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PEACE MAP HOLDING LIMITED
天下圖控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 402)

RESULTS ANNOUNCEMENT
For the year ended 31 December 2014

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Peace Map Holding Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2014 together with the comparative figures for the nine months ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Notes	**Year ended 31 December 2014** *HK$'000*	Nine months ended 31 December 2013 *HK$'000* (Restated)
Continuing operations			
Revenue	*4*	**333,808**	210,089
Cost of revenue		**(261,176)**	(110,978)
Gross profit		**72,632**	99,111
Other income and gain	*6*	**15,447**	36,001
Selling and distribution expenses		**(9,644)**	(2,187)
Administrative and other operating expenses		**(109,831)**	(84,351)
Equity-settled share-based payment expenses		**(31,024)**	(614)
Share of result of an associate		**67**	—
Impairment loss of property, plant and equipment		**(13,809)**	(2,950)
Impairment loss of other intangible assets	*13*	**(11,166)**	(10,086)
Impairment loss of mining licences	*14*	**(133,028)**	(173,440)
Impairment loss of exploration and evaluation assets		**(746)**	(3,747)
Loss on uncertainty in respect of collectability of amounts due from customers of contract works	*15*	**(56,508)**	—
Impairment loss of trade and other receivables	*16*	**(14,927)**	(15,720)
Impairment loss of loan receivable		**(11,870)**	—
Fair value (loss) gain on the Derivative Component of Convertible Note I		**(22,031)**	6,045
Fair value gain (loss) on the financial liabilities at fair value through profit or loss		**1,287**	(61,514)
Gain on disposal of a subsidiary	*21*	**2,157**	—

	Notes	Year ended 31 December 2014 HK$'000	Nine months ended 31 December 2013 HK$'000 (Restated)
Operating loss		**(322,994)**	(213,452)
Finance costs	*7*	**(89,704)**	(89,731)
Loss before taxation	*8*	**(412,698)**	(303,183)
Income tax credit	*9*	**30,231**	49,123
Loss for the year/period from continuing operations		**(382,467)**	(254,060)
Discontinued operations			
Loss for the year/period from discontinued operations	*10*	**—**	(17,102)
Loss for the year/period		**(382,467)**	(271,162)
Loss for the year/period attributable to owners of the Company:			
— from continuing operations		**(357,198)**	(247,379)
— from discontinued operations		**—**	(17,073)
Loss for the year/period attributable to owners of the Company		**(357,198)**	(264,452)
Loss for the year/period attributable to non-controlling interests:			
— from continuing operations		**(25,269)**	(6,681)
— from discontinued operations		**—**	(29)
Loss for the year/period attributable to non-controlling interests		**(25,269)**	(6,710)
		(382,467)	(271,162)
Loss per share (HK cents)			
From continuing and discontinued operations			
— Basic and diluted	*12*	**(5.69)**	(7.01)
From continuing operations			
— Basic and diluted	*12*	**(5.69)**	(6.56)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Year ended 31 December 2014 *HK$'000*	Nine months ended 31 December 2013 *HK$'000*
Loss for the year/period	**(382,467)**	(271,162)
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of overseas operations	**(21,818)**	6,768
Release of translation reserve upon disposal of subsidiaries	**—**	(1,188)
Other comprehensive (expense) income for the year/period, net of income tax of nil	**(21,818)**	5,580
Total comprehensive expense for the year/period	**(404,285)**	(265,582)
Total comprehensive expense for the year/period attributable to:		
Owners of the Company	**(378,381)**	(260,389)
Non-controlling interests	**(25,904)**	(5,193)
	(404,285)	(265,582)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment		**53,841**	66,391
Deposit paid for acquisition of properties		**489**	492
Interest in an associate		**823**	—
Goodwill		**664,216**	669,287
Mining licences	*14*	**—**	148,888
Exploration and evaluation assets		**—**	—
Other intangible assets	*13*	**612,282**	632,705
Deferred tax assets		**145**	4,010
Derivative financial asset			
— Derivative Component of the Convertible Note I	*19*	**—**	60,851
		1,331,796	1,582,624
Current assets			
Inventories		**12,154**	17,087
Amounts due from customers of contract works	*15*	**207,175**	201,748
Trade and other receivables	*16*	**157,123**	154,731
Finance lease receivables		**14,624**	—
Loan receivable		**—**	10,921
Tax recoverable		**6**	6
Derivative financial asset —			
Derivative Component of the Convertible Note I	*19*	**34,560**	—
Pledged bank deposits		**3,341**	11,336
Bank balances and cash		**103,539**	75,120
		532,522	470,949
Current liabilities			
Trade and other payables	*17*	**250,043**	187,446
Amounts due to non-controlling shareholders		**58,317**	39,092
Amount due to an associate		**6,577**	—
Tax payables		**7,321**	5,381
Borrowings	*18*	**119,619**	37,669
Convertible notes	*19*	**546,054**	—
		987,931	269,588
Net current (liabilities) assets		**(455,409)**	201,361
Total assets less current liabilities		**876,387**	1,783,985

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
Non-current liabilities			
Amount due to a non-controlling shareholder		**16,799**	—
Borrowings	*18*	**30,000**	54,277
Convertible notes	*19*	**116,660**	712,566
Financial liabilities at fair value through profit or loss		**—**	109,773
Deferred income		**4,934**	7,014
Deferred tax liabilities		**70,247**	115,254
		238,640	998,884
Net assets		**637,747**	785,101
Equity			
Share capital	*20*	**1,676,652**	1,445,575
Reserves		**(1,123,983)**	(786,329)
Equity attributable to owners of the Company		**552,669**	659,246
Non-controlling interests		**85,078**	125,855
Total equity		**637,747**	785,101

1. GENERAL INFORMATION

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

The Group are principally engaged in the business of geographical information system ("**GIS**") in the People's Republic of China (the "**PRC**") including aerial photography, aviation and aerospace remote sensing image data processing and data extraction (the "**data collection and processing**", formerly known as "data processing"), provision of GIS software and solutions (the "**business application and services**", formerly known as "software application"), and development and sales of high-end surveying and mapping equipment (the "**development and sales of equipment**", formerly known as "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 PRC 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 of Rich Path**").

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

2. BASIS OF PREPARATION

During the prior financial period, the reporting period end date of the Group was changed from 31 March to 31 December because the Directors 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 prior period cover the nine-month 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 nine-month period from 1 April 2013 to 31 December 2013 and therefore may not be comparable with amounts shown for the current year.

Going concern basis

Notwithstanding that the Group had (i) incurred loss for the year ended 31 December 2014 of approximately HK$382,467,000 and (ii) net current liabilities of approximately HK$455,409,000 as at 31 December 2014 which included the current portion of convertible notes of approximately HK$546,054,000, the consolidated financial statements have been prepared on a going concern basis as the Directors are satisfied that the liquidity of the Group can be maintained in the coming year after taking the following into consideration:

2. BASIS OF PREPARATION *(Continued)*

Going concern basis *(Continued)*

(i) The Group has bank balances and cash of approximately HK$103,539,000.

(ii) The Group is formulating, and will implement, cost saving measures to improve the performance and the cash flows of the Group's operations to ensure positive cash flows will be generated from the Group.

(iii) There are unutilised facilities of RMB44,063,000 (equivalent to approximately HK$55,551,000) available from the Group's existing bankers.

(iv) The Company has the unconditional right to extend the maturity date of a five-year zero coupon convertible note with outstanding balance of approximately HK$546,054,000 issued on 17 June 2010 (the "**Convertible Note I**") which will originally be matured on 17 June 2015 for another 5 years.

