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 nine months ended 31 December 2013

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Peace Map Holding Limited (formerly known as "Mongolia Investment Group Limited") (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the nine months ended 31 December 2013 together with the comparative figures for the year ended 31 March 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 31 December 2013

	Notes	**Nine months ended 31 December 2013** *HK$'000*	Year ended 31 March 2013 *HK$'000* (Restated)
Continuing operations			
Revenue	*4*	**210,089**	–
Cost of revenue		**(110,978)**	–
Gross profit		**99,111**	–
Other income and gain	*6*	**36,001**	770
Selling and distribution expenses		**(2,187)**	–
Administrative and other operating expenses		**(84,965)**	(49,555)
Impairment loss of property, plant and equipment	*13*	**(2,950)**	(2,805)
Impairment loss of other intangible assets	*14*	**(10,086)**	–
Impairment loss of mining licences	*16*	**(173,440)**	(152,919)
Impairment loss of exploration and evaluation assets	*17*	**(3,747)**	(24,617)
Impairment loss of trade and other receivables	*19*	**(15,720)**	–
Fair value gain (loss) on the Derivative Component of Convertible Note I		**6,045**	(5,979)
Fair value loss on the financial liabilities at fair value through profit or loss		**(61,514)**	–

	Notes	Nine months ended 31 December 2013 HK$'000	Year ended 31 March 2013 HK$'000 (Restated)
Operating loss		**(213,452)**	(235,105)
Finance costs	*7*	**(89,731)**	(93,033)
Loss before taxation	*8*	**(303,183)**	(328,138)
Income tax credit	*9*	**49,123**	38,205
Loss for the period/year from continuing operations		**(254,060)**	(289,933)
Discontinued operations			
Loss for the period/year from discontinued operations	*10*	**(17,102)**	(10,061)
Loss for the period/year		**(271,162)**	(299,994)
Loss for the period/year attributable to owners of the Company:			
– from continuing operations		**(247,379)**	(289,774)
– from discontinued operations		**(17,073)**	(10,038)
Loss for the period/year attributable to owners of the Company		**(264,452)**	(299,812)
Loss for the period/year attributable to non-controlling interests:			
– from continuing operations		**(6,681)**	(159)
– from discontinued operations		**(29)**	(23)
Loss for the period/year attributable to non-controlling interests		**(6,710)**	(182)
		(271,162)	(299,994)
Loss per share (HK cents)			
From continuing and discontinued operations – Basic and diluted	*12*	**(7.01)**	(16.30)
From continuing operations – Basic and diluted	*12*	**(6.56)**	(15.75)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2013

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000*
Loss for the period/year	**(271,162)**	(299,994)
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of overseas operations	**6,768**	(12,565)
Release of translation reserve upon disposal of subsidiaries	**(1,188)**	–
Other comprehensive income (expense) for the period/year, net of income tax of nil	**5,580**	(12,565)
Total comprehensive expense for the period/year	**(265,582)**	(312,559)
Total comprehensive expense attributable to:		
Owners of the Company	**(260,389)**	(312,404)
Non-controlling interests	**(5,193)**	(155)
	(265,582)	(312,559)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	31 December 2013 HK$'000	31 March 2013 HK$'000
Non-current assets			
Property, plant and equipment		**66,391**	68,704
Deposit paid for acquisition of properties		**492**	–
Prepaid land lease payments		**–**	167
Goodwill	*15*	**669,287**	–
Mining licences	*16*	**148,888**	364,269
Exploration and evaluation assets	*17*	**–**	3,834
Prepayments and deposits		**–**	–
Other intangible assets		**632,705**	–
Deferred tax assets		**4,010**	–
Financial asset at fair value through profit or loss		**–**	4,940
Derivative financial asset – Derivative Component of the Convertible Note I	*22*	**60,851**	57,755
		1,582,624	499,669
Current assets			
Inventories		**17,087**	94,167
Amounts due from customers of contract works	*18*	**201,748**	126,612
Trade and other receivables	*19*	**150,911**	185,838
Loan receivable		**10,921**	–
Amounts due from non-controlling shareholders		**3,820**	–
Tax recoverable		**6**	783
Pledged bank deposits		**11,336**	20,057
Bank balances and cash		**75,120**	291,454
		470,949	718,911
Current liabilities			
Trade and other payables	*20*	**187,446**	123,125
Amounts due to non-controlling shareholders		**39,092**	–
Tax payables		**5,381**	392
Borrowings	*21*	**37,669**	447,676
		269,588	571,193
Net current assets		**201,361**	147,718
Total assets less current liabilities		**1,783,985**	647,387

	Notes	31 December 2013 HK$'000	31 March 2013 HK$'000
Non-current liabilities			
Borrowings	*21*	**54,277**	–
Convertible notes	*22*	**712,566**	514,179
Financial liabilities at fair value through profit or loss		**109,773**	–
Deferred income		**7,014**	6,631
Deferred tax liabilities		**115,254**	93,960
		998,884	614,770
Net assets		**785,101**	32,617
Equity			
Share capital		**1,445,575**	459,899
Reserves		**(786,329)**	(426,576)
Equity attributable to owners of the Company		**659,246**	33,323
Non-controlling interests		**125,855**	(706)
Total equity		**785,101**	32,617

1. GENERAL INFORMATION

Peace Map Holding Limited (formerly know as Mongolia Investment Group Limited) (the "Company") was incorporated in the Cayman Islands on 25 May 2004 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its principal place of business is Room A02, 35th Floor, United Centre, 95 Queensway, Hong Kong.

Pursuant to a resolution duly passed in annual general meeting of the Company held on 28 August 2013, together with the approval of the Registrar of Companies in the Cayman Islands on 4 September 2013 and the approval of Registrar of Companies in Hong Kong on 25 September 2013, the name of the Company has been changed from "Mongolia Investment Group Limited (蒙古投資集團有限公司)" to "Peace Map Holding Limited (天下圖控股有限公司)" with effect from 4 September 2013.

The Company and its subsidiaries (collectively referred as the "Group") are principally engaged in geographical information business in People's Republic of China (the "PRC") including aerial photography, aviation and aerospace remote sensing image data processing and data extraction (the "data processing"), provision of geographic information system ("GIS") software and solutions (the "software application"), and sales of cameras and manufacture and sales of unmanned aerial vehicles (the "sales of cameras and unmanned aerial vehicles"), as well as mining and exploration of mineral resources in Mongolia. The Group discontinued its operations in the provision of maintenance and construction works on civil engineering contracts in respect of waterworks engineering, road works and drainage and slope upgrading for the public sector in Hong Kong, the provision of water supply services in Mainland China and the provision of renovation services in Macau during the nine months ended 31 December 2013 following the completion of the disposal of Rich Path Holdings Limited ("Rich Path") on 20 December 2013 (the "Disposal").

2. BASIS OF PREPARATION

During the current financial period, the reporting period end date of the Group was changed from 31 March to 31 December because the directors of the Company determined to bring the annual reporting period end date of the Group in line with most of its operating subsidiaries in the PRC. Accordingly, the consolidated financial statements for the current period cover the nine months period ended 31 December 2013. The corresponding comparative amounts shown for the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve month period from 1 April 2012 to 31 March 2013 and therefore may not be comparable with amounts shown for the current period.

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current period, the Company has applied the following new and revised standards, amendments to standards and interpretation ("Int") (herein collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Annual Improvements 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Hong Kong (International Financial Reporting Interpretation Committee ("HK(IFRIC)") – Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the March 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

Amendments to HKAS 1 ***Presentation of Items of Other Comprehensive Income***

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 Consolidated Financial Statements, HKFRS 11 Joint Arrangements, HKFRS 12 Disclosure of Interests in Other Entities, HKAS 27 (as revised in 2011) Separate Financial Statements and HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) Int-12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

As a result of the initial application of HKFRS 10, the directors of the Company made an assessment whether the Group has control over its investee at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusions.

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures *(Continued)*

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs to sell.

The Group has early adopted these amendments to HKAS 36. The amendments have had no impact on the financial position or performance of the Group. Disclosures about the Group's impaired non-financial assets are included in notes 13, 14, 15, 16 and 17 to the financial statements.

New and revised standards, amendments and interpretations in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[3]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) — Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014. Early application is permitted.

3 Effective for annual periods beginning on or after 1 January 2016.

4 Available for application -the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

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

New and revised standards, amendments and interpretations in issue but not yet effective *(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.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

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

New and revised standards, amendments and interpretations in issue but not yet effective *(Continued)*

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 directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

New and revised standards, amendments and interpretations in issue but not yet effective *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

- With regard to the measurement of financial liabilities designed as at fair value through profit or loss, HKFRS 9 requires that amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previous, under HKAS 39, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

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

New and revised standards, amendments and interpretations in issue but not yet effective *(Continued)*

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have any effect on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have any effect on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Except for disclosed above, the directors of the Company do not anticipate that the application of other new HKFRSs will have material impact on the results and the financial position of the Group.

