry 2016-2020 in each Province and Municipality*), the「全國第十三個五年規劃綱要」(Outline for the Thirteenth Five-year Plan*) which published on March 2016 and other relative forthcoming plans and regulations indicates that the geographic information industry will not only continue to be active, but also will realize a huge leap during this period, becoming a new growth point for the Chinese economy.

In future development, the Group will strive to transform from a single mapping service provider to an industry-wide information service supplier, and from a service provider of infrastructure to one who offer asset management services. In terms of development trend, the Group will continue to maintain its cutting edge on traditional sectors such as geographic mapping, land mapping and planning. Meanwhile, it will also gradually shift its focus to fast growth areas of 2015 and spotlight of 2016, including:

— Land right projects such as agricultural and forestry land rights and its subsequent applications: agriculture and forestry land right is a crucial aspect of national real estate management. It mainly solves the problems of ownership and management on agricultural land, homestead, and land for economic activities which lay a foundation for land transfer and further agricultural application.

* *For identification purpose only*

— Real estate registration projects of various type of land resources and their ancillary information: real estate property refers to properties that are by nature or by law immovable, such as land, houses, prospecting and mining rights and other fixed objectives on the ground. The《不動產登記暫行條例實施細則》(Implementation Rules for Interim Regulation on Real Estate Registration*) published on 1 January 2016 came into force from the date of release. Real estate regulation cannot be realized without the support of geographic information, especially two of the most basic elements: location and attribute. From the original data acquisition, the construction of real estate registration platform, to the follow-up information publishing and sharing, real estate registration needs a full range of technical supports from modern mapping geographic information technology in the whole process of data acquiring, processing, analyzing, sharing and publishing.

— Industry assets survey and relevant asset management: At present, various industries in the PRC has gradually transformed from the stage of large-scale infrastructure construction to the stage of liquidizing and managing stock assets. Existing assets of inventory need to be checked and sorted, preparing for asset information management, management costs reduction and deep application of the next stage.

— Smart city and its related sub-sectors including intelligent transportation, smart shopping malls, smart healthcare and smart community, etc: During urbanization, core demands on urban operating efficiency and the effective utilization of urban assets will remain unchange. The Group has accumulated rich experience on various aspects of certain related sub-sectors of smart city such as transportation, water conservancy, telecommunications, and electricity. It will strive to apply past successes in the next year and endeavor to distinguish itself in the industry of smart city.

Looking forward, the Board believes that the Group is in a good position to capture the development opportunities in geographic information industry and the Group will devote its resources for executing the strategies mentioned above. Meanwhile, the Group will keep a conservative attitude in the mining business in Mongolia and closely monitor the market conditions as well as consider other options such as realization of the investment should the opportunities arise. The Group will strive to achieve sustainable growth and deliver satisfactory returns to shareholders of the Company.

DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2015, nor has any dividend been recommended since the end of the reporting period (year ended 31 December 2014: nil).

** For identification purpose only*

THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules for the year ended 31 December 2015, except for the compliance of code provision A.2.1 of the CG Code which states that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Guan Hongliang was appointed as the Chairman and the Chief Executive Officer of the Company since 6 August 2014 and Mr. Guan Hongliang was succeeded by Mr. Wang Zheng as the Chief Executive Officer of the Company on 4 January 2016. The Board is of the view that although Mr. Guan Hongliang has been both the chairman and the chief executive officer of the Company up to 3 January 2016, this structure has not impaired the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals who meets regularly to discuss issues affecting the operations of the Company. The Board believes that the structure adopted before and after 4 January 2016 has been conductive to strong and consistent leadership as either structure has been complementing the need of the Company at the relevant time, enabling the Group to make and implement decisions promptly and efficiently.

REVIEW OF THIS RESULTS ANNOUNCEMENT

Scope of work of SHINEWING (HK) CPA Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the Preliminary Announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee currently comprises three Independent Non-Executive Directors, namely, Mr. ZHANG Songlin, Mr. HUI Yat On and Mr. ZHAI Shenggang. Mr. ZHANG Songlin, who possesses professional accounting qualifications and relevant accounting experience, is the Chairman of the Audit Committee.

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

The Board has, through the Audit Committee, conducted regular reviews on the effectiveness of the internal control system of the Group during the year ended 31 December 2015 and the interim and annual results, and has reviewed with management the accounting principles and practices adopted by the Group and discussed the auditing, financial reporting matters and risk management systems of the Group.

The Group's final results for the year ended 31 December 2015 have been reviewed by the members of the Audit Committee before submission to the Board for approval.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any shares of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND REPORT

This announcement is available for viewing on the designated website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.peacemap.com.hk. The report of the Company for the year ended 31 December 2015 will be despatched to shareholders of the Company and published on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 23 March 2016

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