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**PEACE MAP HOLDING LIMITED**

**天下圖控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 402)**

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Peace Map Holding Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2015 together with the comparative figures for the six months ended 30 June 2014 as follows:

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

*for the six months ended 30 June 2015*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2015</b>	<b>2014</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	4	<b>169,934</b>	107,005
Cost of revenue		<b>(138,696)</b>	(81,543)
Gross profit		<b>31,238</b>	25,462
Other income and gain	4	<b>3,679</b>	5,201
Selling and distribution expenses		<b>(5,051)</b>	(4,034)
Administrative and other operating expenses		<b>(49,357)</b>	(49,405)
Equity-settled share-based payment expenses		<b>(8,761)</b>	–
Share of result of an associate		<b>17</b>	–
Impairment loss of property, plant and equipment		–	(670)
Impairment loss of mining licences		–	(48,000)
Reversal of loss on uncertainty in respect of collectibility of amount due from customer of contract works		<b>1,774</b>	–
Fair value gain on the Derivative Component of the Convertible Note I	15(a)	<b>64,125</b>	2,019
Fair value gain on the financial liabilities at fair value through profit or loss		–	1,287
Operating profit (loss)		<b>37,664</b>	(68,140)
Finance costs	6	<b>(41,474)</b>	(44,993)
Loss before taxation	7	<b>(3,810)</b>	(113,133)
Income tax credit	8	<b>1,346</b>	14,255
Loss for the period		<b>(2,464)</b>	(98,878)
Profit (loss) for the period attributable to:			
Owners of the Company		<b>1,471</b>	(94,506)
Non-controlling interests		<b>(3,935)</b>	(4,372)
		<b>(2,464)</b>	(98,878)
<b>Earnings (loss) per share (HK cents)</b>			
– Basic	10	<b>0.02</b>	(1.62)
– Diluted	10	<b>0.02</b>	(1.62)

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

*for the six months ended 30 June 2015*

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	<b>(2,464)</b>	(98,878)
<b>Other comprehensive income (expense) for the period</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of overseas operations	<b>884</b>	(17,514)
<b>Total comprehensive expense for the period</b>	<b>(1,580)</b>	(116,392)
<b>Total comprehensive income (expense) for the period attributable to:</b>		
Owners of the Company	<b>2,042</b>	(111,506)
Non-controlling interests	<b>(3,622)</b>	(4,886)
	<b>(1,580)</b>	(116,392)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*as at 30 June 2015*

		As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		51,632	53,841
Deposit paid for acquisition of a property		4,415	489
Interest in an associate		2,361	823
Goodwill		661,999	664,216
Mining licences		–	–
Exploration and evaluation assets		–	–
Other intangible assets	11	603,817	612,282
Deferred tax assets		145	145
		1,324,369	1,331,796
<b>Current assets</b>			
Inventories		4,623	12,154
Amounts due from customers of contract works		258,342	207,175
Trade and other receivables	12	185,595	157,123
Finance lease receivables		14,673	14,624
Loan receivable		–	–
Derivative financial asset – Derivative Component of the Convertible Note I	15	–	34,560
Tax recoverable		6	6
Pledged bank deposits		67,083	3,341
Bank balances and cash		331,619	103,539
		861,941	532,522
<b>Current liabilities</b>			
Trade and other payables	13	260,974	250,043
Amounts due to non-controlling shareholders		61,754	58,317
Amount due to an associate		5,395	6,577
Tax payables		4,297	7,321
Borrowings	14	157,780	119,619
Convertible notes	15	–	546,054
		490,200	987,931
<b>Net current assets (liabilities)</b>		371,741	(455,409)
<b>Total assets less current liabilities</b>		1,696,110	876,387

		As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Amount due to a non-controlling shareholder		14,388	16,799
Borrowings	14	–	30,000
Convertible notes	15	399,304	116,660
Deferred income		4,781	4,934
Deferred tax liabilities		66,877	70,247
		<u>485,350</u>	<u>238,640</u>
<b>Net assets</b>		<u><b>1,210,760</b></u>	<u><b>637,747</b></u>
<b>Equity</b>			
Share capital	16	2,039,195	1,676,652
Reserves		(909,891)	(1,123,983)
		<u>1,129,304</u>	<u>552,669</u>
Equity attributable to owners of the Company		1,129,304	552,669
Non-controlling interests		81,456	85,078
		<u>1,210,760</u>	<u>637,747</u>
<b>Total equity</b>		<u><b>1,210,760</b></u>	<u><b>637,747</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*for the six months ended 30 June 2015*