4. REVENUE

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

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000* (Restated)
Software application	**18,633**	–
Data processing	**144,494**	–
Sales of cameras and unmanned aerial vehicles	**46,962**	–
	210,089	–

5. SEGMENT INFORMATION

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

(1) Software application;
(2) Data processing;
(3) Sales of cameras and unmanned aerial vehicles; and
(4) Mining and exploration business.

Operating segments regarding the waterworks engineering contracting business (provision of road works and drainage and slope upgrading for the public sector in Hong Kong), water supply business (provision of water supply services in the PRC) and renovation business (provision of renovation services in Macau) (collectively referred as the "Disposed Business") were discontinued in the current period. The segment information reported does not include any amounts for these discontinued operations, which are described in more detail in note 10.

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

For the nine months ended 31 December 2013

Continuing operations

	Software application *HK$'000*	Data processing *HK$'000*	Sales of cameras and unmanned aerial vehicles *HK$'000*	Mining and exploration business *HK$'000*	Total *HK$'000*
Revenue from external customers	**18,633**	**144,494**	**46,962**	**–**	**210,089**
Segment profits (loss)	**4,233**	**33,297**	**1,932**	**(216,022)**	**(176,560)**
Other income and gain					**35,566**
Fair value gain on the Derivative Component of the Convertible Note I					**6,045**
Fair value loss on financial liabilities at fair value through profit or loss					**(61,514)**
Finance costs					**(89,731)**
Central administrative cost					**(16,989)**
Loss before taxation					**(303,183)**

For the year ended 31 March 2013 (Restated)

Continuing operations

	Software application *HK$'000*	Data processing *HK$'000*	Sales of cameras and unmanned aerial vehicles *HK$'000*	Mining and exploration business *HK$'000*	Total *HK$'000*
Revenue from external customers	–	–	–	–	–
Segment loss	–	–	–	(214,188)	(214,188)
Other income and gain					541
Fair value loss on the Derivative Component of the Convertible Note I					(5,979)
Finance costs					(93,033)
Central administrative cost					(15,479)
Loss before taxation					(328,138)

5. **SEGMENT INFORMATION** *(Continued)*

Segment revenue and results *(Continued)*

The accounting policies of the continuing operating segments are the same as the Group's accounting policies. Segment profit represents the profit (loss) earned by each segment without allocation of central administrative cost, directors' salaries, certain other income and gain, fair value change on the Derivative Component of the Convertible Note I and finance costs. This is the measure reported to the chairman of the board of directors, 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 nine months ended 31 December 2013 and the year ended 31 March 2013.

Segment assets and liabilities

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

	31 December 2013	31 March 2013
	HK$'000	*HK$'000*
		(Restated)
Segment assets		
Software application	**171,281**	–
Data processing	**1,239,660**	–
Sales of cameras and unmanned aerial vehicles	**347,795**	–
Mining and exploration business	**170,996**	469,291
Total segment assets	**1,929,732**	469,291
Assets relating to discontinued operations	**–**	574,011
Unallocated corporate assets	**123,841**	175,278
Total assets	**2,053,573**	1,218,580
Segment liabilities		
Software application	**24,784**	–
Data processing	**115,225**	–
Sales of cameras and unmanned aerial vehicles	**45,221**	–
Mining and exploration business	**6,978**	15,701
Total segment liabilities	**192,208**	15,701
Liabilities relating to discontinued operations	**–**	113,373
Unallocated corporate liabilities	**1,076,264**	1,056,889
Total liabilities	**1,268,472**	1,185,963

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 derivative financial assets – Derivative Component of the Convertible Note I, financial asset at fair value through profit and loss, deferred tax asset, certain corporate assets, loan receivable, amounts due from non-controlling shareholders and pledged bank deposits 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, deferred tax liabilities, borrowings, convertible notes, financial liabilities at fair value through profit and loss and certain corporate liabilities as these liabilities are managed on a group basis.

Other segment information

For the nine months ended 31 December 2013

Continuing operations

	Software Application *HK$'000*	Data processing *HK$'000*	Sales of cameras and unmanned aerial vehicles *HK$'000*	Mining and exploration business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or segment assets:						
Additions to exploration and evaluation assets	–	–	–	246	–	246
Additions to property, plant and equipment	4,695	36,405	11,832	1,575	–	54,507
Additions to other intangible assets	60,373	469,564	140,869	–	–	670,806
Depreciation of property, plant and equipment	220	1,696	551	1,256	–	3,723
Amortisation of other intangible assets	3,130	24,363	7,133	–	–	34,626
Amortisation of prepaid land lease payment	–	–	–	147	–	147
Impairment loss on property, plant and equipment	–	–	–	2,950	–	2,950
Impairment loss on mining licences	–	–	–	173,440	–	173,440
Impairment loss on exploration and evaluation assets	–	–	–	3,747	–	3,747
Impairment loss on other intangible assets	894	6,937	2,255	–	–	10,086
Impairment trade and other receivables	1,796	13,924	–	–	–	15,720
(Gain) loss on disposal of property, plant and equipment	(23)	(184)	(60)	84	–	(183)
Equity-settled based compensation	–	–	–	282	332	614
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or segment assets:						
Gain on extension of the Promissory Note	–	–	–	–	17,819	17,819
Gain on extension of non-interest bearing loans	–	–	–	–	4,365	4,365
Government grants	852	10,850	1,448	–	–	13,150
Bank interest income	16	200	27	8	1	252
Other interest income	–	–	–	–	158	158
Finance costs	–	–	–	–	(89,731)	(89,731)
Income tax credit	511	3,964	1,288	43,360	–	49,123

5. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2013 (Restated)

Continuing operations

	Software Application *HK$'000*	Data processing *HK$'000*	Sales of cameras and unmanned aerial vehicles *HK$'000*	Mining and exploration business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or segment assets:						
Additions to exploration and evaluation assets	–	–	–	1,005	–	1,005
Additions to property, plant and equipment	–	–	–	25	–	25
Depreciation of property, plant and equipment	–	–	–	1,919	–	1,919
Amortisation of prepaid lease payment	–	–	–	223	–	223
Impairment loss on property, plant and equipment	–	–	–	2,805	–	2,805
Impairment loss on mining licences	–	–	–	152,919	–	152,919
Impairment loss on exploration and evaluation assets	–	–	–	24,617	–	24,617
Loss on disposal of property, plant and equipment	–	–	–	21	–	21
Equity-settled based compensation	–	–	–	2,107	–	2,107
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or segment assets:						
Bank interest income	–	–	–	229	–	229
Other interest income	–	–	–	–	532	532
Finance costs	–	–	–	–	(93,033)	(93,033)
Income tax credit	–	–	–	38,205	–	38,205

5. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in Mainland China and Mongolia.

Information about the Group's revenue from continuing operations 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 operation in case of goodwill.

Revenue from external customers

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000* (Restated)
Mainland China	**210,089**	–
Mongolia	**–**	–
	210,089	–

Non-current assets

	31 December 2013 *HK$'000*	31 March 2013 *HK$'000* (Restated)
Mainland China	**1,355,604**	–
Mongolia	**166,169**	389,762
	1,521,773	389,762

Non-current assets excluded those relating to discontinued operations and financial instruments.

6. OTHER INCOME AND GAIN

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000* (Restated)
Continuing operations		
Bank interest income	**252**	229
Other interest income	**158**	532
Gain arising from extension of Promissory Note	**17,819**	–
Gain on extension of non-interest bearing loans	**4,365**	–
Gain on disposal of property, plant and equipment	**183**	–
Government grants *(note)*	**13,150**	–
Sundry income	**74**	9
	36,001	770

Note:

Included in the amount of government grants recognised during the nine months ended 31 December 2013 of approximately HK$12,320,000 (equivalent to approximately RMB9,799,000) were received in respect of certain research projects of the Group and fulfilled the relevant granting criteria which immediately recognised as other income and gain for the period, and of approximately HK$830,000 (equivalent to approximately RMB660,000) were government grants recognised as deferred income utilised during the year. No government grant was recognised as other income and gain for the year ended 31 March 2013.

7. FINANCE COSTS

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000* (Restated)
Continuing operations		
Interest charges on:		
– Bank loans and overdraft wholly repayable within five years	**1,217**	–
– Other loans	**843**	–
	2,060	–
Imputed interest on other unsecured loan	**587**	–
Imputed interest on Promissory Note	**27,772**	34,248
Imputed interest on Convertible Note I	**47,845**	58,785
Imputed interest on Convertible Note II	**11,467**	–
Total	**89,731**	93,033

8. LOSS BEFORE TAXATION

Loss before taxation for the period/year from the continuing operations has been arrived at after charging:

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000* (Restated)
Staff costs (including directors' emoluments)		
– salaries, allowances and benefits in kind	**24,005**	11,157
– retirement benefits scheme contributions (defined contribution plan)	**4,441**	422
– equity-settled share-based compensation	**614**	458
	29,060	12,037
Cost of inventories sold	**34,300**	–
Amortisation of prepaid land lease payments	**147**	223
Amortisation of other intangible assets	**34,626**	–
Depreciation of property, plant and equipment	**3,723**	1,919
Auditor's remuneration	**3,547**	854
Exchange loss, net	**22,679**	7,246
(Gain) loss on disposal of property, plant and equipment	**(183)**	21
Operating lease charges		
– land and buildings	**8,442**	3,071

9. INCOME TAX CREDIT

Continuing operations

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000* (Restated)
Current tax for the year		
– PRC Enterprise income tax ("EIT")	**3,085**	–
Deferred tax for the year		
– Current year	**(52,208)**	(38,205)
Income tax credit	**(49,123)**	(38,205)

9. INCOME TAX CREDIT *(Continued)*

Hong Kong profits tax is calculated at 16.5% (year ended 31 March 2013: 16.5%) on the estimated assessable profits for the nine months ended 31 December 2013. No assessable profits were generated from the continuing operations in Hong Kong for the nine months ended 31 December 2013 and year ended 31 March 2013.