The Directors believe that the Group will have sufficient working capital to meet its financial obligations when they fall due within the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis and do not include any adjustments relating to the reclassification of all non-current assets and liabilities as current assets and liabilities, written down the value of assets to their recoverable amounts and to provide for further liabilities which may arise should the Group be unable to continue as a going concern.

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Hong Kong (IFRS Interpretations Committee) — Int 21	Levies

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

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. 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 amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

4. REVENUE

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

	Year ended 31 December 2014 *HK$'000*	Nine months ended 31 December 2013 *HK$'000*
Business application and services	**123,270**	18,633
Data collection and processing	**122,923**	144,494
Development and sales of equipment	**87,615**	46,962
	333,808	210,089

5. SEGMENT INFORMATION

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

(1) Business application and services;
(2) Data collection and processing;
(3) Development and sales of equipment; and
(4) Mining and exploration business.

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 prior period. The segment information reported does not include any amounts for these discontinued operations.

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 year ended 31 December 2014

Continuing operations

	Business application and services *HK$'000*	Data collection and processing *HK$'000*	Development and sales of equipment *HK$'000*	Mining and exploration business *HK$'000*	Total *HK$'000*
Revenue from external customers	123,270	122,923	87,615	—	333,808
Impairment loss of trade receivables	(1,709)	(5,536)	(6,304)	—	(13,549)
Loss on uncertainty in respect of collectability of amounts due from customers of contract works	(13,634)	(42,874)	—	—	(56,508)
Amortisation and depreciation	(43,098)	(22,109)	(8,873)	(2,142)	(76,222)
Segment loss	(12,318)	(27,157)	(301)	(159,276)	(199,052)
Other income and gain					7,822
Fair value loss on the Derivative Component of the Convertible Note I					(22,031)
Fair value gain on financial liabilities at fair value through profit or loss					1,287
Finance costs					(89,704)
Central administrative cost					(82,220)
Equity-settled share-based payment expenses					(31,024)
Share of result of an associate					67
Gain on disposal of a subsidiary					2,157
Loss before taxation					(412,698)

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the nine months ended 31 December 2013

Continuing operations

	Business application and services *HK$'000*	Data collection and processing *HK$'000*	Development and sales of equipment *HK$'000*	Mining and exploration business *HK$'000*	Total *HK$'000* (Restated)
Revenue from external customers	18,633	144,494	46,962	—	210,089
Impairment loss of trade receivables	(1,796)	(13,924)	—	—	(15,720)
Amortisation and depreciation	(3,350)	(26,059)	(7,684)	(1,403)	(38,496)
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)
Equity-settled share-based payment expenses					(614)
Central administrative cost					(16,375)
Loss before taxation					(303,183)

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

There were no inter-segment sales between different business segments for the year ended 31 December 2014 and the nine months ended 31 December 2013.

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2014	2013
	HK$'000	*HK$'000*
Segment assets		
Business application and services	**799,571**	171,281
Data collection and processing	**563,456**	1,239,660
Development and sales of equipment	**286,078**	347,795
Mining and exploration business	**11**	170,996
Total segment assets	**1,649,116**	1,929,732
Unallocated corporate assets	**215,202**	123,841
Total assets	**1,864,318**	2,053,573
Segment liabilities		
Business application and services	**80,815**	24,784
Data collection and processing	**57,446**	115,225
Development and sales of equipment	**17,940**	45,221
Mining and exploration business	**4,934**	6,978
Total segment liabilities	**161,135**	192,208
Unallocated corporate liabilities	**1,065,436**	1,076,264
Total liabilities	**1,226,571**	1,268,472

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

- all assets are allocated to operating segments other than interest in an associate, derivative financial assets — Derivative Component of Convertible Note I, deferred tax assets, tax recoverable, certain corporate assets, loan receivable, pledged bank deposits and bank balances and cash as these assets are managed on a group basis.

- all liabilities are allocated to operating segments other than tax payables, amount(s) due to non-controlling shareholders and an associate, deferred tax liabilities, borrowings, convertible notes, financial liabilities at fair value through profit or loss and certain corporate liabilities as these liabilities are managed on a group basis.

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

Other segment information

For the year ended 31 December 2014

Continuing operations

	Business application and services *HK$'000*	Data collection and processing *HK$'000*	Development and sales of equipment *HK$'000*	Mining and exploration business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or segment assets:						
Additions to exploration and evaluation assets	—	—	—	746	—	746
Additions to property, plant and equipment	12,939	8,567	1,109	16	—	22,631
Additions to other intangible assets	40,747	22,054	1,369	—	—	64,170
Depreciation of property, plant and equipment	4,229	4,443	1,259	2,132	—	12,063
Amortisation of other intangible assets	38,869	17,666	7,614	—	—	64,149
Amortisation of prepaid land lease payment	—	—	—	10	—	10
Impairment loss of property, plant and equipment	—	966	83	11,167	1,593	13,809
Impairment loss of mining licences	—	—	—	133,028	—	133,028
Impairment loss of exploration and evaluation assets	—	—	—	746	—	746
Impairment loss of other intangible assets	3,757	4,615	2,794	—	—	11,166
Impairment loss of trade and other receivables	1,709	5,536	6,304	—	1,378	14,927
Impairment loss of loan receivable	—	—	—	—	11,870	11,870
Loss on uncertainty in respect of collectability of amounts due from customers of contract works	13,634	42,874	—	—	—	56,508
Loss on disposal of property, plant and equipment	5	3	—	461	—	469
Equity-settled share-based payment expenses	—	—	—	—	31,024	31,024
Write-off of inventories	—	—	872	—	—	872
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or segment assets:						
Interest in an associate	—	—	—	—	823	823
Government grants	(3,940)	(3,556)	(129)	—	—	(7,625)
Bank interest income	(196)	(132)	(51)	(4)	—	(383)
Other interest income	—	—	—	—	(457)	(457)
Finance costs	—	—	—	—	89,704	89,704
Income tax (credit) expense	(1,773)	4,071	637	(33,166)	—	(30,231)

5. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the nine months ended 31 December 2013

Continuing operations

	Business application and services *HK$'000*	Data collection and processing *HK$'000*	Development and sales of equipment *HK$'000*	Mining and exploration business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment 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 of property, plant and equipment	—	—	—	2,950	—	2,950
Impairment loss of mining licences	—	—	—	173,440	—	173,440
Impairment loss of exploration and evaluation assets	—	—	—	3,747	—	3,747
Impairment loss of other intangible assets	894	6,937	2,255	—	—	10,086
Impairment loss of 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 share-based payment expenses	—	—	—	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 arising from extension of the Promissory Note	—	—	—	—	(17,819)	(17,819)
Gain arising from 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)*

Geographical information

The Group's operations are located in PRC 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 operations in case of goodwill.