	Equity attributable to owners of the Company											
	Share capital <i>HKS'000</i> <i>(note 16)</i>	Share premium <i>HKS'000</i>	Merger reserve <i>HKS'000</i>	Share option reserve <i>HKS'000</i>	Capital redemption reserve <i>HKS'000</i>	Statutory reserve <i>HKS'000</i>	Translation reserve <i>HKS'000</i>	Convertible note equity reserve <i>HKS'000</i> <i>(note 15)</i>	Accumulated losses <i>HKS'000</i>	Total <i>HKS'000</i>	Non- controlling interests <i>HKS'000</i>	Total equity <i>HKS'000</i>
At 1 January 2014 (Audited)	1,445,575	934,900	13,805	21,903	6,629	11,401	98,546	372,169	(2,245,682)	659,246	125,855	785,101
Loss for the period	-	-	-	-	-	-	-	-	(94,506)	(94,506)	(4,372)	(98,878)
Other comprehensive (expense) income for the period												
- Exchange difference arising from translation of overseas operations	-	-	-	-	-	-	(17,000)	-	-	(17,000)	(514)	(17,514)
Total comprehensive expense for the period	-	-	-	-	-	-	(17,000)	-	(94,506)	(111,506)	(4,886)	(116,392)
Appropriation	-	-	-	-	-	1,571	-	-	(1,571)	-	-	-
Shares issued upon exercise of share options	2,800	506	-	(506)	-	-	-	-	-	2,800	-	2,800
Issue of Convertible Note II	-	-	-	-	-	-	-	57,337	-	57,337	-	57,337
Conversion of Convertible Note II	216,003	(12,974)	-	-	-	-	-	(58,375)	-	144,654	-	144,654
<b>At 30 June 2014 (Unaudited)</b>	<b>1,664,378</b>	<b>922,432</b>	<b>13,805</b>	<b>21,397</b>	<b>6,629</b>	<b>12,972</b>	<b>81,546</b>	<b>371,131</b>	<b>(2,341,759)</b>	<b>752,531</b>	<b>120,969</b>	<b>873,500</b>
At 1 January 2015 (Audited)	1,676,652	968,372	13,805	51,918	6,629	12,684	77,363	349,409	(2,604,163)	552,669	85,078	637,747
Profit (loss) for the period	-	-	-	-	-	-	-	-	1,471	1,471	(3,935)	(2,464)
Other comprehensive income for the period												
- Exchange difference arising from translation of overseas operations	-	-	-	-	-	-	571	-	-	571	313	884
Total comprehensive income (expense) for the period	-	-	-	-	-	-	571	-	1,471	2,042	(3,622)	(1,580)
Issue of placing shares <i>(note 16(d))</i>	237,500	76,000	-	-	-	-	-	-	-	313,500	-	313,500
Shares issue expenses <i>(note 16(d))</i>	-	(5,723)	-	-	-	-	-	-	-	(5,723)	-	(5,723)
Appropriation of statutory reserve funds	-	-	-	-	-	461	-	-	(461)	-	-	-
Shares issued upon exercise of share options <i>(note 16(a))</i>	55,415	15,904	-	(13,776)	-	-	-	-	-	57,543	-	57,543
Recognition of equity-settled share-based payments	-	-	-	8,761	-	-	-	-	-	8,761	-	8,761
Maturity of Convertible Note I	-	-	-	-	-	-	-	(290,581)	290,581	-	-	-
Renewal of Convertible Note I	-	-	-	-	-	-	-	139,915	-	139,915	-	139,915
Conversion of Convertible Note I <i>(note 16(b))</i>	3,628	18,051	-	-	-	-	-	(8,275)	-	13,404	-	13,404
Conversion of Convertible Note II <i>(note 16(c))</i>	66,000	14,663	-	-	-	-	-	(33,470)	-	47,193	-	47,193
<b>At 30 June 2015 (Unaudited)</b>	<b>2,039,195</b>	<b>1,087,267</b>	<b>13,805</b>	<b>46,903</b>	<b>6,629</b>	<b>13,145</b>	<b>77,934</b>	<b>156,998</b>	<b>(2,312,572)</b>	<b>1,129,304</b>	<b>81,456</b>	<b>1,210,760</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*for the six months ended 30 June 2015*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 25 May 2004 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its principal place of business is Rooms 2807-08, 28th Floor, Bank of America Tower, 12 Harcourt Road, Hong Kong.

The Group are principally engaged in geographic information business in the People’s Republic of China (the “**PRC**”) including aerial photography and remote sensing image data 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 (“**mining and exploration business**”).

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

## 3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014 except as described below.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Application of amendments to HKFRSs

In the current period, the Group has applied, for the first time, the following revised HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2015:

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

The application of the above revised HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior interim periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 4. REVENUE, OTHER INCOME AND GAIN

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

	Six months ended 30 June	
	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>
Business application and services	59,347	49,775
Data collection and processing	68,444	46,160
Development and sales of equipment	42,143	11,070
<b>Total</b>	<b>169,934</b>	<b>107,005</b>

The revenue from data processing segment is subject to seasonal fluctuations, with peak season in the third and fourth quarters of the year. This is due to the capture of geographical data is subject to weather condition.



#### 4. REVENUE, OTHER INCOME AND GAIN (Continued)

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Bank interest income	101	266
Other interest income	–	228
Government grants (note i)	1,722	3,787
Sundry income	357	920
Exchange gain, net	1,499	–
<b>Total</b>	<b>3,679</b>	<b>5,201</b>

Notes:

- (i) Included in the amount of government grants recognised during the six months ended 30 June 2015, approximately HK\$1,722,000 (equivalent to approximately RMB1,363,000) (six months ended 30 June 2014: approximately HK\$3,156,000 (equivalent to approximately RMB2,500,000)) were received in respect of certain research projects, the relevant granting criteria for which have been fulfilled and were immediately recognised as other income. No government grant recognised as deferred income was utilised during this period (six months ended 30 June 2014: approximately HK\$631,000 (equivalent to RMB500,000)).