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% of estimated assessable profits for the period, 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") was confirmed to be recognised as a software enterprise and therefore is entitled to a tax concession of full exemption from EIT for two years from 1 January 2012 to 31 December 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") was recognised as an approved high technology enterprise and therefore is entitled to tax concession period of reduction in EIT rate of 15% from 2012 to 2013.

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 income tax was provided as these Mongolian subsidiaries have not derived any taxable income during the nine months ended 31 December 2013 (year ended 31 March 2013: nil).

Income tax credit from continuing operations for the period/year can be reconciled to the loss before taxation at applicable tax rates as follows:

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000* (Restated)
Loss before taxation	**(303,183)**	(328,138)
Notional tax on profit calculated at the rates applicable to profits in the jurisdiction concerned	**(52,690)**	(52,198)
Tax effect on non-taxable income	**(2,630)**	(13)
Tax effect on non-deductible expenses	**5,271**	13,756
Tax effect on tax losses not recognised	**1,019**	1,059
Utilisation of tax losses previously not recognised	**(93)**	(809)
Income tax credit	**(49,123)**	(38,205)

10. DISCONTINUED OPERATIONS

On 2 September 2013, the Group entered into a sale and purchase agreement to dispose of 100% equity interest in a subsidiary, Rich Path, which together with its subsidiaries carried out all of the Group's operations in the Disposed Business. The Disposal was effected in order to moderate cash flow pressure for the Group. The Disposal was completed on 20 December 2013, on which date control of Rich Path was passed to the acquirer.

Following the completion of the Disposal, the Group discontinued its operations in the Disposed Business. The profit (loss) for the period/year from the Disposed Business is set out below. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the Disposed Business as discontinued operations.

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000* (Restated)
Profit (loss) of the Disposed Business for the period/year	**3,085**	(10,061)
Loss on disposal of the Disposed Business *(note 24)*	**(20,187)**	–
	(17,102)	(10,061)

The results of the Disposed Business for the period from 1 April 2013 to 31 December 2013, which have been included in the consolidated statement of profit or loss, were as follows:

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000* (Restated)
Revenue	**545,587**	856,701
Cost of revenue	**(514,159)**	(823,325)
Gross profit	**31,428**	33,376
Other income and gain	**421**	1,170
Administrative expenses	**(25,961)**	(43,890)
Finance costs	**(1,714)**	(2,846)
Profit (loss) before taxation	**4,174**	(12,190)
Income tax (expense) credit	**(1,089)**	2,129
Profit (loss) for the period/year from discontinued operations	**3,085**	(10,061)

10. DISCONTINUED OPERATIONS *(Continued)*

The profit (loss) for the period/year from discontinued operations includes the following:

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000* (Restated)
Staff costs (including directors' emoluments)		
– salaries, allowances and benefits in kind	**79,127**	120,509
– retirement benefits scheme contributions (defined contribution plan)	**176**	3,429
– equity-settled share-based compensation	**369**	2,235
	79,672	126,173
Cost of inventories	**83,373**	125,238
Amortisation of prepaid land lease payments	**3**	6
Additions to property, plant and equipment	**5,055**	15,920
Depreciation of property, plant and equipment	**7,424**	12,469
Auditor's remuneration	**516**	466
Loss on disposal of property, plant and equipment	**471**	3,973
Bank interest income	**(205)**	(399)
Operating lease charges		
– land and buildings	**3,093**	4,109
– plant and machinery	**2,060**	1,985
	5,153	6,094

No change or credit arose on loss on discontinuance of the operations.

Net cash (outflows) inflows on discontinued operations are as follows:

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000* (Restated)
Operating activities	**(4,699)**	8,996
Investing activities	**(3,797)**	(12,475)
Financing activities	**(22,525)**	22,321
	(31,021)	18,842

The carrying amount of the assets and liabilities of the Disposal Business at the date of disposal are disclosed in note 24.

11. DIVIDEND

No dividend was paid or proposed during the nine months ended 31 December 2013, nor has any dividend been proposed since the end of the reporting period (year ended 31 March 2013: nil).

12. LOSS PER SHARE

From continuing and discontinued operations

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

Loss

	Nine months ended 31 December 2013	Year ended 31 March 2013
	HK$'000	*HK$'000*
Loss for the purpose of basic loss per share	**(264,452)**	(299,812)

Number of shares

	Nine months ended 31 December 2013	Year ended 31 March 2013
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,772,727**	1,839,596

Diluted loss per share for both period/year is the same as the basic loss per share as the Company has no dilutive potential ordinary shares outstanding during both years. The impact of the convertible notes as disclosed in note 22 and the outstanding share options had anti-dilutive effect on the basic loss per share presented.

12. **LOSS PER SHARE** *(Continued)*

From continuing operations

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

Loss

	Nine months ended 31 December 2013 *HK$'000*	Year ended 31 March 2013 *HK$'000*
Loss for the period/year attributable to owners of the Company	**(264,452)**	(299,812)
Less: loss for the period/year from discontinued operations	**17,073**	10,038
Loss for the purpose of basic earnings per share from continuing operations	**(247,379)**	(289,774)

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

Diluted loss per share for both period/year from continuing operations is the same as the basic loss per share as the Company has no dilutive potential ordinary shares outstanding during both years. The impact of the convertible notes as disclosed in note 22 and the outstanding share options had anti-dilutive effect on the basic loss per share presented.

From discontinued operations

Basic and diluted loss per share for the discontinued operations attributable to the owners of the Company is HK$0.45 cents per share for the nine months ended 31 December 2013 (year ended 31 March 2013: HK$0.55 cents per share), based on the loss for the nine months ended 31 December 2013 from the discontinued operations of approximately HK17,073,000 (year ended 31 March 2013: approximately HK$10,038,000) and the denominators detailed above for both basic and diluted loss per share.

Diluted loss per share for both period/year from discontinued operations is the same as the basic loss per share as the Company has no dilutive potential ordinary shares outstanding during both years. The impact of the convertible notes as disclosed in note 22 and the outstanding share options had anti-dilutive effect on the basic loss per share presented.

13. Property, plant and equipment

During the nine months ended 31 December 2013, the directors conducted a review of the Group's land and buildings and mine development assets and determined that the land and buildings and mine development assets were impaired of HK$1,651,000 and HK$1,299,000 (year ended 31 March 2013: nil and HK$2,805,000) respectively.

Detail about the impairment on land and buildings and mine development assets is set out in note 16.

14. Other intangible assets

During the nine months ended 31 December 2013, the directors of the Company conducted a review of the Group's intangible assets and determined that certain deferred development cost and software 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 18.27% to 29.27% per annum. Accordingly, impairment losses of approximately HK$2,088,000 and HK$7,998,000 respectively (year ended 31 March 2013: nil) have been recognised in respect of deferred development cost and software.

15. GOODWILL

	HK$'000
Cost	
At 1 April 2012, 31 March 2013 and 1 April 2013	35,506
Arising on acquisition of a subsidiary	660,415
Exchange realignment	8,872
At 31 December 2013	**704,793**
Accumulated impairment	
At 1 April 2012, 31 March 2013 and 1 April 2013	35,506
Impairment loss recognised in the period	–
Exchange realignment	–
At 31 December 2013	**35,506**
Carrying values	
At 31 December 2013	**669,287**
At 31 March 2013	–

For the purposes of impairment testing, goodwill with indefinite useful lives has been allocated to individual cash generating units, being i) the four mining licences for a coal mine in Tugrug Valley held by a subsidiary of the Company, Tugrugnuuriin Energy LLC ("TNE"), within mining and exploration business; and ii) the operating segments under Sinbo and its subsidiaries (collectively referred as "Sinbo Group") acquired during the period in geographical information business, which consists of software application, data processing, sales of cameras and unnamed aerial vehicles.

The Group conducted impairment review on goodwill attributable to the respective CGUs at the end of the reporting period by reference to the estimated recoverable amounts.