Revenue from external customers

	Year ended 31 December 2014 *HK$'000*	Nine months ended 31 December 2013 *HK$'000*
PRC	**333,808**	210,089

Non-current assets

	2014 *HK$'000*	2013 *HK$'000*
PRC	**1,331,651**	1,351,594
Mongolia	—	166,169
	1,331,651	1,517,763

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

6. OTHER INCOME AND GAIN

	Year ended 31 December 2014 *HK$'000*	Nine months ended 31 December 2013 *HK$'000*
Continuing operations		
Bank interest income	**383**	252
Other loan interest income	**457**	158
Gain arising from extension of Promissory Note *(note (i))*	—	17,819
Gain on extension of non-interest bearing loans	—	4,365
Gain on disposal of property, plant and equipment	—	183
Government grants *(note (ii))*	**7,625**	13,150
Write-off of deposits received *(note (iii))*	**5,003**	—
Sundry income	**1,979**	74
	15,447	36,001

6. OTHER INCOME AND GAIN *(Continued)*

Notes:

(i) On 17 June 2010, the Company issued a two-year unsecured, non-interest bearing promissory note in a 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 the 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 were approximately HK$350,000,000 and approximately HK$332,181,000 respectively, resulting in a gain of approximately HK$17,819,000 for the nine months ended 31 December 2013 (year ended 31 December 2014: nil). The Promissory Note with the interest accrued was used to settle the consideration of the Disposal of Rich Path on 20 December 2013.

The Promissory Note was 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 December 2014: nil).

(ii) Included in the amount of government grants recognised during the year ended 31 December 2014, approximately HK$6,364,000 (equivalent to approximately RMB5,046,000) (nine months ended 31 December 2013: approximately HK$12,320,000 (equivalent to approximately RMB9,799,000)) were received in respect of certain research projects, which immediately recognised as other income and gain for the year, as the Group fulfilled the relevant granting criteria and approximately HK$1,261,000 (equivalent to RMB1,000,000) (nine months ended 31 December 2013: approximately HK$830,000 (equivalent to approximately RMB660,000)) of the amount received were government grants recognised as deferred income utilised during the year.

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

7. FINANCE COSTS

	Year ended 31 December 2014	Nine months ended 31 December 2013
	HK$'000	*HK$'000*
Continuing operations		
Interest charges on:		
— Bank loans and overdraft wholly repayable within five years	**3,506**	1,217
— Other loans	**2,988**	843
	6,494	2,060
Imputed interest on unsecured other loan *(note 18(c))*	**2,058**	587
Imputed interest on Promissory Note	**—**	27,772
Imputed interest on Convertible Note I *(note 19(a))*	**65,407**	47,845
Imputed interest on Convertible Note II *(note 19(b))*	**15,745**	11,467
	83,210	87,671
Total	**89,704**	89,731

8. LOSS BEFORE TAXATION

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

	Year ended 31 December 2014 *HK$'000*	Nine months ended 31 December 2013 *HK$'000*
Staff costs (including directors' emoluments)		
— salaries, allowances and benefits in kind	**57,103**	24,005
— retirement benefits scheme contributions (defined contribution plan)	**9,648**	4,441
— equity-settled share-based payment expenses	**31,024**	614
	97,775	29,060
Cost of inventories sold	**77,432**	34,300
Amortisation of prepaid land lease payments	**10**	147
Amortisation of other intangible assets	**64,149**	34,626
Depreciation of property, plant and equipment	**12,063**	3,723
Auditor's remuneration	**1,347**	3,547
Exchange losses, net	**68**	22,679
Loss on disposal of property, plant and equipment	**469**	—
Minimum lease payments under operating leases in respect of land and buildings	**9,838**	8,442
Write-off of inventories (included in cost of revenue)	**872**	—

9. INCOME TAX CREDIT

Continuing operations

	Year ended 31 December 2014 *HK$'000*	Nine months ended 31 December 2013 *HK$'000*
Current tax for the year/period		
— PRC Enterprise income tax ("**EIT**")	**6,173**	3,085
Deferred tax for the year/period		
— Current year	**(36,404)**	(52,208)
Income tax credit	**(30,231)**	(49,123)

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI for the current and previous years.

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2014 (nine months ended 31 December 2013: 16.5%). No provision for Hong Kong profit tax has been made as there were no assessable profits generated from the continuing operations for the year ended 31 December 2014 and the nine months ended 31 December 2013.

9. INCOME TAX CREDIT *(Continued)*

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate applicable to the PRC subsidiaries is 25% from 1 January 2008 onwards. Accordingly, provision for PRC EIT for the PRC subsidiaries is calculated at 25% on the estimated assessable profits for the year/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 and Technology Limited*)("**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 from 2012 to 2013 and followed by half reduction in EIT rate of 12.5% from 2014 to 2016.

A subsidiary of the Company, 北京天下圖數據技術有限公司 (Peace Map Co. Ltd*) ("**Beijing Peace Map**") was recognised as an approved high technology enterprise and therefore is entitled to a tax concession period of reduction in EIT rate of 15% in 2013 and 2014.

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

A subsidiary of the Company, 北京勝和幢科技有限責任公司 (Beijing Shenghezhuang Technology Limited*) was recognised as an approved high technology enterprise in 2014 and therefore is entitled to a tax concession period of reduction in EIT rate of 15% from 2014 to 2016.

Subsidiaries incorporated in Mongolia are subject to Mongolian income tax which is calculated at the rate of 10% on the first 3 billion MNT of taxable income and 25% on the amount in excess thereof. No provision for the profits tax has been made as there were no assessable profits during the year ended 31 December 2014 (nine months ended 31 December 2013: nil).

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 of Rich Path was effected in order to generate cash flows for the expansion of the Group's other businesses. The Disposal of Rich Path was completed on 20 December 2013, on which date control of Rich Path was passed to the acquirer.

11. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (nine months ended 31 December 2013: nil).

* *For identification purpose only*

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

	Year ended 31 December 2014	Nine months ended 31 December 2013
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share	**(357,198)**	(264,452)

Number of shares

	Year ended 31 December 2014	Nine months ended 31 December 2013
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**6,273,858**	3,772,727

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

	Year ended 31 December 2014 *HK$'000*	Nine months ended 31 December 2013 *HK$'000*
Loss for the year/period attributable to owners of the Company	**(357,198)**	(264,452)
Less: loss for the year/period from discontinued operations	**—**	17,073
Loss for the purpose of basic and diluted loss per share from continuing operations	**(357,198)**	(247,379)

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

From discontinued operations

Basic and diluted loss per share for the discontinued operations attributable to the owners of the Company is HK0.45 cents per share for the nine months ended 31 December 2013 (year ended 31 December 2014: nil), based on the loss for the nine months ended 31 December 2013 from the discontinued operations of approximately HK$17,073,000 (year ended 31 December 2014: nil) and the denominators detailed above for both basic and diluted loss per share.

For the year ended 31 December 2014 and nine months ended 31 December 2013, the diluted loss per share is the same as the basic loss per share.

The computation of diluted loss per share for the year ended 31 December 2014 and nine months ended 31 December 2013 did not assume the exercise of the Company's share options as the exercise prices of the share options were higher than the average market price for shares. The computation of diluted loss per share for the year ended 31 December 2014 and nine months ended 31 December 2013 did not assume the conversion of the Company's outstanding convertible notes as the conversion of the convertible notes would result in a decrease in loss per share.

13. OTHER INTANGIBLE ASSETS

As at 31 December 2014, the recoverable amounts of the licences with indefinite useful life have been determined based on a value-in-use calculation. That calculation used cash flow projections based on financial budgets approved by the Directors covering a five-year period, with discount rate ranging from 15.31% to 18.62% (2013: 18.22% to 20.63%) per annum. The cash flows beyond the five-year period were extrapolated using a steady growth rate of 3%. The growth rate was based on the relevant industry growth rate forecast and does not exceed the average long-term growth rate for the relevant industry. The key assumptions for the value-in-use calculation related to the estimation of cash flows included gross margin and discount rate. Gross margin represents budgeted gross margin, which is based on past performance and the management's expectation for the market development. The discount rate used is a pre-tax rate that reflect current market assessments of the risks specific to the relevant industry. During the year ended 31 December 2014, impairment loss on licences of approximately HK$7,254,000 (nine months ended 31 December 2013: nil) has been recognised.