#### 5. 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 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.

## 5. 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 six months ended 30 June 2015 (Unaudited)

	Business application and services <i>HK\$'000</i>	Data collection and processing <i>HK\$'000</i>	Development and sales of equipment <i>HK\$'000</i>	Mining and exploration business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>59,347</u>	<u>68,444</u>	<u>42,143</u>	<u>–</u>	<u>169,934</u>
Segment (loss) profit	<u>(13,457)</u>	<u>11,955</u>	<u>(7,135)</u>	<u>(2,595)</u>	<u>(11,232)</u>
Other income and gain					1,957
Equity-settled share-based payment expenses					(8,761)
Share of result of an associate					17
Fair value gain on the Derivative Component of the Convertible Note I					64,125
Finance costs					(41,474)
Central administrative costs					<u>(8,442)</u>
Loss before taxation					<u><u>(3,810)</u></u>

## 5. SEGMENT INFORMATION (Continued)

### Segment revenue and results (Continued)

#### For the six months ended 30 June 2014 (Unaudited)

	Business application and services <i>HK\$ '000</i>	Data collection and processing <i>HK\$ '000</i>	Development and sales of equipment <i>HK\$ '000</i>	Mining and exploration business <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Revenue from external customers	49,775	46,160	11,070	–	107,005
Segment profit (loss)	719	(5,681)	125	(55,988)	(60,825)
Other income and gain					1,154
Fair value gain on the Derivative Component of the Convertible Note I					2,019
Fair value gain on the financial liabilities at fair value through profit or loss					1,287
Finance costs					(44,993)
Central administrative costs					(11,775)
Loss before taxation					<u>(113,133)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of central administrative costs, directors' salaries, certain other income and gain, fair value on the Derivative Component of the convertible notes, finance costs, equity-settled share-based payment expenses and share of result of an associate. This is the measure reported to the chairman of the Board, being the chief operating decision maker, for the purposes of resources allocation and performance assessment.

There were no inter-segment sales between different business segments for the six months ended 30 June 2014 and 30 June 2015.

## 5. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities

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

	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
<b>Segment assets</b>		
Business application and services	<b>783,011</b>	799,571
Data collection and processing	<b>644,230</b>	563,456
Development and sales of equipment	<b>265,632</b>	286,078
Mining and exploration business	<b>39</b>	11
	<hr/>	<hr/>
Total segment assets	<b>1,692,912</b>	1,649,116
Unallocated corporate assets	<b>493,398</b>	215,202
	<hr/>	<hr/>
Total assets	<b>2,186,310</b>	1,864,318
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment liabilities</b>		
Business application and services	<b>87,531</b>	80,815
Data collection and processing	<b>79,801</b>	57,446
Development and sales of equipment	<b>18,057</b>	17,940
Mining and exploration business	<b>4,781</b>	4,934
	<hr/>	<hr/>
Total segment liabilities	<b>190,170</b>	161,135
Unallocated corporate liabilities	<b>785,380</b>	1,065,436
	<hr/>	<hr/>
Total liabilities	<b>975,550</b>	1,226,571
	<hr/> <hr/>	<hr/> <hr/>

## 5. SEGMENT INFORMATION *(Continued)*

### Segment assets and liabilities *(Continued)*

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

- all assets are allocated to operating segments other than interest in an associate, derivative financial assets – Derivative Component of Convertible Note I, 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.
- all liabilities are allocated to operating segments other than tax payables, amounts due to non-controlling shareholders, amounts due to an associate, deferred tax liabilities, borrowings, convertible notes and certain corporate liabilities as these liabilities are managed on a group basis.

## 6. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Interest charges on:		
– Bank loans and overdraft	3,171	1,226
– Other loans	1,475	842
	<hr/>	<hr/>
	4,646	2,068
Imputed interest on unsecured other loan <i>(note 14(d))</i>	1,041	448
Imputed interest on extended Convertible Note I <i>(note 15(a)(iv))</i>	1,268	–
Imputed interest on Convertible Note I <i>(note 15(a)(i))</i>	29,671	32,154
Imputed interest on Convertible Note II <i>(note 15(b)(i))</i>	4,848	10,323
	<hr/>	<hr/>
<b>Total</b>	<b>41,474</b>	<b>44,993</b>
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## 7. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>
Staff costs (including directors' emoluments)		
– salaries, allowances and benefits in kind	20,770	22,058
– retirement benefits scheme contributions (defined contribution plan)	4,438	4,357
– equity-settled share-based payment expenses	8,761	–
	<hr/>	<hr/>
	33,969	26,415
	<hr/>	<hr/>
Cost of inventories sold	41,330	8,522
Amortisation of prepaid land lease payments	–	6
Amortisation of other intangible assets	31,350	32,278
Depreciation of property, plant and equipment	5,480	5,315
Exchange (gain) loss, net	(1,499)	31
Loss on written off of property, plant and equipment	647	206
Operating lease charges		
– land and buildings	3,664	2,244
	<hr/> <hr/>	<hr/> <hr/>

## 8. INCOME TAX CREDIT

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current tax		
– PRC Enterprise income tax (“EIT”)	<u>2,260</u>	<u>1,486</u>
Deferred tax		
– Current period	<u>(3,606)</u>	<u>(15,741)</u>
<b>Income tax credit</b>	<b><u>(1,346)</u></b>	<b><u>(14,255)</u></b>

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 six months ended 30 June 2014 and 30 June 2015.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2014 and 30 June 2015. No assessable profits generated from Hong Kong for the six months ended 30 June 2014 and 30 June 2015.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate applicable to the PRC subsidiaries is 25% from 1 January 2008 onwards. Accordingly, provision for PRC EIT for the PRC subsidiaries was calculated at 25% on the estimated assessable profits for the six months ended 30 June 2014 and 30 June 2015, 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 1 January 2012 to 31 December 2013 and followed by half reduction in EIT rate of 12.5% from 1 January 2014 to 31 December 2016. The income tax rate applicable is 12.5% for the six months ended 30 June 2015.