15. GOODWILL *(Continued)*

The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 December 2013 allocated to these units are as follows:

	31 December 2013	31 March 2013
	HK$'000	*HK$'000*
Software application	**86,827**	–
Data processing	**516,287**	–
Sales of cameras and unmanned aerial vehicles	**66,173**	–
Mining and exploration business	**–**	–
	669,287	–

Software application, date processing, sales of cameras and unmanned aerial vehicles

The recoverable amounts of respective CGUs have been determined based on the fair value less cost of disposal using market approach. Fair value was determined with reference to a valuation report prepared by Roma Appraisals Limited ("Roma Appraisals"), an independent valuer based on the price-to-earnings multiples ("P/E Multiple") of comparable companies with similar business nature and operations as the CGUs. The average P/E Multiple of 40 and marketability discount rate of 21% and control premium of 30% were used. Other key estimation included the cost of disposal based on estimation by the management of the Group. Management believes that any reasonably possible change in any these assumptions would not cause the aggregate carrying amount of respective CGUs to exceed their aggregate recoverable amount.

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

Mining and exploration business

The goodwill of approximately HK$35,506,000 was fully impaired in previous year due to the unforeseeable technical causes and the required time for water management program was longer than expected, resulting in the delay in the overall production schedule of the TNE Mine, which resulted in downward adjustment on the estimated net cash inflows and hence the recoverable amount of the TNE.

The recoverable amount of the goodwill attributable to TNE has been determined based on a value-in-use calculation. Further details are set out in note 16.

16. MINING LICENCES

	HK$'000
Cost	
At 1 April 2012	2,153,247
Exchange realignment	(115,766)
At 31 March 2013 and 1 April 2013	2,037,481
Exchange realignment	(291,069)
At 31 December 2013	**1,746,412**
Accumulated impairment	
At 1 April 2012	1,610,335
Impairment loss recognised in the year	152,919
Exchange realignment	(90,042)
At 31 March 2013 and 1 April 2013	1,673,212
Impairment loss recognised in the period	173,440
Exchange realignment	(249,128)
At 31 December 2013	**1,597,524**
Carrying values	
At 31 December 2013	**148,888**
At 31 March 2013	364,269

Licences represent the carrying amounts of four mining rights in respect of a coal mine located in Tugrug Valley 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, mining licence is granted for an initial period of 30 years and 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 in this financial period (year ended 31 March 2013: nil).

The mining licenses of TNE Mine are subject to impairment review whenever there are indications that the mining licences' carrying amount may not be recoverable.

16. MINING LICENCES *(Continued)*

In performing the impairment testing for the period, the directors of the Company have engaged Roma Appraisals, an independent valuer, in determining the recoverable amount of the TNE Mine. Given the current development status of TNE Mine, management has determined the recoverable amount of the TNE Mine using fair value less costs of disposal, which is derived by using a discounted cash flow ("DCF") analysis. The DCF analysis has incorporated assumptions that a typical market participant would use in estimating TNE Mine's fair value. The DCF analysis uses cash flow projection for a period of 13 years up to 2027 (31 March 2013: 13 years up to 2026) and the discount rate applied to the cash flow projection is 18.08% (31 March 2013: 19.13%). In determining the 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, and have taken into account the specific risks encountered by TNE Mine as further detailed below. For the estimation of inflation rate, inflation rates relevant to the local Mongolian economy and the coal market are taken as reference.

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

(a) During the year ended 31 March 2012, further drilling works and laboratory tests were done 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 the market information. In view of the sluggish coal market condition, the management has reduced the expected coal price for 2014 (the expected year of commencement of production) from US$15.49 per ton in last year's forecast to United State Dollar ("US$") 13.04 per ton in current year's forecast. The subsequent increment in coal sales price is on average growth rate of 3.4% (31 March 2013: 3.9%) 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 current year's forecast was about ranged from -46% to 10% (31 March 2013: ranged from 27% to 31%) 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 in June 2012 (as explained below), an additional risk premium of 2% has been factored into the discount rate.

16. 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 in areas containing water reservoirs, water protection zones and forest zones (the "Prohibited Areas"). During the year ended 31 March 2013, Resolution No. 194 ("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 ("MEGD") confirming the Group that the four mining licences and two of the exploration licences of the Group as disclosed in note 17(iii), 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 report.

    The Water and Forest Law also provides 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 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 was prohibited pursuant to the Water 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.

In previous years, the Group had made request to the Governor of Bayan County for exemption from the restrictions under the Water Law on the ground of the Group's enormous contributions to the country 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, there is a potential for Rs 194 to be revised. The directors of the Company 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 of the Company further understand the MEGD and the Ministry of Mining are working together to correct these inaccuracies and issue a definitive list of licences that are subject to the Water and Forest Law. Advised by the legal advisors in Mongolia, this definitive list of affected licences ("the List") is a requirement under Rs 194. The legal advisors further advised that up to the date of this report, the government of Mongolia has not published the List and it is unclear when it will be issued.

16. MINING LICENCES *(Continued)*

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

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

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

- The Group was able to renew its licences as normal during the nine months ended 31 December 2013 and to date have received no letter or request from the Mongolian government to revoke their licences or stop them from carrying out any mining activity.

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 of the Company are still unable to quantify the effect, if any, on the Group's financial positions.

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 in June 2012, 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 of the Company by adjusting the discount rate applied to the DCF analysis of 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 194 or the Water Law, and the compensation entitled by the Group was to be significantly less than the carrying amounts of these mining licences, the Group would have to recognise significant impairment loss on the mining licences and the related assets in addition to the impairment losses currently recognised and as described below. This situation represents a significant uncertainty to the Group which might have a significant effect on the financial statements of the Group.

Result of impairment assessment

Based on the above assessment, further downward adjustment was noted on the estimated net cash inflows and the recoverable amount of TNE Mine and the director of the Company 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 and the additional risk resulting from the recent developments in laws and regulations in Mongolia, such as the passing of Rs 194 into law in June 2012, which may have an impact on the position and the carrying value of the Group's mining licences. The total impairment loss of approximately HK$176,390,000 (31 March 2013: HK$155,724,000) recognised in the period before offsetting tax effect is allocated on a pro-rata basis to write down the carrying amounts of the mining licences, land and buildings and the mine development assets in the amounts of approximately HK$173,440,000 (31 March 2013: HK$152,919,000), HK$1,651,000 (31 March 2013: nil) and HK$1,299,000 (31 March 2013: HK$2,805,000) respectively. The total offsetting tax effect in the year amounted to approximately HK$43,360,000 (31 March 2013: HK$38,205,000).

17. EXPLORATION AND EVALUATION ASSETS

	Licences	Others	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 April 2012	5,810	22,451	28,261
Additions	401	604	1,005
Exchange realignment	(321)	(1,221)	(1,542)
At 31 March 2013 and 1 April 2013	5,890	21,834	27,724
Additions	–	246	246
Exchange realignment	(367)	(1,264)	(1,631)
At 31 December 2013	**5,523**	**20,816**	**26,339**
Impairment			
At 1 April 2012	–	–	–
Impairment loss recognised in the year	5,018	19,599	24,617
Exchange realignment	(145)	(582)	(727)
At 31 March 2013 and 1 April 2013	4,873	19,017	23,890
Impairment loss recognised in the period	917	2,830	3,747
Exchange realignment	(267)	(1,031)	(1,298)
At 31 December 2013	**5,523**	**20,816**	**26,339**
Carrying values			
At 31 December 2013	**–**	**–**	**–**
At 31 March 2013	1,017	2,817	3,834

Licences as at 31 December 2013 and 31 March 2013 represent the cost of obtaining or acquiring exploration licences to certain area in Mongolia with gold, copper and coal deposit and others mainly comprise geological and geophysical costs, costs incurred for drilling, trenching and excavation works, costs incurred for sampling and laboratory works, costs incurred for evaluation such as environment assessment and feasibility study, as well as depreciation and labour costs directly attributable to the exploration activities.

17. EXPLORATION AND EVALUATION ASSETS *(Continued)*

The exploration licences comprise of the followings:

(i) Two exploration licences in respect of gold and copper deposit located in certain areas of Gobi-Altai, covering an area of approximately 44,016 hectares. During the year ended 31 March 2013, the licences and related exploration costs capitalised which amounted to HK$2,534,000 and HK$3,903,000 respectively have been fully impaired as the current exploration and evaluation activities have not yet led to the discovery of commercially viable quantities of minerals and the management did not intend to renew the licenses after expiry in April 2013. The licences were lapsed during the nine months ended 31 December 2013.

(ii) Two exploration licences in respect of gold and copper deposit located in certain areas of Zavkhan, Mongolia, covering an area of approximately 15,517 hectares. During the year ended 31 March 2013, the licences and related exploration costs capitalised which amounted to HK$2,484,000 and HK$15,696,000 respectively have been fully impaired as the current exploration and evaluation activities have not yet led to the discovery of commercially viable quantities of minerals and the management did not renew the licences after expired in March 2013.