13. OTHER INTANGIBLE ASSETS *(Continued)*

During the year ended 31 December 2014, the Directors further conducted a review of the Group's other intangible assets apart from licences as mentioned above and determined that certain of these assets were impaired based on the estimated recoverable amounts with reference to their value-in-use. The value-in-use was determined based on the estimated future cash flows discounted at a rate ranging from 14.51% to 18.62% (nine months ended 31 December 2013: 18.27% to 29.27%) per annum. Accordingly, impairment losses of other intangible assets of approximately HK$3,912,000 (nine months ended 31 December 2013: HK$10,086,000) have been recognised.

14. MINING LICENCES

	HK$'000
Cost	
At 1 April 2013	2,037,481
Exchange realignment	(291,069)
At 31 December 2013 and 1 January 2014	1,746,412
Exchange realignment	(230,526)
At 31 December 2014	**1,515,886**
Accumulated impairment	
At 1 April 2013	1,673,212
Impairment loss recognised during the period	173,440
Exchange realignment	(249,128)
At 31 December 2013 and 1 January 2014	1,597,524
Impairment loss recognised during the year	133,028
Exchange realignment	(214,666)
At 31 December 2014	**1,515,886**
Carrying values	
At 31 December 2014	**—**
At 31 December 2013	148,888

Mining licences represent the carrying amounts of four mining rights in respect of a coal mine located in Tugrug Valley ("**TNE Mine**") within the administrative unit of Bayan Soum of Tur Aimag in Mongolia covering area of 1,114 hectares in aggregate.

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

No amortisation for the mining licences was provided for as the production of the coal mine site had not been commenced in this financial year (nine months ended 31 December 2013: nil).

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

14. MINING LICENCES *(Continued)*

In performing the impairment testing for the year, the Directors have engaged Roma Appraisals Limited ("**Roma Appraisals**"), an independent valuer, in determining the recoverable amount of TNE Mine. Given the current development status of TNE Mine, the management has determined the recoverable amount of TNE Mine using fair value less costs of disposal, which is derived by using a discounted cash flow analysis (the "**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 2028 (2013: 13 years up to 2027) and the pre-tax discount rate applied to the cash flow projection is 25% (2013: 21%). In determining the pre-tax discount rate, the weighted average cost of capital was used, which is determined with reference to the industry capital structure based on the figures of similar publicly traded companies in the stock exchanges of Hong Kong and the PRC with mining projects, taking into account the specific risks encountered by 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 the respective financial year are set out as follows:

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

(b) Coal sales price is determined with reference to market information. In view of the sluggish coal market condition, the management has reduced the expected coal price for 2015 (the expected year of commencement of production) from United State Dollar ("**US$**") 13.04 per ton in last year's forecast to US$8.53 per ton in current year's forecast. The subsequent increment in coal sales price is on an average growth rate of 2.5% (2013: 3.4%) based on Australian export price index over the past 24 years;

(c) Cost of production and gross margin are determined with reference to the market comparables. The overall profit margin in the current year's forecast ranged from -123% to -34% (2013: ranged from -46% to 10%) 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% (2013: 2%) has been factored into the discount rate.

14. MINING LICENCES *(Continued)*

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

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

(i) On 16 July 2009, the Parliament of Mongolia enacted the Law to Prohibit Mineral Exploration and Mining Operations at the headwaters of rivers, protected zones of water reservoirs and forest areas (the "**Water and Forest Law**") which prohibits minerals exploration and mining activities in areas containing water reservoirs, water protection zones and forest zones (the "**Prohibited Areas**"). During the year ended 31 March 2013, 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, partially or wholly fell within the protected zones of water reservoirs specified under Rs 194. Under Rs 194, the Group is prohibited from undertaking mining and exploration activities in the areas that overlap with the Prohibited Areas. The Group has not yet commenced mining activities up to the date of this announcement.

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

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

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

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

14. 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 believe the impact to the Group will be minimal because of the following:

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

- The Group was able to renew its licences in the normal way during the year ended 31 December 2014 and has received no letter or request from the Mongolian government to revoke their licences or stop them from carrying out any mining activity up to the date of this announcement.

- On 18 February 2015, the Parliament of Mongolia approved an Amendment Law to the implementation of the Water and Forest Law. Pursuant to which, the Group shall be entitled to file an application with the Ministry of Mining to continue its mining activity within three months from the adoption of the Amendment Law. As advised by the Group's legal advisors in Mongolia, the Mineral Resources Authority shall conclude an agreement on the mining operation and environment protection with the Group based on the request filed by the Group. As at the date of this announcement, the Group is in the process of an application with the Ministry of Mining which would notify the Group accordingly.

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

In light of recent developments in Mongolia with regard to the implementation of laws and regulations related to the mining industry such as the passing of Rs 194 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 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 and Forest Law, and the compensation entitled to the Group was to be significantly less than the carrying amounts of these mining licences, there would be a negative impact on the carrying amount of on the mining licences and the related assets in addition to the impairment loss currently recognised and as described below. As the mining licences have already been fully impaired, there would not be any significant effect on the consolidated financial statements of the Group.

14. MINING LICENCES *(Continued)*

Result of impairment assessment

Based on the above assessment, further downward adjustment for the year ended 31 December 2014 was noted in the estimated net cash inflows and the recoverable amount of TNE Mine, and the Directors considered further impairment loss should be recognised. The impairment loss is primarily due to revision of expected selling price of coal according to market condition.

During the year ended 31 December 2014, total impairment loss of approximately HK$144,195,000 (nine months ended 31 December 2013: approximately HK$176,390,000) was recognised in respect of the mining assets as below:

	Year ended 31 December 2014 *HK$'000*	Nine months ended 31 December 2013 *HK$'000*
Mining licences	**133,028**	173,440
Land and building included in property, plant and equipment	**11,167**	1,651
Mine development assets included in property, plant and equipment	**—**	1,299
	144,195	176,390

The total offsetting tax effect in the year amounted to approximately HK$33,257,000 (nine months ended 31 December 2013: HK$43,360,000).

15. AMOUNTS DUE FROM CUSTOMERS OF CONTRACT WORKS

	2014 *HK$'000*	2013 *HK$'000*
Costs incurred to date plus recognised profits	**399,874**	546,400
Less: Progress billings to date	**(192,699)**	(344,652)
	207,175	201,748

As at 31 December 2013, included in amounts due from customers of contract works of approximately HK$43,707,000 is receivable from a non-controlling shareholder (2014: nil)

Based on the assessment of the Directors, certain contract works have been suspended or have not yet been compromised with the customers on amount of final billing, as such the related carrying amounts of contract works are not probable to recover. During the year ended 31 December 2014, loss on uncertainty in respect of collectability of amounts due from customers of contract works of approximately HK$56,508,000 (nine months ended 31 December 2013: nil) was recognised in the profit or loss.

16. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Trade receivables		
— from third parties	**96,226**	132,254
— from a non-controlling shareholder	**4,930**	—
	101,156	132,254
Less: allowance for doubtful debts	**(15,946)**	(15,857)
	85,210	116,397
Amounts due from non-controlling shareholders	**3,184**	3,820
Prepaid land lease payments	**-**	11
Prepayments and deposits	**29,872**	21,248
	118,266	141,476
Other receivables	**40,235**	13,255
Less: accumulated impairment	**(1,378)**	—
	38,857	13,255
Total trade and other receivables	**157,123**	154,731

The Group does not hold any collateral over these balances except for certain other receivables as at 31 December 2013.