A subsidiary of the Company, 北京天下圖數據有限公司 (Peace Map Co., Ltd\*) was recognised as an approved high technology enterprise and therefore is entitled to a tax concession of reduction in EIT rate of 15% in 2014 and 2015. The income tax rate applicable is 15% for the six months ended 30 June 2015.

\* For identification purpose only

## **8. INCOME TAX CREDIT** *(Continued)*

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 from 1 January 2013 to 31 December 2014 and followed by half reduction in EIT rate of 12.5% from 1 January 2015 to 31 December 2017. The income tax rate applicable is 12.5% for the six months ended 30 June 2015.

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 of reduction in EIT rate of 15% from 1 January 2014 to 31 December 2016. The income tax rate applicable is 15% for the six months ended 30 June 2015.

Subsidiaries incorporated in Mongolia are subject to Mongolian income tax which is calculated at the rate of 10% on the first 3 billion Mongolian Tugrik of taxable income and 25% on the amount in excess thereof. No provision for income tax has been made as these Mongolian subsidiaries have not derived any taxable income during the six months ended 30 June 2015.

## **9. DIVIDEND**

No dividend was paid, or proposed during the six months ended 30 June 2015, nor has any dividend been proposed since the end of the interim reporting period (six months ended 30 June 2014: nil).

\* *For identification purpose only*



## 10. EARNINGS (LOSS) PER SHARE

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

### Earnings (loss)

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings (loss) for the purpose of basic earnings (loss) per share	<u>1,471</u>	<u>(94,506)</u>

### Number of shares

	Six months ended 30 June	
	2015	2014
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	7,216,298	5,845,814
Effect of share options	<u>126,639</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>7,342,937</u>	<u>5,845,814</u>

The computation of diluted earnings (loss) per share for the six months ended 30 June 2014 and 30 June 2015 did not assume the exercise of the Company's share options granted in 2010 as the exercise prices of the share options were higher than the average market price for shares. The computation of diluted earnings (loss) per share for the six months period ended 30 June 2014 and 30 June 2015 did not assume the conversion of the Company's outstanding convertible notes as the conversion of the convertible notes would result in an increase in earnings per share or a decrease in loss per share respectively. The computation of diluted loss for the six months ended 30 June 2014 did not assume the exercise of the Company's share options granted in 2012 as it would result in a decrease in loss per share.

## 11. OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2015, the Group incurred capital expenditure of approximately HK\$25,638,000 in deferred development costs and software (six months ended 30 June 2014: approximately HK\$39,763,000).

## 12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2015 (Unaudited) <i>HK\$'000</i>	As at 31 December 2014 (Audited) <i>HK\$'000</i>
Trade receivables		
– from third parties	95,233	96,226
– from a non-controlling shareholder	15,508	4,930
	<hr/>	<hr/>
	110,741	101,156
Less: allowance for doubtful debts	(15,946)	(15,946)
	<hr/>	<hr/>
	94,795	85,210
Amounts due from non-controlling shareholders	3,213	3,184
Prepayments and deposits	35,196	29,872
	<hr/>	<hr/>
	133,204	118,266
Other receivables	53,769	40,235
Less: accumulated impairment	(1,378)	(1,378)
	<hr/>	<hr/>
	52,391	38,857
	<hr/>	<hr/>
<b>Total trade and other receivables</b>	<b>185,595</b>	<b>157,123</b>
	<hr/> <hr/>	<hr/> <hr/>

## 12. TRADE AND OTHER RECEIVABLES (Continued)

The Group has a policy of allowing credit period to its customers, ranging from 90 to 180 days as at 30 June 2015 (31 December 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, which approximated the respective revenue recognition dates, as at the end of the reporting period:

	<b>As at 30 June 2015 (Unaudited) HK\$'000</b>	<b>As at 31 December 2014 (Audited) HK\$'000</b>
Within 90 days	<b>38,962</b>	52,492
91 to 180 days	<b>4,126</b>	4,984
181 to 365 days	<b>35,593</b>	15,578
Over 365 days	<b>16,114</b>	12,156
	<hr/> <b>94,795</b> <hr/>	<hr/> 85,210 <hr/>

### 13. TRADE AND OTHER PAYABLES

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

	As at 30 June 2015 (Unaudited) <i>HK\$'000</i>	As at 31 December 2014 (Audited) <i>HK\$'000</i>
Within 90 days	68,979	70,528
91 to 180 days	4,248	11,678
181 to 365 days	58,237	20,804
Over 365 days	53,925	53,191
	<hr/>	<hr/>
	185,389	156,201
Other payables and accruals	75,585	93,842
	<hr/>	<hr/>
<b>Total trade and other payables</b>	<b>260,974</b>	<b>250,043</b>
	<hr/> <hr/>	<hr/> <hr/>

The credit period granted by suppliers and sub-contractors is normally 90 to 180 days as at 30 June 2015 (31 December 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.