(iii) Three exploration licences in respect of a coal mine located in DundGobi, Mongolia, covering an area of approximately 14,087 hectares in aggregate. The licences and the exploration cost capitalised for this exploration project as at 31 December 2013 amounted to HK$5,523,000 and HK$20,816,000 (31 March 2013: HK$589,000 and HK$21,834,000) respectively. In current period, impairment loss of HK$917,000 (31 March 2013: nil) and HK$2,830,000 (31 March 2013: nil) respectively had been provided as the exploration and evaluation activities had 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 for and evaluation of mineral resources in the area.

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

18. AMOUNTS DUE FROM CUSTOMERS OF CONTRACT WORKS

	31 December 2013	31 March 2013
	HK$'000	*HK$'000*
Costs incurred to date plus recognised profits	**546,400**	1,650,841
Less: Progress billings to date	**(344,652)**	(1,524,229)
	201,748	126,612

Included in amounts due from customers of contract works of approximately HK$43,707,000 is receivable from non-controlling shareholders (31 March 2013: nil).

The amounts due from customers of contract works have been pledged to bank borrowing as at 31 March 2013 (31 December 2013: nil) (note 21(a)).

19. TRADE AND OTHER RECEIVABLES

	31 December 2013	31 March 2013
	HK$'000	*HK$'000*
Trade receivables	**132,254**	120,259
Less: allowance for doubtful debts	**(15,857)**	–
	116,397	120,259
Retention receivables	**–**	20,476
Prepaid land lease payments	**11**	152
Prepayments and deposits	**21,248**	31,013
Other receivables	**13,255**	13,938
Total trade and other receivables	**150,911**	185,838

Included in the other receivables of approximately RMB730,000 (equivalent approximately HK$926,000) as at 31 December 2013 is receivable from an independent third party. The other receivable together with the loan receivable were pledged by several real estate properties located in the PRC.

The Group has a policy of allowing credit period to its customers, ranging from 90 to 180 days (31 March 2013: 30 to 60 days for the Discontinued Business). The Group may, on a case by case basis and after evaluation of the business relationship and creditworthiness, extend the credit period of certain government related entities and normally over 1 year for its low default risk.

The following is an aged analysis of trade receivables, net of allowance for doubtful debts presented based on invoice date which approximated the respective revenue recognition dates as at the end of the reporting period. The analysis as at 31 March 2013 relates to the Discounted Business. The Group does not hold any collateral over these balances.

	31 December 2013	31 March 2013
	HK$'000	*HK$'000*
Within 90 days	**24,885**	117,238
91 to 180 days	**4,677**	2,935
181 to 365 days	**21,538**	–
Over 365 days	**65,297**	86
	116,397	120,259

19. TRADE AND OTHER RECEIVABLES *(Continued)*

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired as at the end of each reporting date is as follows:

	31 December 2013 *HK$'000*	31 March 2013 *HK$'000*
Neither past due nor impaired	**44,368**	73,330
Past due but not impaired		
– Within 90 days	**31,172**	46,843
– 91 to 365 days	**30,288**	–
– Over 365 days	**10,569**	86
	116,397	120,259

Trade receivables that were past due but not impaired as at 31 December 2013 relate to a wide range of customers. Based on past experiences, the management believes that no 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.

Trade receivables that were past due but not impaired as at 31 March 2013 were mainly derived from the provision of maintenance and construction works on civil engineering contracts. The related customers are principally government departments/organisations and reputable corporations. Based on the past experience, the management believes that no 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.

Movement in the allowance for doubtful debts is as follows:

	31 December 2013 *HK$'000*	31 March 2013 *HK$'000*
1 April	**–**	–
Impairment loss recognised on trade receivables	**15,720**	–
Exchange realignment	**137**	–
End of reporting period	**15,857**	–

The Group has individually assessed all receivables and provided in full for all receivables that are considered not recoverable. Allowance for doubtful debts of approximately HK$15,720,000 (year ended 31 March 2013: nil) has been recognised during the nine months ended 31 December 2013.

As at 31 March 2013, retention receivables of HK$18,561,000 was aged one year or below and the remaining balance of HK$1,915,000 was aged over one year, of which HK$74,000 was past due for over one year. As at 31 March 2013, retention monies of approximately HK$18,466,000 are expected to be recovered more than one year.

The fair value of the retention receivables as at 31 March 2013 was estimated to be HK$19,322,000. The fair value is determined based on cash flow discounted at market interest rates of comparable financial instruments.

20. TRADE AND OTHER PAYABLES

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

	31 December 2013 *HK$'000*	31 March 2013 *HK$'000*
Trade payables aged		
Within 90 days	**74,818**	64,230
91 to 180 days	**9,262**	17,611
181 to 365 days	**21,518**	1,244
Over 365 days	**21,382**	1,783
	126,980	84,868
Retention payables (note)	**–**	14,213
Other payables and accruals	**60,466**	24,044
	187,446	123,125

The credit period granted by suppliers and sub-contractors is normally 90 to 180 days as at 31 December 2013 (31 March 2013: 30 to 60 days of Discontinued Business). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

Note:

As at 31 March 2013, retention payables of HK$12,163,000 was aged one year or below and the remaining balance of HK$2,050,000 was aged over one year, of which none was past due.

21. BORROWINGS

	31 December 2013 *HK$'000*	31 March 2013 *HK$'000*
Current liabilities		
Secured bank loans and overdraft *(note a)*	**–**	105,352
Unsecured bank loans *(note b)*	**37,669**	–
Promissory note *(note c)*	**–**	342,324
	37,669	447,676
Non-current liabilities		
Other unsecured loans *(note d)*	**54,277**	–

21. BORROWINGS *(Continued)*

Notes:

(a) As at 31 March 2013, all bank loans and overdrafts are repayable within one year. As at 31 March 2013, bank loans and overdrafts amounting to HK$105,352,000 (31 December 2013: nil) are secured by the corporate guarantees issued by the Company and are secured by charges over a structured deposit classified as financial asset at fair value through profit and loss amounting to HK$4,940,000 (31 December 2013: nil) and bank deposits amounting to HK$20,057,000 (31 December 2013: nil). In additions, all bank loans amounting to HK$105,352,000 (31 December 2013: nil) are secured by the proceeds on certain civil engineering contracts as at 31 March 2013.

Bank loan and overdrafts carry interest at market rates which range from 2.71% to 3.20% per annum as at 31 March 2013 (31 December 2013: nil).

(b) The unsecured bank borrowings carry interest at 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 2013 (31 March 2013: nil).

(c) On 17 June 2010, the Company issued a two-year unsecured, non-interest bearing promissory note in principal amount of HK$350,000,000 (the "Promissory Note") to acquire 100% interest in Central Asia Mineral Exploration LLC ("Camex"). The maturity date of Promissory Note was extended to 17 June 2013 on 28 March 2012, and further extended to 17 June 2014 on 25 June 2013. On 25 June 2013, the carrying value and fair value of the Promissory Note was approximately HK$350,000,000 and approximately HK$332,181,000 respectively, and resulting in a gain of approximately HK$17,819,000 (31 March 2013: nil).

The Promissory Note is subsequently measured at amortised cost using effective interest method. An imputed interest expense of approximately HK$27,772,000 was recognised in profit or loss for the nine months ended 31 December 2013 (year ended 31 March 2013: HK$34,248,000).

The Promissory Note with the interest accrued is off-set in full against the consideration of the Disposal on 20 December 2013. Further details are set out in note 24.

(d) Other unsecured loans as at 31 December 2013 were borrowings from two independent third parties not related to the Group. Approximately HK$38,049,000 (equivalent to RMB30,000,000) is non-interest bearing and approximately HK$20,039,000 (equivalent to RMB15,800,000) is interest bearing with a floating interest rate linked to the RMB Benchmark Interest Rate quoted by the People's Bank of China. The above other unsecured loans were originally repayable 2013. During the nine months ended 31 December 2013, such loans were extended to be repayable in 2015.

The fair value of the non-interest bearing loans at the date of extension are HK$33,354,000 (equivalent to RMB26,528,000), resulting in a gain on extension of non-interest bearing loan of HK$4,365,000 (equivalent to RMB3,471,000) during the nine months ended 31 December 2013 (year ended 31 March 2013: nil).

The other unsecured loans are subsequently measured at amortised cost using effective interest method. An imputed interest expense of approximately HK$587,000 was recognised in profit or loss for the nine months ended 31 December 2013 (year ended 31 March 2013: nil).

As at 31 December 2013, the Group had available bank facilities of HK$42,564,000 (31 March 2013: HK$245,382,000), out of which HK$4,895,000 (31 March 2013: HK$139,848,000) was not utilised.

22. CONVERTIBLE NOTES

	31 December 2013 HK$'000	31 March 2013 HK$'000
Convertible Note I *(note a)*		
Liability component	**518,146**	514,179
Equity component	**320,578**	348,595
Derivative component	**(60,851)**	(57,755)
	777,873	805,019
Convertible Note II *(note b)*		
Liability component	**194,420**	—
Equity component	**51,591**	—
Financial liabilities at fair value through profit or loss	**109,773**	—
	355,784	—
Analysed for reporting purpose:		
Liability component	**712,566**	514,179
Equity component	**372,169**	348,595
Derivative component	**(60,851)**	(57,755)
Financial liabilities at fair value through profit or loss	**109,773**	—
	1,133,657	805,019

Note:

(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 Camex. The Convertible Note I will be matured on 17 June 2015, 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#) at any time from the issue date up to maturity date. 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").