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

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on invoice date, which approximated the respective revenue recognition dates, as at the end of the reporting period.

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**52,492**	24,885
91 to 180 days	**4,984**	4,677
181 to 365 days	**15,578**	21,538
Over 365 days	**12,156**	65,297
	85,210	116,397

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:

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**64,701**	44,368
Past due but not impaired		
Within 90 days	**17,526**	31,172
91 to 365 days	**2,857**	30,288
Over 365 days	**126**	10,569
	85,210	116,397

16. TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables that were past due but not impaired as at 31 December 2014 and 2013 relate to a wide range of customers. Based on past experiences, the management believes that no other impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movement in the allowance for doubtful debts is as follows:

	2014	2013
	HK$'000	*HK$'000*
At 1 January/1 April	**15,857**	—
Impairment loss recognised on trade receivables	**13,549**	15,720
Amounts written off as uncollectible	**(13,359)**	—
Exchange realignment	**(101)**	137
At 31 December	**15,946**	15,857

Movement in the impairment of other receivables is as follows:

	2014	2013
	HK$'000	*HK$'000*
At 1 January/1 April	**—**	—
Impairment loss recognised on other receivables	**1,378**	—
At 31 December	**1,378**	—

The Group has individually assessed all receivables and provided in full for all receivables that are considered not recoverable. During the year ended 31 December 2014, impairment loss of approximately HK$13,549,000 (equivalent to approximately RMB10,742,000) (nine months ended 31 December 2013: approximately HK$15,720,000, equivalent to approximately RMB12,503,000) and approximately HK$1,378,000 (equivalent to approximately RMB1,092,000) (nine months ended 31 December 2013: nil) in respect of trade and other receivables has been recognised respectively.

17. TRADE AND OTHER PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
Trade payables aged		
Within 90 days	**70,528**	74,818
91 to 180 days	**11,678**	9,262
181 to 365 days	**20,804**	21,518
Over 365 days	**53,191**	21,382
	156,201	126,980
Other payables and accruals	**93,842**	60,466
	250,043	187,446

The credit period granted by suppliers and sub-contractors is normally 90 to 180 days as at 31 December 2014 (2013: 90 to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

18. BORROWINGS

	2014	2013
	HK$'000	*HK$'000*
Current liabilities		
Unsecured bank loans *(note a)*	**58,611**	37,669
Unsecured other loans *(notes b and c)*	**61,008**	—
	119,619	37,669
Non-current liabilities		
Unsecured other loans *(note d)*	**30,000**	54,277
Total borrowings	**149,619**	91,946

Notes:

(a) The unsecured bank borrowings carried 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 2014 (2013: 120%).

As at 31 December 2014, certain unsecured bank loans amounted to approximately HK$58,611,000 (equivalent to RMB46,491,000) were guaranteed and indemnified by a director of the Company and a subsidiary of the Group. As at 31 December 2013, certain unsecured bank loans amounted to approximately HK$37,669,000 (equivalent to RMB29,700,000) were guaranteed and indemnified by a subsidiary of the Group.

(b) As at 31 December 2014, an unsecured loan of HK$5,000,000 (2013: nil) represented borrowing from a related company for financing the general working capital of the Group. Under the loan agreement, up to an aggregate principal amount of HK$20,000,000 was available for drawings and ending on the earlier of (i) 31 December 2015; and (ii) the date when the loan had been fully drawn down or cancelled. The loan carried interest at a fixed rate of 5% p.a. with a repayable on demand clause.

(c) Another unsecured loans as at 31 December 2014 and 2013 were borrowings from two independent third parties not related to the Group. Approximately HK$36,089,000 (equivalent to RMB28,626,000) (2013: approximately HK$38,049,000 (equivalent to RMB30,000,000)) were non-interest bearing and approximately HK$19,919,000 (equivalent to RMB15,800,000) (2013: approximately HK$20,039,000 (equivalent to RMB15,800,000)) bore interest at a floating interest rate linked to the RMB Benchmark Interest Rate quoted by the People's Bank of China. The above other unsecured loans were originally repayable in November 2013 and September 2013 respectively. During the nine months ended 31 December 2013, such loans were extended to be repayable in November 2015 and September 2015 respectively.

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

The non-interest bearing unsecured loans are subsequently measured at amortised cost using effective interest method. An imputed interest expense of approximately HK$2,058,000 (equivalent to approximately RMB1,632,000) was recognised in profit or loss for the year ended 31 December 2014 (nine months ended 31 December 2013: approximately HK$587,000 (equivalent to approximately RMB467,000).

(d) As at 31 December 2014, an unsecured loan of HK$30,000,000 (2013: nil) represented borrowing from another related company for financing the general working capital of the Group. The loan carried interest at a fixed rate of 5% p.a. and repayable in September 2016.

18. BORROWINGS *(Continued)*

As at 31 December 2014, the Group had available bank facilities of approximately HK$166,387,000 (2013: approximately HK$42,564,000), out of which approximately HK$55,551,000 (2013: approximately HK$4,895,000) was not utilised.

19. CONVERTIBLE NOTES

	2014	2013
	HK$'000	*HK$'000*
Convertible Note I *(note a)*		
Liability component	**546,054**	518,146
Equity component	**298,856**	320,578
Derivative component	**(34,560)**	(60,851)
	810,350	777,873
Convertible Note II *(note b)*		
Liability component	**116,660**	194,420
Equity component	**50,553**	51,591
Financial liabilities at fair value through profit or loss	**—**	109,773
	167,213	355,784
Analysed for reporting purpose:		
Current portion:		
Liability component	**546,054**	—
Derivative component	**(34,560)**	—
	511,494	—
Non-current portion:		
Liability component	**116,660**	712,566
Derivative component	**—**	(60,851)
Financial liabilities at fair value through profit or loss	**—**	109,773
	116,660	761,488
Equity component	**349,409**	372,169
	977,563	1,133,657

Notes:

(a) On 17 June 2010 (the "**Issue Date I**"), the Company issued a five-year zero coupon convertible note in principal amount of HK$954,100,000 (the "**Convertible Note I**") to acquire 100% interest in 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**").

19. CONVERTIBLE NOTES *(Continued)*

Notes: (Continued)

(a) *(Continued)*

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 the Binomial valuation model.

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

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

	Liability component		**Equity component**		**Derivative Component**	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Carrying amounts						
At beginning of the year/period	**518,146**	514,179	**320,578**	348,595	**(60,851)**	(57,755)
Imputed interest expenses *(note i)*	**65,407**	47,845	**—**	—	**—**	—
Conversion of Convertible Note I *(note ii)*	**(37,499)**	(43,878)	**(21,722)**	(28,017)	**4,260**	2,949
Change in fair value recognised in profit or loss *(note iii)*	**—**	—	**—**	—	**22,031**	(6,045)
At end of the year/period	**546,054**	518,146	**298,856**	320,578	**(34,560)**	(60,851)

Notes:

(i) The liability component is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.91% (31 December 2013: 12.91%) per annum. An imputed interest expense of approximately HK$65,407,000 was recognised in profit or loss for the year ended 31 December 2014 (nine months ended 31 December 2013: approximately HK$47,845,000) (note 7).

(ii) 38,095,909 shares (nine months ended 31 December 2013: 49,136,455 shares) were issued upon conversion of the Convertible Note I in total amount of approximately HK$41,906,000 for the year ended 31 December 2014 (nine months ended 31 December 2013: approximately HK$54,050,000). At the time of conversion, the proportional amounts of the convertible note equity reserve, the Derivative Component and the carrying value of the liability component were transferred to share capital and share premium as proceeds for the shares issued.