### 14. BORROWINGS

	As at 30 June 2015 (Unaudited) <i>HK\$'000</i>	As at 31 December 2014 (Audited) <i>HK\$'000</i>
<b>Current liabilities</b>		
Secured bank loan ( <i>note a</i> )	63,245	–
Unsecured bank loans ( <i>note b</i> )	37,298	58,611
Unsecured other loans ( <i>note c and d</i> )	57,237	61,008
	<hr/>	<hr/>
	157,780	119,619
	<hr/>	<hr/>
<b>Non-current liabilities</b>		
Unsecured loans ( <i>note e</i> )	–	30,000
	<hr/>	<hr/>
<b>Total borrowings</b>	<b>157,780</b>	<b>149,619</b>
	<hr/> <hr/>	<hr/> <hr/>

## 14. BORROWINGS (Continued)

Notes:

- (a) As at 30 June 2015, secured bank loan of approximately HK\$63,245,000 (equivalent to RMB50,000,000) is secured by the Group's pledged bank deposits with carrying amounts of approximately HK\$63,245,000 (equivalent to RMB50,000,000) and carrying interest at a fixed rate at 1.3% per annum and repayable within one year for working capital use.
- (b) The unsecured bank loans carried interest at variable market rates at 120% of the RMB Benchmark Interest Rate quoted by the People's Bank of China and were repayable within one year as at 30 June 2015 (31 December 2014: 120% of the RMB Benchmark Interest Rate quoted by the People's Bank of China).

As at 30 June 2015, unsecured bank loans amounted to approximately HK\$37,298,000 (equivalent to approximately RMB29,487,000) (year ended 31 December 2014: approximately HK\$58,611,000 (equivalent to approximately 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 six months ended 30 June 2015.
- (d) As at 30 June 2015, another unsecured loans of approximately HK\$57,237,000 (31 December 2014: HK\$56,008,000) were borrowings from two independent third parties not related to the Group. Principal amount of approximately HK\$37,947,000 (equivalent to RMB30,000,000) (31 December 2014: approximately HK\$37,821,000 (equivalent to RMB30,000,000)) was non-interest bearing and approximately HK\$19,985,000 (equivalent to RMB15,800,000) (31 December 2014: approximately HK\$19,919,000 (equivalent to RMB15,800,000)) bore interest at a floating interest rate linked to the RMB Benchmark Interest Rate quoted by the People's Bank of China. The above unsecured loans were originally repayable in November 2013 and September 2013 respectively. During the nine months ended 31 December 2013, such loans were extended to be repayable in November 2015 and September 2015 respectively.

The non-interest bearing unsecured loans are subsequently measured at amortised cost using effective interest method with carrying amount of approximately HK\$37,252,000 (31 December 2014: approximately HK\$36,089,000). An imputed interest expense of approximately HK\$1,041,000 (equivalent to approximately RMB824,000) was recognised in profit or loss for the six months ended 30 June 2015 (six months ended 30 June 2014: approximately HK\$448,000 (equivalent to approximately RMB355,000)).

## 14. BORROWINGS (Continued)

Notes: (Continued)

- (e) As at 31 December 2014, an unsecured loan of HK\$30,000,000 (30 June 2015: nil) 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% per annum and has been fully repaid during the six months ended 30 June 2015.

## 15. CONVERTIBLE NOTES

	As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
Convertible Note I (note a)		
Liability component	324,989	546,054
Equity component	139,915	298,856
Derivative Component	–	(34,560)
	<u>464,904</u>	<u>810,350</u>
Convertible Note II (note b)		
Liability component	74,315	116,660
Equity component	17,083	50,553
	<u>91,398</u>	<u>167,213</u>
Analysed for reporting purpose:		
Current portion:		
Liability component	–	546,054
Derivative Component	–	(34,560)
	<u>–</u>	<u>511,494</u>
Non-current portion:		
Liability component	399,304	116,660
Equity component	156,998	349,409
	<u>556,302</u>	<u>977,563</u>

## 15. 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 Binomial valuation model.

The Derivative Component is accounted for as financial assets at fair value through profit or loss under current assets as at 31 December 2014.

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 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 Limited (“**Roma Appraisals**”), an independent professional valuer, by using Binomial valuation model.

## 15. 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 condensed consolidated statement of financial position are as follows:

	Liability component		Equity component		Derivative Component	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
<b>Carrying amounts</b>						
At beginning of the period	546,054	518,146	298,856	320,578	(34,560)	(60,851)
Imputed interest expenses (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 on Convertible Note I recognised in profit or loss (note iii)	–	–	–	–	(64,125)	22,031
Derecognise of liability component equity component and the 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 expenses (note iv)	1,268	–	–	–	–	–
<b>At end of the period</b>	<b>324,989</b>	<b>546,054</b>	<b>139,915</b>	<b>298,856</b>	<b>–</b>	<b>(34,560)</b>

Notes:

- (i) The liability component is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.91% (six months ended 30 June 2014: 12.91%) per annum. Imputed interest expense of approximately HK\$29,671,000 was recognised in profit or loss for the six months ended 30 June 2015 (six months ended 30 June 2014: approximately HK\$32,154,000).



## 15. CONVERTIBLE NOTES (Continued)

Notes: (Continued)

(a) (Continued)

Notes: (Continued)

- (ii) 14,512,727 shares (year ended 31 December 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 six months ended 30 June 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 (note 16(b)).
  - (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 condensed consolidated statement of financial position until extinguished on conversion exercised, or redemption.
  - (iv) The liability component is subsequently measured at amortised cost using effective interest method by applying an effective rate of 11.59% per annum (six months ended 30 June 2014: nil). Imputed interest expense of approximately HK\$1,268,000 was recognised in profit or loss for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).
- (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**”) including a principal amount of HK\$80,000,000 in aggregate which is subject to adjustment (the “**Contingent Consideration**”), to acquire 100% interest in Sinbo Investment Limited (“**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 three parts:

- a principal amount of HK\$80,000,000 in aggregate Tranche A Convertible Note II which is subject to adjustment.