The Convertible Note I was stated at fair value on the Issue Date I which amounted to 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 non-current assets.

Pursuant to an ordinary resolution passed on 19 November 2012, a share consolidation was approved with effect from 20 November 2012 in which every 5 of the existing issued and unissued ordinary shares of HK$0.05 each in the share capital of the Company were consolidated into 1 consolidated share having a par value of HK$0.25 per share (the "Share Consolidation").

22. CONVERTIBLE NOTES *(Continued)*

Note: (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 statement of financial position are as follows:

	Liability component		Equity component		Derivative Component	
	31 December 2013	31 March 2013	**31 December 2013**	31 March 2013	**31 December 2013**	31 March 2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Carrying amounts						
At beginning of the year/period	**514,179**	455,394	**348,595**	348,595	**(57,755)**	(63,734)
Imputed interest expenses *(note i)*	**47,845**	58,785	**–**	–	**–**	–
Conversion of Convertible Note I *(note ii)*	**(43,878)**	–	**(28,017)**	–	**2,949**	–
Change in fair value recognised in profit or loss *(note iii)*	**–**	–	**–**	–	**(6,045)**	5,979
At end of the year/period	**518,146**	514,179	**320,578**	348,595	**(60,851)**	(57,755)

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 March 2013: 12.91%) per annum. Imputed interest expense of approximately HK$47,845,000 (31 March 2013: HK$58,785,000) was recognised in profit or loss for the nine months ended 31 December 2013.

(ii) 49,136,455 shares were issued upon conversion of the Convertible Note I in total amount of HK$54,050,100 for the nine months ended 31 December 2013. 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.

22. CONVERTIBLE NOTES *(Continued)*

Note: (Continued)

(a) *(Continued)*

(iii) *(Continued)*

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

	31 December 2013 *HK$'000*	31 March 2013 *HK$'000*
Stock price	**0.29**	0.249
Exercise price	**1.100**	1.100
Expected Volatility	**41.86%**	43.44%
Risk free rate	**0.255%**	0.193%

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.

The fair value of the liability component of the Convertible Note I at 31 December 2013 amounted to HK$524,973,031 (31 March 2013: HK$507,046,298). The fair value is calculated using cash flows discounted at a rate based on an equivalent market interest rate for the similar non-convertible note, which is 11.9% (31 March 2013: 13.6%).

(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.

22. CONVERTIBLE NOTES *(Continued)*

Note: (Continued)

(b) *(Continued)*

The Contingent Consideration will be adjusted in the event that the audited consolidated net profit after tax of Sinbo Group attributable to the owners of Sinbo for the year ended 31 December 2013 (the "PAT") is 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 HK$923,758,000 which comprises liability component with fair value on the Issue Date II of HK$723,889,000 and 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 option pricing model.

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

The Contingent Consideration is accounted for as financial liabilities at fair value through profit or loss under non-current liabilities.

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

	Liability component		**Equity component**		**Contingent Consideration**	
	31 December 2013	31 March 2013	**31 December 2013**	31 March 2013	**31 December 2013**	31 March 2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Carrying amounts						
At beginning of the year/period	**–**	–	**–**	–	**–**	–
Addition at Issue Date II	**723,889**	–	**199,869**	–	**48,259**	–
Imputed interest expenses *(note i)*	**11,467**	–	**–**	–	**–**	–
Conversion of Convertible Note II *(note ii)*	**(540,936)**	–	**(148,278)**	–	**–**	–
Change in fair value recognised in profit or loss *(note iii)*	**–**	–	**–**	–	**61,514**	–
At end of the period/year	**194,420**	–	**51,591**	–	**109,773**	–

22. CONVERTIBLE 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 10.07% per annum. Imputed interest expense of approximately HK$11,467,000 was recognised in profit or loss for the nine months ended 31 December 2013.

(ii) 3,471,988,640 shares were issued upon conversion of the Convertible Note II in total amount of approximately HK$867,997,000 for the nine months ended 31 December 2013. 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 derivative financial liability in the consolidated statement of financial position the Tranche A Convertible Note II is issued.

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

	31 December 2013	**Issue Date II**
Stock price	**0.029**	0.315
Exercise price	**0.250**	0.250
Volatility	**60.723%**	62.544%
Risk free rate	**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.

The fair value of the liability component of the Convertible Note II at 31 December 2013 amounted to HK$199,693,000. The fair value is calculated using cash flows discounted at a rate based on an equivalent market interest rate for the similar non-convertible note, which is 9.43%.

23. ACQUISITION OF SUBSIDIARIES

On 2 August 2013 (the "Acquisition Date"), the Group acquired 100% of the issued share capital of Sinbo at fair value of consideration of HK$1,222,017,000. Sinbo indirectly controls 81.15% equity interests and voting right of Peace Map through a series of agreements with its shareholders ("the Structural Agreements"). This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK$660,415,000. Sinbo Group is engaged in GIS industry, which includes software application, data processing and sales of cameras and unmanned aerial vehicles. Sinbo was acquired so as to enter the GIS industry by the Group.

Consideration transferred

	HK$'000
Cash	250,000
Convertible Note II issued	1,250,000
Total	1,500,000

Fair value of consideration transferred

	HK$'000
Cash	250,000
Fair value of financial liabilities at fair value through profit or loss (note)	48,259
Fair value of Convertible Note II issued	923,758
Total	1,222,017

Note:

The financial liabilities at fair value through profit or loss is Contingent Consideration of the Tranche A Convertible Note II with principal amount of HK$80,000,000. If the PAT of Sinbo Group for the year ended 31 December 2013 is less than HK$80,000,000, 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.

Acquisition-related costs amounting to HK$3,575,000 have been excluded from the consideration transferred and have been recognised as an expense in the current period, within the administrative expense line item in the consolidated statement of profit or loss.

23. ACQUISITION OF SUBSIDIARIES *(Continued)*

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	51,383
Other intangible assets	612,489
Deferred tax assets	794
Inventories	14,776
Amounts due from customers of contract works	83,901
Trade and other receivables	237,883
Amount due from a non-controlling shareholder	2,297
Loan receivable	17,655
Tax recoverable	349
Financial assets at fair value through profit or loss	15,060
Pledged bank deposits	11,114
Bank balance and cash	39,243
Trade and other payables	(138,226)
Amount due to a non-controlling shareholder	(49,820)
Tax payables	(2,934)
Borrowings	(117,343)
Deferred income	(2,083)
Deferred tax liabilities	(83,128)
Net assets acquired	693,410

The fair value of trade and other receivables at the date of acquisition amounted to HK$237,883,000. The gross contractual amounts of those trade and other receivables acquired amounted to HK$249,775,000 at the date of acquisition. The best estimate at Acquisition Date of the contractual cash flows not expected to be collected amounted to HK$11,892,000.

The fair values of amount due from a non-controlling shareholder and loan receivable at the Acquisition Date approximate their gross amounts which amounted to HK$2,297,000 and HK$17,655,000 respectively. None of these receivables are impaired and it is expected that the full contractual amounts could be collected.

23. ACQUISITION OF SUBSIDIARIES *(Continued)*

Goodwill arising on acquisition:

	HK$'000
Consideration transferred	1,222,017
Plus: non-controlling interests	131,808
Less: net assets acquired	(693,410)
Goodwill arising on acquisition	660,415

The non-controlling interests in subsidiaries of Sinbo recognised at the Acquisition Date were measured by reference to the proportionate share of net assets acquired of the non-controlling interests and amounted to HK$131,808,000.

Goodwill arose in the acquisition of Sinbo because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of future market development of Sinbo Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Sinbo

	HK$'000
Cash consideration paid	250,000
Less: cash and cash equivalent balances acquired	(39,243)
	210,757

Included in the profit for the period is HK$65,673,000 attributable to the additional business generated by Sinbo Group. Revenue for the year includes HK$210,089,000 generated from Sinbo Group.

Had the acquisition been completed on 1 January 2013, total group revenue for the year would have been HK$356,461,000, and loss for the year would have been HK$212,010,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2013, nor is it intended to be a projection of future results.