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

19. CONVERTIBLE NOTES *(Continued)*

Notes: (Continued)

(a) *(Continued)*

Notes: (Continued)

(iii) *(Continued)*

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

	2014	2013
Stock price	**0.335**	0.29
Exercise price	**1.100**	1.100
Expected Volatility	**52.11%**	41.86%
Risk free rate	**0.057%**	0.255%

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 2014 amounted to HK$549,464,000 (2013: HK$524,973,000). 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 11.1% (2013: 11.9%).

(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 Investment Limited ("**Sinbo**"). The Convertible Note II will be matured on 2 August 2018, subject to an option of the holder of the Convertible Note II ("**Noteholder II**") to convert the whole or part of the principal amount of the Convertible Note II into ordinary shares of the Company at a conversion price of HK$0.25 at any time from the issue date up to maturity date. The Convertible Note II is non-redeemable prior to the maturity date.

The Convertible Note II comprises of three parts:

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

— a principal amount of HK$870,000,000 in aggregate Tranche A Convertible Note II which is not subject to adjustment;

— a principal amount of HK$300,000,000 in aggregate of Tranche B Convertible Note II which is not subject to adjustment.

The Contingent Consideration will be adjusted in the event that the audited consolidated net profit after tax of Sinbo and its subsidiaries attributable to the owners of Sinbo for the 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.

19. CONVERTIBLE NOTES *(Continued)*

Notes: (Continued)

(b) *(Continued)*

The Tranche A Convertible Note II with the principal amount of HK$870,000,000 in aggregate which is 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 a liability component with fair value on the Issue Date II of HK$723,889,000 and an equity component with fair value on the Issue Date II of HK$199,869,000. The fair value of the liability component was calculated by Roma Appraisals using cash flows discounted at a rate based on an equivalent market interest rate for an equivalent non-convertible bond. The fair value of the equity component was determined based on the valuation carried out by Roma Appraisals by using the option pricing model.

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

The Contingent Consideration is accounted for as financial liabilities at fair value through profit or loss under non-current liabilities as at 31 December 2013. On 26 March 2014 ("**Issue Date III**"), the PAT has been met and the Company issued the Tranche A Convertible Notes II in the aggregate principal amount of HK$80,000,000. They are initially recognised at fair value on the Issue Date III amounting to approximately HK$108,486,000 which comprises liability and equity component with fair value on the Issue Date III of approximately HK$51,149,000 and HK$57,337,000 respectively. The fair value of the liability component was calculated by Roma Appraisals using cash flows discounted at a rate based on an equivalent market interest rate for an equivalent non-convertible bond. The fair value of the equity component was determined based on the valuation carried out by Roma Appraisals by using the option pricing model.

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

	Liability component		**Equity component**		**Contingent Consideration**	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Carrying amounts						
At beginning of the year/period	**194,420**	—	**51,591**	—	**109,773**	—
Addition at Issue Date II	**—**	723,889	—	199,869	—	48,259
Addition at Issue Date III	**51,149**	—	**57,337**	—	**(108,486)**	—
Imputed interest expenses *(note i)*	**15,745**	11,467	—	—	—	—
Conversion of Convertible Note II *(note ii)*	**(144,654)**	(540,936)	**(58,375)**	(148,278)	—	—
Change in fair value recognised in profit or loss *(note iii)*	**—**	—	—	—	**(1,287)**	61,514
At end of the year/period	**116,660**	194,420	**50,553**	51,591	—	109,773

19. CONVERTIBLE NOTES *(Continued)*

Notes: (Continued)

(b) *(Continued)*

Notes:

(i) The liability component is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 9.35% to 10.07% (2013: 9.35% to 10.07%) per annum. An imputed interest expense of approximately HK$15,745,000 was recognised in profit or loss for the year ended 31 December 2014 (nine months ended 31 December 2013: approximately HK$11,467,000) (note 7).

(ii) 864,011,360 shares (nine months ended 31 December 2013: 3,471,988,640 shares) were issued upon conversion of the Convertible Note II in total amount of approximately HK$216,003,000 for the year ended 31 December 2014 (nine months ended 31 December 2013: approximately HK$867,997,000). At the time of conversion, the proportional amounts of the convertible note equity reserve, the equity component and the carrying value of the liability component were transferred to share capital and share premium as proceeds for the shares issued.

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

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

	Issue Date III	31 December 2013	**Issue Date II**
Stock price	0.275	0.029	0.315
Exercise price	0.250	0.250	0.250
Volatility	65.869%	60.723%	62.544%
Risk free rate	1.490%	1.241%	1.251%

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

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%.

20. SHARE CAPITAL

	Par value	Number of ordinary shares	Total
	HK$		*HK$'000*
Authorised			
At 1 April 2013 and 31 December 2013	0.25	10,000,000,000	2,500,000
Increase in authorised share capital	0.25	20,000,000,000	5,000,000
At 31 December 2014	0.25	30,000,000,000	7,500,000
Issued and fully paid			
At 1 April 2013	0.25	1,839,596,000	459,899
Shares issued under placing	0.25	360,000,000	90,000
Exercise of share options	0.25	61,580,000	15,395
Conversion of Convertible Note I	0.25	49,136,455	12,284
Conversion of Convertible Note II	0.25	3,471,988,640	867,997
At 31 December 2013 and 1 January 2014	0.25	5,782,301,095	1,445,575
Exercise of share options	0.25	22,200,000	5,550
Conversion of Convertible Note I	0.25	38,095,909	9,524
Conversion of Convertible Note II	0.25	864,011,360	216,003
At 31 December 2014	0.25	6,706,608,364	1,676,652

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

21. DISPOSAL OF SUBSIDIARIES

a) On 30 December 2014, the Group has disposed of its entire equity interest of 41.39% in 山東正元航空遙感技術有限公司 (Shandong Zhengyuan Aviation Remote Sensing Technology Limited*) (“**Shandong Zhengyuan**”) to 正元地理信息有限責任公司 (China Zhengyuan Geomatics Co., Ltd*) (“**China Zhengyuan**”), a substantial shareholder of Shandong Zhengyuan, at a consideration of approximately RMB12,174,000 (equivalent to approximately HK$15,347,000) (the “**Disposal of Shangdong Zhengyuan**”). The net assets of Shandong Zhengyuan at the date of disposal were as follows:

Consideration received:

	HK$'000
Cash consideration received	15,347

Analysis of assets and liabilities over which control was lost:

Property, plant and equipment	7,282
Intangible assets	5,410
Deferred tax assets	135
Inventories	83
Trade and other receivables	28,980
Bank balances and cash	6,586
Trade and other payables	(13,434)
Borrowings	(6,304)
Tax payables	(675)
Net assets disposed of	28,063

Gain on disposal of a subsidiary:

Consideration received	15,347
Net assets disposed of	(28,063)
Non-controlling interests	14,873
Gain on disposal	2,157

Net cash inflow arising on disposal:

Cash consideration	15,347
Less: bank balances and cash disposed of	(6,586)
	8,761

* *For identification purpose only*

21. DISPOSAL OF SUBSIDIARIES *(Continued)*

b) 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 way of set-off in full against the outstanding principal amount of the Promissory Note together with any interest accruing thereon from time to time under the Promissory Note and the shareholder's loan owing by the Company to the purchaser as at the 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

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 included in loss for the period from discontinued operations	(20,187)

21. DISPOSAL OF SUBSIDIARIES *(Continued)*

b) *(Continued)*

Net cash outflow arising on disposal

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

22. COMPARATIVE FIGURES

The following comparative figures had been reclassified to conform to the current year's presentation as the Directors consider the reclassifications are more meaningful.