## 15. CONVERTIBLE NOTES (Continued)

Notes: (Continued)

(b) (Continued)

- 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 and its subsidiaries 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 are not subject to adjustment and the Tranche B Convertible Note II with the principal amount of HK\$300,000,000 in aggregate are 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 are initially recognised at fair value on the Issue Date II amounting to approximately HK\$923,758,000 which comprises liability component with fair value on the Issue Date II of approximately HK\$723,889,000 and equity component with fair value on the Issue Date II of approximately HK\$199,869,000. The fair value of the liability component was calculated by Roma Appraisals using cash flows discounted at a rate based on an equivalent market interest rate for an equivalent non-convertible bond. The fair value of the equity component was determined based on the valuation carried out by Roma Appraisals by using option pricing model.

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

On 26 March 2014 (“**Issue Date III**”), the PAT has been met and the Tranche A Convertible Note II with the aggregate principal amount of HK\$80,000,000 were issued by the Company and initially recognised at fair value amounting to approximately HK\$108,486,000 which comprises liability component with fair value on the Issue Date III of approximately HK\$51,149,000 and equity component with fair value on the Issue Date III of approximately HK\$57,337,000. 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 option pricing model. As at 30 June 2015, the Tranche A Convertible Note II with aggregate principal amount of HK\$80,000,000 has been fully converted.

## 15. CONVERTIBLE NOTES (Continued)

Notes: (Continued)

(b) (Continued)

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

	Liability component		Equity component		Contingent consideration	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
<b>Carrying amounts</b>						
At beginning of the period	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)	4,848	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	–	–	–	–	–	(1,287)
<b>At end of the period</b>	<b>74,315</b>	<b>116,660</b>	<b>17,083</b>	<b>50,553</b>	<b>–</b>	<b>–</b>

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% per annum. Imputed interest expense of approximately HK\$4,848,000 was recognised in profit or loss for the six months ended 30 June 2015 (six months ended 30 June 2014: approximately HK\$10,323,000).
- (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 six months ended 30 June 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 (note 16(c)).

## 16. SHARE CAPITAL

	Number of ordinary shares	Total HK\$'000
<b>Ordinary shares of HK\$0.25 each</b>		
<b>Authorised</b>		
At 1 January 2014	10,000,000,000	2,500,000
Increase in authorised share capital ( <i>note e</i> )	20,000,000,000	5,000,000
	<u>30,000,000,000</u>	<u>7,500,000</u>
<b>At 31 December 2014 and 30 June 2015</b>		
<b>Issued and fully paid</b>		
At 1 January 2014 (Audited)	5,782,301,095	1,445,575
Exercise of share options ( <i>note a</i> )	22,200,000	5,550
Conversion of Convertible Note I ( <i>note b</i> )	38,095,909	9,524
Conversion of Convertible Note II ( <i>note c</i> )	864,011,360	216,003
	<u>6,706,608,364</u>	<u>1,676,652</u>
At 31 December 2014 (Audited)	6,706,608,364	1,676,652
Exercise of share options ( <i>note a</i> )	221,660,000	55,415
Conversion of Convertible Note I ( <i>note b</i> )	14,512,727	3,628
Conversion of Convertible Note II ( <i>note c</i> )	264,000,000	66,000
Share issued under placing ( <i>note d</i> )	950,000,000	237,500
	<u>8,156,781,091</u>	<u>2,039,195</u>
<b>At 30 June 2015 (Unaudited)</b>		

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

### Notes:

- (a) During the six months ended 30 June 2015, 221,660,000 share options (year ended 31 December 2014: 22,200,000 share options) had been exercised by holders at HK\$0.25 each for the issuance of shares. As a result of the exercise of share options, cash and cash equivalent, share capital and share premium have been increased by HK\$57,543,000, HK\$55,415,000 and approximately HK\$15,904,000 respectively (year ended 31 December 2014: HK\$5,550,000, HK\$5,550,000 and approximately HK\$1,009,000 respectively) and share options reserve has been decreased by approximately HK\$13,776,000 (year ended 31 December 2014: approximately HK\$1,009,000).
- (b) During the six months ended 30 June 2015, the Noteholder I converted Convertible Note I in aggregate principal amount of HK\$15,964,000 (year ended 31 December 2014: approximately HK\$41,906,000) at the conversion price of HK\$1.1 per share whereby a respective total number of 14,512,727 (year ended 31 December 2014: 38,095,909) conversion shares were issued. As a result of the conversion, share capital and share premium of the Company have been increased by approximately HK\$3,628,000 and HK\$18,051,000 respectively (year ended 31 December 2014: increased by approximately HK\$9,524,000 and HK\$45,437,000 respectively) and the aggregate of which represents proportional amounts of the equity component, the Derivative Component and the liability component at the time of conversion.