23. ACQUISITION OF SUBSIDIARIES *(Continued)*

Net cash outflow on acquisition of Sinbo *(Continued)*

In determining the 'pro-forma' revenue and profit of the Group had Sinbo been acquired at the beginning of the current year, the directors have:

– calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and

– determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

24. DISPOSAL OF SUBSIDIARIES

As referred to in note 10, on 20 December 2013, the Group disposed of its wholly-owned subsidiary, Rich Path, and its subsidiaries for a total consideration of HK$352,276,000. The consideration shall be payable by the way of set-off in full against the outstanding principal amount of the Promissory Note together with any interest accruing thereon form time to time under the Promissory Note and the shareholder's loan owing by the Company to the purchaser as at completion date. The net assets of Rich Path at the date of disposal were as follows:

Consideration received:

	HK$'000
Cash consideration received	–
Transfer of Promissory Note	352,276
Assignment of shareholder's loan	(194,247)
	158,029

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	43,103
Prepaid land lease payments	137
Financial asset at fair value through profit or loss	4,940
Inventories	88,320
Amounts due from customers of contract works	124,029
Trade and other receivables	199,469
Tax recoverable	777
Pledged bank deposit	20,070
Bank balance and cash	93,182
Shareholder's loan	(194,247)
Trade and other payables	(113,344)
Borrowings	(82,827)
Deferred tax liabilities	(4,151)
Net assets disposed of	179,458

24. DISPOSAL OF SUBSIDIARIES *(Continued)*

Loss on disposal of a subsidiary:

	HK$'000
Consideration received and receivable	158,029
Non-controlling interests	54
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	1,188
Net assets disposed of	(179,458)
Loss on disposal	(20,187)

Net cash outflow arising on disposal

	HK$'000
Cash consideration	–
Less: bank balances and cash disposed of	(93,182)
	(93,182)

The impact of Rich Path and its subsidiaries on the Group's results and cash flows in the current and prior periods is disclosed in note 10.

25. COMPARATIVE FIGURES

The presentation of comparative information in respect of the consolidated statement of profit or loss for the year ended 31 March 2013 has been restated in order to disclose the discontinued operations separately from continuing operations.

26. EVENTS AFTER THE REPORTING DATE

(a) On 27 December 2013, the board of directors of the Company proposed to increase the authorised share capital of the Company from HK$2,500,000,000 to HK$7,500,000,000 by creation of an additional 20,000,000,000 shares of HK$0.25 each. The ordinary resolution was passed at the EGM held on 14 January 2014 by shareholders.

(b) On 26 March 2014, the board of directors of the Company announced that the PAT related to the acquisition of Sinbo was fulfilled without any shortfall in PAT, and the Tranche A Convertible Note II with the principal amount of HK$80,000,000 was issued. Further detail about the Convertible Note II was disclosed in note 22(b) and the announcement of the Company dated 26 March 2014.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor's report for the nine months ended 31 December 2013 has been modified but without qualification, an extract of which is as follows:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013 and of the Group's loss and cash flows for the period from 1 April 2013 to 31 December 2013 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matters

Without qualifying our opinion, we draw attention to note 22# to the consolidated financial statements, which describes the material uncertainty in respect of the implementation of relevant laws and regulations in Mongolia which may have a significant impact on the position and carrying value of the Group's mining licences.

Being note 16 in this announcement

MANAGEMENT DISCUSSION AND ANALYSIS

During the nine months ended 31 December 2013 (the "**Period under Review**"), the Group acquired (the **Acquisition**") Sinbo Investment Limited and its subsidiaries (collectively referred as "**Sinbo Group**") at a consideration of HK$1,500 million. The acquisition was completed on 2 August 2013. Pursuant to a resolution duly passed in annual general meeting of the Company held on 28 August 2013, together with the approval of the Registrar of Companies in the Cayman Islands on 4 September 2013 and the approval of Registrar of Companies in Hong Kong on 25 September 2013, the name of the Company has been changed from "Mongolia Investment Group Limited (蒙古投資集團有限公司)" to "Peace Map Holding Limited (天下圖控股有限公司)" with effect from 4 September 2013.

During the Period under Review, the Group has completed the Acquisition and the disposal of its waterworks business, and formally become an enterprise engaged in the geographical information system (the "**GIS**"). The GIS is widely used in various sectors including business, healthcare, security, government, trade, media, transportation and tourism industries in the People's Republic of China (the "**PRC**"). The principal business of the Sinbo Group includes the entire geographic information industry chain, with geographical information data extraction, data collection, data processing and software applications. It also has an integrated system of geographical information extraction. Besides, Sinbo Group is also engaged in business related to the manufacture and sale of cameras and unmanned aircrafts. It is anticipated that the GIS business with huge development potential will generate diverse revenue and profit for the Group in the future.

The Group completed the disposal of its waterworks business on 20 December 2013 (the "**Disposal**"). The Group considers that the Disposal will enable the Group to realise the relevant assets of Rich Path Holdings Limited and its subsidiaries (the "**Disposal Group**") and reallocate its resources for and direct its focus to concentrate on its core activities in which the Group has competitive advantage and core competencies. The Disposal can also improve the financial performance of the Group as a whole. The settlement of the consideration of the Disposal by way of set-off in full against the outstanding principal amount of the Promissory Note (together with any interest accrued thereon), which is due for settlement on 17 June 2014, will also enhance the financial position, reduce the gearing level of the Group and reduce the interest expenses to be incurred on the unpaid balance of the Promissory Note from 17 September 2013.

During the Period under Review, the Group continued to dedicate efforts in the mining and exploration operations in Mongolia.

Financial Summary

Continuing Operations

Revenue

For the nine months ended 31 December 2013, the Group generated revenue from continuing operations of approximately HK$210.1 million. The continuing operations consists of software application, data processing and sales of cameras and unmanned aerial vehicles, contributing 8.87%, 68.78% and 22.35% of the revenue for the period respectively. Revenue from continuing operations are generated from Sinbo Group since 2 August 2013 (the date of acquisition). Management anticipated that Sinbo Group will bring diverse sources of income for the Group with the mining exploration business, which is expected to generate revenue in the coming year.

Cost of Revenue

For the nine months ended 31 December 2013, cost of revenue from continuing operations was approximately HK$111.0 million. The cost of revenue was mainly for Sinbo Group, including aerials cost, training cost, rental of machines and softwares, data processing cost and amortisation of the other intangible assets.

Gross Profit

For the nine months ended 31 December 2013, the Group recorded a gross profit HK$99.1 million and gross profit margin was 47.16% for the continuing operations.

Other Income and Gain

For the nine months ended 31 December 2013, the Group generated other income and gain of approximately HK$36.0 million from the continuing operations, which mainly included gain arising from extension of Promissory Note and government grants.

Administration and Other Operating Expenses

For the nine months ended 31 December 2013, the Group recorded administration and other operating expenses of approximately HK$85.0 million from the continuing operations, which mainly included staff salaries, directors' remuneration, legal and professional fee, exchange difference, depreciation expenses and amortisation expenses.

Finance Costs

For the nine months ended 31 December 2013, the Group recorded finance cost of approximately HK$89.7 million from the continuing operations, which mainly included the bank loan interests and the imputed interests on the Promissory Note, the Convertible Notes and other unsecured loans.

Impairment Loss of Property, Plant and Equipment

For the nine months ended 31 December 2013, the Group recorded impairment loss of property, plant and equipment of approximately HK$3.0 million from the continuing operations, representing an increase of 5.17% as compared to the year ended 31 March 2013, mainly related to the exploration and mining business.

Impairment Loss of Other Intangible Assets

For the nine months ended 31 December 2013, the Group recorded impairment loss of other intangible assets approximately of HK$10.1 million from continuing operations, mainly related to the development cost of other intangible assets of Sinbo Group.

Impairment Loss of Mining Licences

For the nine months ended 31 December 2013, the Group recorded impairment loss of mining licences approximately of HK$173.4 million from continued operations, representing an increase of 13.42% as compared to the year ended 31 March 2013. The impairment loss was due to revision of expected selling price of coal according to market condition and the additional risk resulting from the recent developments in law and regulations in Mongolia.

Impairment Loss of Exploration and Evaluation Assets

For the nine months ended 31 December 2013, the Group recorded impairment loss of exploration and evaluation assets approximately of HK$3.7 million from continuing operations, representing a decrease 84.96% as compared to the year ended 31 March 2013. The impairment loss had been provided as the exploration and evaluation activities had 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 for and evaluation of mineral resources in the area.

Impairment Loss of Trade and Other Receivable

For the nine months ended 31 December 2013, the Group recorded impairment loss of trade and other receivable approximately of HK$15.7 million from continuing operations, mainly related to the long aged trade receivables of Sinbo Group which the management considered not recoverable.

Fair Value Loss on The Financial Liabilities at Fair Value Through Profit or Loss

For the nine months ended 31 December 2013, the Group recorded fair value loss on the financial liabilities at fair value through profit or loss approximately of HK$61.6 million from continuing operations, mainly related to change in fair value of the contingent consideration from the Acquisition on 2 August 2013.

Loss for the Period from Continuing Operations

As a result of the combined effect of the above mentioned factors, the Group recorded loss approximately of HK$254.1 million for the nine month ended 31 December 2013, as compared with the loss of HK$290.0 million for the year ended 31 March 2013.

Discontinued Operations

For the nine month ended 31 December 2013, revenue attributable to the Group's waterworks business amounted approximately to HK$545.6 million and this business segment recorded an operating profit approximately of HK$3.1 million. The management decided to discontinue the waterworks business with effect from 20 December 2013 so that the Group is able to focus on the business development of the GIS industry.