(i) Equity-settled share-based payment expenses under continuing operations of approximately HK$614,000 has been reclassified from administrative and other operating expenses under continuing operations in the consolidated statement of profit or loss for the nine months ended 31 December 2013.

(ii) Amounts due from non-controlling shareholders of approximately HK$3,820,000 has been reclassified to trade and other receivables in the consolidated statement of financial position as at 31 December 2013.

As the reclassifications have no effect on the amounts in the consolidated statement of financial position as at 1 April 2013, it is not necessary to disclose comparative information as at 1 April 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group constantly focused on the core business related to the geographic information industry. Accordingly, the Group recorded a total revenue of approximately HK$333.8 million, representing an increase of 58.89% as compared to the nine months ended 31 December 2013 (approximately HK$210.1 million). The existing businesses which are related to the geographic information industry include GIS data collection and processing, business application and services as well as development and sales of equipment.

As at 30 December 2014, Beijing Peace Map, a 81.15%-owned subsidiary of the Company, disposed its interest of 51% of the issued shares of Shandong Zhengyuan at a consideration of approximately RMB12.2 million on 9 December 2014. The Disposal of Shandong Zhengyuan contributing a gain on disposal of HK$2.2 million (equivalent to approximately RMB1.7 million) to the Group.

Milestones in the year 2014

- Beijing Peace Map successfully moved into the National Geographic Information Technology Industrial Park.

- The Company has become a council member of China Cloud OS Pioneer Strategic Alliance (中國雲體系產業創新戰略聯盟), targeting to drive and promote self-innovation and development of cloud computation industry in the PRC.

- The Group launched the product "飛控大師PM30" (Pilot Master 30*), a leading autopilot in the PRC applicable to unmanned aerial vehicles ("**UAV**").

- The size of Peace Map Spatial Database made a breakthrough of 500 terabytes (TB), with an increase of over 100 terabytes over the year.

- China Telecom Group, Beijing Peace Map and Super Scene Information Technology Co., Ltd collaborated on the creation of the street view version of the "天翼導航" (Enavi*) application system.

- The signing ceremony in commemoration of the donation of the high-resolution aerial photograph data of Ningdong Energy and Chemical Industry Base (the "**Ningdong Base**") in Ningxia, PRC and the strategic cooperation between Ningdong Base and the Group was held at the Ningdong Base, pursuant to which, the Group shared the high-resolution aerial photograph data of Ningdong Base with the Management Committee of Ningdong Base, initiating a strategic cooperation between both parties.

- The Group assisted for the official launch of 弘博網 (Hong Bo Wang*) which serves as an internet platform to promote a complete understanding about Chinese museums. In addition, it also aims to enhance the communication between museums and society regarding information exchange and cooperation.

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Financial Summary

Revenue

For the year ended 31 December 2014, the Group recorded revenue of approximately HK$333.8 million (nine months ended 31 December 2013 : approximately HK$210.1 million), representing an increase of 58.89% compared to the nine months ended 31 December 2013. The Group's operations consist of GIS data collection and processing, business application and services as well as the development and sales of equipment, contributing 36.82%, 36.93% and 26.25% of the revenue for the year, respectively (nine months ended 31 December 2013 : contributing 68.78%, 8.87% and 22.35% of the revenue for the period, respectively).

Cost of Revenue

For the year ended 31 December 2014, the Group's cost of revenue was approximately HK$261.2 million (nine months ended 31 December 2013 : approximately HK$111.0 million), representing an increase of 135.34% compared to the nine months ended 31 December 2013. The cost of revenue was mainly generated from business relating to the geographic information industry, including cost on aerial, training, rental of machines and software and data processing and amortisation expenses of the other intangible assets. The increase was mainly due to increase in aerial cost, purchase cost of machines and software which were amounted to approximately HK$46.6 million and HK$74.5 million respectively.

Gross Profit

Fo the year ended 31 December 2014, the Group's gross profit decreased by 26.72% amounting to approximately HK$72.6 million (nine months ended 31 December 2013: approximately HK$99.1 million). Gross profit margin decreased by 25.42% to 21.76% (nine months ended 31 December 2013: 47.17%) mainly due to increase in cost of revenue to enable the Group to fulfill the increase in demand.

Other Income and Gain

For the year ended 31 December 2014, the Group generated other income and gain of approximately HK$15.4 million (nine months ended 31 December 2013 : approximately HK$36.0 million), representing a decrease of 57.09% compared to the nine months ended 31 December 2013. The other income and gain was mainly from government grants and write-off of deposits received.

Administrative Expenses

For the year ended 31 December 2014, the Group's administrative expenses amounted to approximately HK$109.8 million (nine months ended 31 December 2013: approximately HK$84.4 million), representing an increase of 30.21% compared to the nine months ended 31 December 2013. The administrative expenses mainly consisted of legal and professional fees, staff costs (including directors' emoluments), depreciation expenses and amortisation expenses. The increase in administrative expenses was mainly due to the fact that staff costs and amortisation expense increased by HK$68.7 million and HK$29.8 million respectively during the year.

Finance Costs

For the year ended 31 December 2014, the Group recorded finance costs of approximately HK$89.7 million (nine months ended 31 December 2013 : approximately HK$89.7 million). The finance costs mainly included the bank loan and other loan interests, the imputed interests on convertible notes and other unsecured loans during the year.

Gain on Disposal of a Subsidiary

For the year ended 31 December 2014, the revenue generated from the disposed subsidiary, Shandong Zhengyuan, which was attributable to the Group amounted to approximately HK$28.9 million. The Company, via an 81.15%-owned subsidiary, entered into a sale and purchase agreement on 9 December 2014 with China Zhengyuan, who owned 49% of the issued share capital of Shandong Zhengyuan, for the disposal of 51% equity interest in Shandong Zhengyuan. The consideration was approximately RMB12.2 million (equivalent to approximately HK$15.3 million). The completion date of the Disposal of Shandong Zhengyuan was 30 December 2014. Details of the Disposal of Shandong Zhengyuan were set out in the Company's announcement dated 9 December 2014.

Impairment Loss of Property, Plant and Equipment

For the year ended 31 December 2014, the Group recorded an impairment loss of property, plant and equipment of approximately HK$13.8 million (nine months ended 31 December 2013: approximately HK$3.0 million), representing an increase of 368.10% as compared to the nine months ended 31 December 2013, which was mainly related to the impairment of assets in mining and exploration business.

Impairment Loss of Other Intangible Assets

For the year ended 31 December 2014, the Group recorded an impairment loss of other intangible assets of approximately HK$11.2 million (nine months ended 31 December 2013: approximately HK$10.1 million), representing an increase of 10.71% compared to the nine months ended 31 December 2013. It mainly related to the impairment of certain intangible assets in the business related to the geographic information industry.

Impairment Loss of Mining Licences

For the year ended 31 December 2014, the Group recorded an impairment loss of mining licences of approximately HK$133.0 million (nine months ended 31 December 2013: approximately HK$173.4 million), representing a decrease of 23.30% as compared to the nine months ended 31 December 2013. The impairment loss of mining licences was due to the revision of the expected selling price of coal according to market conditions and the additional risk resulting from the recent developments in law and regulations in Mongolia.