## 16. SHARE CAPITAL *(Continued)*

*Notes: (Continued)*

- (c) During the six months ended 30 June 2015, the Noteholder II converted Convertible Note II in aggregate principal amount of approximately HK\$66,000,000 (year ended 31 December 2014: approximately HK\$216,003,000) at the conversion price of HK\$0.25 per share whereby a respective total number of 264,000,000 (year ended 31 December 2014: 864,011,360) conversion shares were issued. As a result of the conversion, share capital and share premium of the Company have been increased by approximately HK\$66,000,000 and HK\$14,663,000 respectively (year ended 31 December 2014: share capital has been increased by approximately HK\$216,003,000 and share premium of the Company has been decreased by approximately HK\$12,974,000 respectively) and the aggregate of which represents proportional amounts of the equity component and the liability component at the time of conversion.
- (d) On 21 April 2015, the Company completed a placing of 950,000,000 new shares of the Company at HK\$0.33 per share. Proceeds generated from the placing amounted to HK\$313,500,000 (before share issue expenses of approximately HK\$5,723,000). The net proceeds of approximately HK\$30,777,000 were intended to be utilised as general working capital of the Group. As a result of the placing, share capital and share premium have been increased by HK\$237,500,000 and HK\$70,277,000 respectively.
- (e) Pursuant to a special resolution passed on 14 January 2014, it is resolved that the increase of authorised share capital of the Company from HK\$2,500,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.25 each to HK\$7,500,000,000 divided into 30,000,000,000 ordinary shares of HK\$0.25 each by the creation of an additional 20,000,000,000 new shares.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### **Business Related to Geographic Information Industry**

For the six months ended 30 June 2015 (the “**Period under Review**”), the Group continued to made efforts in expanding its business relating to the geographic information industry and recorded a total revenue of approximately HK\$169.93 million, representing an increase of 58.81% compared with the six months ended 30 June 2014. It mainly consists of three segments, namely the geospatial business application and services, data collection and processing, and development and sales of equipment.

#### *Business Application and Services*

During the Period under Review, 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.

As the only domestic pilot enterprise in the PRC to build the “城市高分辨率航空影像數據庫” (National Urban Hi-definition Space Image Database\*), the Group is committed to becoming the leading geospatial information big data service provider in the PRC, while striving to establish two corporate brands, namely Peace Map Spatial Database and Peace Map Cloud Service.

Peace Map Spatial Database is a comprehensive database that includes high accuracy geospatial data and delivers professional GIS and industry-specific database functions. By leveraging cloud computing, multivariate data fusion, space analysis and big data mining and professional heterogeneous platform compatibility, Peace Map Spatial Database realises automatic management of mass data and generation of high value-adding spatial information. Peace Map Spatial Database is not only a comprehensive database, but also a bank of capabilities that offers efficient, professional, safe and accurate cloud-based data system solutions to clients.

*\* For identification purpose only*

Peace Map Cloud Service is a new data technology service mode, as well as a comprehensive cloud platform that combines spatial information and Internet applications. Based on cutting-edge technologies such as dynamic image analysis, high speed spatial data transmission, smart behaviour analysis, etc., it significantly reduces the cost of resource utilization and increases the flexibility of businesses. Peace Map Cloud Service offers not only private cloud solutions to both government and corporate clients, such as smart cities, but also location-based public cloud services such as positioning, navigation, general information inquiry, etc. to public users through Internet and mobile Internet, and in the meantime supports third parties in setting up map applications on personal computers or mobiles rapidly through opening an Application Programming Interface (API).

During the Period under Review, this segment recorded a turnover of approximately HK\$59.35 million, with an increase of 19.23% on a year-on-year basis, which was mainly attributable to the increase in the turnover of application business in the electricity power industry and Peace Map Spatial Database and Peace Map Cloud Service businesses.

### ***Data Collection and Processing***

For the geospatial information data collection segment, the Group owns raw geographic information image data of urban and rural areas in the PRC obtained through comprehensive and diversified sources, including the acquisition of data from satellite remote sensing images, aerial images from manned aerial vehicles and self-developed unmanned aerial vehicles, and street view images through self-developed laser panoramic photogrammetry vehicles. Peace Map integrated three-dimensional space observation system across space, sky and ground surfaces has the characteristics of promptness, reality, completeness and high accuracy of geospatial data. During the Period under Review, by further consolidating its traditional geographic information data collection business, the Group has also made efforts to advance inclined three-dimensional image data collection business.

For the data processing segment, the Group has accumulated extensive experience and leading competence in data processing and software development in China. 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 Period under Review, thereby providing early-stage preparation for further exploration of industry application and business expansion.

During the Period under Review, data collection and processing segment recorded a turnover of approximately HK\$68.44 million, with an increase of 48.28% on a year-on-year basis, which was mainly attributable to the completion of several major aerial image collection and processing contracts during the Period under Review.

### ***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 Period under Review, the development and sales of equipment segment recorded a turnover of approximately HK\$42.14 million, with an increase of 280.70% on a year-on-year basis, which was mainly attributable to the considerable increase in the camera sales business.

### **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.

During the Period under Review, there was no material change in the amount of resources in the TNE Mine, compared with that in the six months ended 30 June 2014. Besides, the Group also holds three exploration licences in respect of coal deposits in DundGobi (14,087 hectares) located in Mongolia.

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 Period under Review.



## **FINANCIAL SUMMARY**

### **Revenue**

During the Period under Review, the Group recorded revenue of approximately HK\$169.93 million (six months ended 30 June 2014: approximately HK\$107.01 million), representing an increase of 58.81% compared to the six months ended 30 June 2014. The Group's operations consist of geospatial business application and services, data collection and processing, and the development and sales of equipment, contributing 34.92%, 40.28% and 24.80% of the revenue for the Period under Review, respectively (six months ended 30 June 2014: contributing 46.52%, 43.14% and 10.34% of the revenue for the period, respectively).

### **Gross Profit**

Gross profit increased by 22.68% to approximately HK\$31.24 million (six months ended 30 June 2014: approximately HK\$25.46 million). Gross profit margin decreased by 5.42% to 18.38% (six months ended 30 June 2014: 23.80%), mainly due to increase in cost of revenue to enable the Group to fulfill the increase in demand.