Loss for the Period Attributable to Owners of the Company

As a result of the combined effect of the above factors, the Group recorded an attributable loss approximately of HK$264.5 million for the nine month ended 31 December 2013, as compared with the attributable loss approximately of HK$300.0 million for the year ended 31 December 2013.

Liquidity & Financial Resources

As at 31 December 2013, bank balances and cash and pledged bank deposits reached HK$86.5 million (as at 31 March 2013: HK$311.5 million). During the Period under Review, total borrowings, including convertible note issued in 2010 and 2013, borrowings and amounts due to non-controlling shareholders were HK$843.6 million (as at 31 March 2013: HK$961.9 million). The Group's current ratio, being the ratio of current assets to current liabilities, was 1.7 times (as of 31 March 2013: 1.3 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 96% (as at 31 March 2013: 1,994%).

The gearing ratio as at 31 December 2013 improved to 96% was primarily driven by increase in equity from HK$32.6 million (as at 31 March 2013) to HK$785.1 million (as at 31 December 2013) while total borrowings net of bank balances and cash pledged bank deposits increased from HK$650.4 million (as at 31 March 2013) to HK$757.1 million (as at 31 December 2013).

Foreign Exchange Risk Management

The Group's transactions are primarily denominated in RMB, Hong Kong dollars, United States dollars, Mongolian Tughrik and Macau Patacas. 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 where appropriate.

Human Resources

As at 31 December 2013, the Group had approximately 380 employees (for the year ended 31 March 2013: 508 employees) all of which holding permanent positions. Total staff costs, including Director's emoluments during the period, amounted to HK$108.7 million (for the year ended 31 March 2013: HK$138.2 million).

The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the Group and of the individuals concerned. In addition to salary payments, other staff benefits include performance bonuses, education subsidies, provident fund, medical insurance and the use of share option scheme to recognise and acknowledge contributions made or may make to the business development of the Group by its employees.

BUSINESS REVIEW

Continuing Business

Geographical Information Business

With the continuing economic growth of the PRC, the geographic information industry as an emerging industry in the 21st century will experience a phase with rapid growth, and the areas of its applications will expand steadily.

As one of the leaders in the geographic information industry in the PRC, Sinbo Group holds various types of aerial photographic equipment and relevant technology to capture imagery data with different resolutions through manned and unmanned aircrafts. By utilising the self-developed unmanned aircrafts, street view data collection vehicle system and emergency monitoring vehicles related equipment together with the lease of large aircrafts and imagery equipment from suppliers, Sinbo Group can capture raw geographic imagery data in the format of photos and numeric data in the urban and rural area of the PRC. For the nearly five months ended 31 December 2013 following the completion of the Acquisition on 2 August 2013, turnover from geographical information business amounted to approximately HK$210.1 million.

Sinbo Group holds a sophisticated Pixel Factory imagery data processing system, which is capable of processing the raw geographic imagery data into numerous user-friendly products including three dimensional and 4D data. Based on these processed data, Sinbo Group has developed a number of GIS softwares, which are widely used by state-owned enterprises, government departments, government supported institutions and privately owned enterprises in many fields such as land resources, water, urban planning and surveying and mapping sectors.

Sinbo Group owns its production base and facilities located in Beijing to develop and manufacture specialised unmanned aircrafts, street view data collection vehicle system, emergency monitoring vehicles and related equipment. The production facilities occupy a total gross floor area of approximately 4,000 sq.m. Apart from being used for its own geographic imagery data collection, the products manufactured were sold to customers. For the nearly five months ended 31 December 2013 following the completion of the Acquisition on 2 August 2013, the annual production rate of unmanned aerial vehicles in the production base in Beijing raised up to 33 unmanned aerials vehicles. As a result, the revenue of sales of cameras and unmanned aerial vehicles was approximately HK$47.0 million.

Currently, Sinbo Group has created a sizeable team with most cutting-edge technologies for automated remote sensing image processing. Meanwhile, by introducing French Pixel Factory software and equipment, Sinbo Group has established the automated processing center for Pixel Factory data, and independently develops and owns automated remote sensing image processing software with indigenous intellectual property rights. In addition, Sinbo Group also owns a premier research and development team specialized in professional technologies. With continued investment in the scientific research and development, the Sinbo Group has developed its core cloud-computing geographic information platform software, including UGlobe, UShare, and UManager. Capitalised on the experiences in implementing the GIS application system, the Sinbo Group also provides a series of GIS application solutions to industries that requires the GIS application system. During the Period under Review, Sinbo Group had a total of 114 research and development personnel mainly responsible for the aerial photography route design, unmanned aircraft design, two and three dimensional software development, development of GIS projects, etc.

In addition, Sinbo Group's automated remote sensing image processing software has the same function and performance as those automated remote sensing image data processing software available in the overseas market, and strengthens its function based on the 3D automated remote sensing image processing as demanded by the 3D geographic information application in the domestic market. As a result, Sinbo Group has the capability to produce 3D data for mega-size cities. Currently, Sinbo Group is an active industry player in terms of its automated geographic information processing, management and application.

Mining Business in Mongolia

The Group currently holds four coal mining licenses covering a 1,114 hectares coal mine at Tugrug Valley (the "TNE Mine"). Based on a report from an independent technical advisor 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. For the Period under Review, there was no material change in the amount of the resources in the TNE Mine, compared with that of last year. Besides, the Group also holds three exploration licenses in respect of coal deposits in DundGobi (14,087 hectares) located in Mongolia.

According to the announcement of the Company dated 4 November 2013, the Group has considered a report presented by an independent mining expert. Based on the report, it is recommended that a further review be conducted within the license area in order to prepare a plan for improving the production of the TNE Mine, as a result, to future delay the production schedule by one year.

As a result of the market selling price and the additional risk resulting from the recent developments in laws and regulations in Mongolia relating to the mining industry, an impairment loss amounting to HK$173.4 million on the mining license was made by the Group for the nine months ended 31 December 2013.

Discontinued Business

Waterworks Business in Hong Kong

During the Period under Review, the Group disposed of its waterworks business by disposing the entire issued share capital of Rich Path Holding Limited and the shareholder's loan. Details of the disposal were set out in the circular of the Company dated 25 November 2013. Upon the disposal, the waterworks business became discontinued.

PROSPECTS

Looking ahead, the China government sets the growth target of GDP at 7.5%. It is expected that the PRC economy will maintain a steady growth. With continuing urbanization, the projects such as city planning and the development of infrastructures will be still on the rise. The geographic information industry will play an important role in the future development of the PRC's economy and society to coordinate the fast development of ecommerce, internet and mobile network. Therefore, it is expected that the entire geographic information industry will maintain a high-speed growth.

The Outline of the Twelfth Five-Year Plan for Mapping and Geoinformation Development which was issued by the National Administration of Surveying, Mapping and Geoinformation in 2011 provides that, by 2015, the PRC will complete the construction of a digital framework of the country's geographic information and the information-based mapping system; greatly improve the level of mapping and geoinformation public services, preliminarily form standardized public service products and systems, and launch basic geographic information online. According to the Report of Prospect and Investment Strategy Planning on China Geographical Information Industry (2013-2017) published by Qianzhan Industry Institute (前瞻產業研究院), the market size of the geographic information industry will reach RMB1.1 trillion by 2020. Therefore, we are of the view that the prospects of the geographic information industry is promising.

By integration into all sectors, the geographic information industry will create more innovative applications. Smart cities will integrate the geographical information source through establishing the geographical information system, geo-based information frame, communication network and other platforms to provide citizens with geographical location service. China Government is also vigorously broadening and deepening the application of geographical information. The geographical information technologies can be widely used by government in the fields such as fine-grained management, high-efficient approval and scientific decision-making, and will gradually expand into the applications by enterprises and the society.

DIVIDEND

No dividend was paid or proposed during the nine months ended 31 December 2013, nor has any dividend been recommended since the end of the reporting period (year ended 31 March 2013: nil).

THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers that good corporate governance is essential for enhancing accountability and transparency of a company to the potential investors and the 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 nine months ended 31 December 2013.

REVIEW OF THIS RESULTS ANNOUNCEMENT

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 nine months ended 31 December 2013 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 period. 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. TAM Sun Wing, Mr. HUI Yat On and Mr. ZHANG Songlin. Mr. TAM Sun Wing, 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, and to maintain relationship with the auditors 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 nine months ended 31 December 2013, the interim results for the six months ended 30 September 2013 and last year's annual results for the year ended 31 March 2013, and has reviewed with the 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 nine months ended 31 December 2013 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 nine months ended 31 December 2013, 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 nine months ended 31 December 2013 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 consolidate our existing operations 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
(formerly known as Mongolia Investment Group Limited)
ZHU Dong
Acting Chairman

Hong Kong, 31 March 2014

As at the date of this announcement, the executive directors are Mr. ZHU Dong (Acting Chairman), Mr. ZHANG Chuanjun, Mr. ZHANG, Jack Jiyei and Mr. FENG Tao (Chief Financial Officer) and the independent non-executive directors are Mr. TAM Sun Wing, Mr. HUI, Yat On and Mr. ZHANG Songlin.