### **Administrative Expenses**

During the Period under Review, the Group's administrative expenses amounted to approximately HK\$49.36 million (six months ended 30 June 2014: approximately HK\$49.41 million), accounting for approximately 29.04% of the total revenue (six months ended 30 June 2014: approximately 46.17%), mainly due to better control on administrative expense.

### **Fair value gain (loss) on the Derivative Component of the Convertible Note I**

During the Period under Review, the Group recorded a fair value gain of approximately HK\$64.13 million on the Derivative Component of the Convertible Note I, representing a sharp increase of approximately HK\$62.11 million when compared with six months ended 30 June 2014 (six months ended 30 June 2014: approximately HK\$2.02 million). The increase was mainly due to a net fair value gain of the fair value gain of approximately HK\$96.94 million from the extended Convertible Note I on 17 June 2015, which partially offset by a fair value loss of approximately HK\$32.81 million from the original Convertible Note I issued on 17 June 2010.

## **Profit/(loss) Attributable to Shareholders**

Profit attributable to shareholders amounted to approximately HK\$1.47 million (six months ended 30 June 2014: loss of approximately HK\$94.51 million). This was mainly due to a fair value gain on the derivative component of convertible notes and no impairment loss on mining license during the six months ended 30 June 2015.

## **Capital Expenditure**

During the Period under Review, the Group had incurred a total of approximately HK\$3.18 million for the acquisition of property, plant and equipment in Hong Kong and the mainland (six months ended 30 June 2014: approximately HK\$15.7 million).

## **Liquidity & Financial Resources**

As at 30 June 2015, the Group's net current assets value was approximately HK\$371.74 million (as at 31 December 2014: net current liabilities value was approximately HK\$455.41 million). As at 30 June 2015, the Group's cash at banks and in hand and pledged bank deposits reached approximately HK\$398.70 million (as at 31 December 2014: approximately HK\$106.88 million). At the end of the Period under Review, total borrowings, including convertible notes issued in the years 2013, 2014 and 2015, borrowings and amounts due to non-controlling shareholders, were approximately HK\$610.84 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 1.76 Times (as at 31 December 2014: 0.54 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 17.52% (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 30 June 2015, the Group had 562 employees (as at 30 June 2014: 499 employees) all of which were officially hired. Total staff costs, including directors' emoluments for the Period under Review, amounted to approximately HK\$33.97 million (six months ended 30 June 2014: approximately HK\$25.90 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 scheme adopted on 25 February 2006 to recognise and acknowledge contributions made or potentially to be made to the business development of the Group by its employees. There was no grant of share option for the Period under Review. For details of the share option scheme, please refer to note 20 to the consolidated interim financial statements in the interim report of the Company.

## **PROSPECTS**

In the second half of the year 2015, the Group will develop its businesses continuously in a steady manner. Aside from the continuing development of middle to short-term projects on rural land rights, sales of and applications of energy-related data involving power, oil and gas and water resources industries will represent the focus for business development of the Group for the rest of the year. In the meantime, software platform development, traditional data collection and processing businesses will also achieve progress. In the light of technical advancement and ever-changing market demand, the Group will take full advantage of its existing capacity in data collection and processing to probe into characteristics of various industries. On the basis of Peace Map Spatial Database, the Group will strive to deliver more value-adding geospatial information service for governments, enterprises and public users in virtue of the Peace Map Cloud Service.

Technical and social developments have made the world more closely interlinked. The cutting-edge technologies including the Internet, mobile Internet, Internet Plus, big data, cloud computing, the Internet of Things, artificial intelligence have made their way into daily life of the general public. The geographic information industry that came into being simultaneously with the Internet also faces the challenge of how to embrace a more interconnected world and position itself for the future. In this new era, the Group will continue its steady growth and seek new opportunities to achieve an early and successful transformation so as to generate excellent return to shareholders of the Company and investors in response to their unremitting support and trust.

## **INTERIM DIVIDEND**

No dividend has been paid or declared by the Company in respect of the current and last interim periods.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

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

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS**

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

## **CONTINGENT LIABILITIES**

As at 30 June 2015, the Group had no material contingent liabilities.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

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

## **CORPORATE GOVERNANCE**

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

The Company has complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules for the Period under Review, except for the compliance with 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. The Board is of the view that although Mr. GUAN Hongliang is both the Chairman and the Chief Executive Officer of the Company, this structure will not impair 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 and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. The obligations to comply with the Listing Rules are set out in the terms of the letters of appointment of each Director. The Company has made specific enquiries with the Directors, and all Directors have confirmed that they have complied with the requirements as set out in the Model Code for the Period under Review.

## **AUDIT COMMITTEE AND ITS REVIEW OF INTERIM FINANCIAL STATEMENTS**

As at the date of this announcement, the audit committee of the Board (the “**Audit Committee**”) comprises three Independent Non-Executive Directors, namely Mr. ZHANG Songlin (as chairman of the Audit Committee), Mr. HUI Yat On and Mr. ZHAI Shenggang. The Audit Committee has, at the date of this announcement, reviewed with the Company’s management and the independent auditor of the Company, SHINEWING (HK) CPA Limited, the internal controls and financial reporting matters of the Company and the unaudited condensed consolidated interim results of the Group for the Period under Review before submitting such results to the Board for approval. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is available for viewing on the designated website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.peacemap.com.hk](http://www.peacemap.com.hk). The interim report of the Company for the six months ended 30 June 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.

By order of the Board  
**Peace Map Holding Limited**  
**GUAN Hongliang**  
*Chairman and Chief Executive Officer*

Hong Kong, 25 August 2015

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