Impairment Loss of Exploration and Evaluation Assets

For the year ended 31 December 2014, the Group recorded an impairment loss of exploration and evaluation assets of approximately HK$0.7 million (nine months ended 31 December 2013: approximately HK$3.7 million), representing a decrease of 80.09% as compared to the nine months ended 31 December 2013. The impairment loss is attributed to the fact that the exploration and evaluation activities have not yet led to the discovery of commercially viable quantities of minerals. There is no further plan for substantive expenditure on further exploration and evaluation of mineral resources in the area.

Impairment Loss of Trade and Other Receivables

For the year ended 31 December 2014, the Group recorded an impairment loss of trade and other receivables of approximately HK$14.9 million (nine months ended 31 December 2013: approximately HK$15.7 million), representing a decrease of 5.04% as compared to the nine months ended 31 December 2013 which was mainly related to the management's understanding that counterparties to such trading contracts with the Group were in financial difficulties and the management assessed that the receivables are not expected to be recovered.

Fair Value Gain on the Financial Liabilities at Fair Value Through Profit or Loss

For the year ended 31 December 2014, the Group recorded fair value gain on the financial liabilities at fair value through profit or loss of approximately HK$1.3 million (nine months ended 31 December 2013: approximately loss of HK$61.5 million), representing a decrease of 102.09% compared to the nine months ended 31 December 2013 which was mainly related to the change in fair value of the contingent consideration between 31 December 2013 and the issuance date of the Convertible Notes on 26 March 2014. For details, please refer to note 19 of this announcement.

Loss for the Year Attributable to Owners of the Company

As a result of the combined effect of the above factors, the Group recorded an attributable loss of approximately HK$357.2 million for the year ended 31 December 2014 (nine months ended 31 December 2013: approximately HK$264.5 million).

Liquidity & Financial Resources

As at 31 December 2014, bank balances and cash and pledged bank deposits were approximately HK$106.9 million (as at 31 December 2013: HK$86.5 million). During the year, the total borrowings, which included convertible notes issued in the years 2010, 2013 and 2014, borrowings and amounts due to non-controlling shareholders, were approximately HK$887.4 million (as at 31 December 2013: HK$843.6 million). The Group's current ratio, being the ratio of current assets to current liabilities, was 0.5 times (as of 31 December 2013: 1.7 times), and its gearing ratio, in terms of total borrowings net of bank balances and cash and pledged bank deposits to total equity, stood at119.02% (as at 31 December 2013: 96%).

Foreign Exchange Risk Management

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

Human Resources

As at 31 December 2014, the Group had approximately 527 employees (for the year ended 31 December 2013: 380 employees) all of which were officially hired. Total staff costs, including directors' emoluments during the year, amounted to approximately HK$97.8 million (nine months ended 31 December 2013: HK$108.7 million). The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the Group and of the individuals concerned. In addition to salary payments, other staff benefits include performance bonuses, education subsidies, provident funds, medical insurance and the use of share option schemes to recognise and acknowledge contributions made or potentially to be made to the business development of the Group by its employees.

BUSINESS REVIEW

Business Related to Geographic Information Industry

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

Data Collection and Processing

For the GIS data collection segment, the Group owns raw geographic information image data of urban and rural areas in the PRC obtained through comprehensive and diversified sources, including the acquisition of data from satellite remote sensing images, aerial images from manned aerial vehicles and self-developed UAV, and street view images through self-developed laser panoramic photogrammetry vehicles. These formed an integrated three-dimensional space observation system across space, sky and ground surfaces, thus ensuring promptness, reality, completeness and high accuracy of geospatial data as well as laying a solid foundation for accomplishing the Group's target of becoming a massive geospatial data service provider.

During the year, it is noteworthy that the Group made major developments in its capability to acquire oblique photographs. Oblique photography is an emerging high-end technology recently developed in the international surveying and mapping sector which breaks the limit of the previous ortho-photograhic technology under which photographs can only be taken from a vertical angle. With oblique photography, photos are collected from five different angles (one vertical and four oblique) and transmitted through a number of sensors carried on the same flying platform, thus introducing users to a real and intuitive world conforming to human vision.

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

As of 31 December 2014, the turnover of data collection and processing segment amounted to approximately HK$122.9 million with a decrease of 14.93% on a year-on-year basis, which was mainly attributable to the decline in the contractual quantity and amount of the business as a result of the change in the external economic environment and the customer needs of the industry during the year 2014.

Business Application and Services

As the only domestic pilot enterprise in the PRC to build the "城市高分辨率航空影像數據庫" (National Urban Hi-definition Space Image Database*), the Group has committed to becoming the leading massive geospacial data provider in the PRC, while striving to establish two corporate brands, namely Peace Map Spatial Database and Peace Map Cloud Service. Peace Map Spatial Database is a geospatial information database covering the most comprehensive species of data with its own intellectual property rights which

* *For identification purpose only*

is based on its own independent data platform developed by self-investment. It is a comprehensive spatial geoinformation resource database that focuses on aerial images with hi-definition from 5 to 40 cm and value-adding products, supplemented by high and medium-definition satellite images, oblique images, digital map data, street view data, and three-dimensional data, etc. Peace Map Cloud Service is a new data technology service mode. It can provide private cloud solutions for applications to be used by governments and enterprises such as Smart City, as well as provide public cloud solutions of Location Based Services (LBS) for public users by using internet and mobile internet to realize map positioning, navigation, local information enquiry and other applications. In addition, it may also support third parties in setting up map applications on personal computers or mobiles rapidly through opening an Application Programming Interface (API).

For the business application and services segment, the Group's businesses were mainly related to the following industry markets: fundamental planning, property title management and emergency and public security. Among these: fundamental planning mainly covered surveying and mapping, planning, national geographic conditions and the construction of smart cities; property title management mainly referred to the application of geographic information data in sectors such as state territory, agriculture, forestry, water resources, electricity power, oil, transportation and real estate; and emergency and public security mainly referred to emergency, public security, environmental protection, meteorological phenomena and urban management, etc. As of 31 December 2014, the turnover of this segment amounted to approximately HK$123.2 million with an increase of 561.57% on a year-on-year basis, mainly because the 2013 financial accounting year covered the period of nine months ended 31 December 2013.

Development and Sales of Equipment

To closely meet market demands, the Group developed and manufactured high-end surveying and mapping equipment with independent intellectual property rights, such as laser panoramic photogrammetry vehicles, professional aerial surveying and mapping UAV and geographic information emergency surveillance vehicles, etc, and was a franchisee distributor of Ultracam series aerial camera products developed by Microsoft Corporation.

As of 31 December 2014, the turnover of development and sale of equipment segment amounted to approximately HK$87.6 million with an increase of 86.57% on a year-on-year basis, which was mainly attributable to the increase of camera leasing and sales contracts.

The Qualification Certificates Granted to the Group

國家甲級測繪航空攝影資質 (National Surveying Aerial Photography Qualification Certificate (Rank A)*)

國家甲級攝影測量與遙感資質 (National Photography Surveying and Remote Sensing Qualification Certificate (Rank A)*)

國家甲級地理信息系統工程資質 (National GIS Qualification Certificate (Rank A)*)

國家甲級工程測量資質 (National Engineering Surveying Qualification Certificate (Rank A)*)

國家甲級地圖編制資質 (National Map Compilation Qualification Certificate (Rank A)*)

國家甲級互聯網地圖服務資質 (National Internet Map Service Qualification Certificate (Rank A)*)

國家乙級地籍測繪資質 (National Cadastral Surveying Qualification Certificate (Rank B)*)

* *For identification purpose only*

國家三級保密資格單位認證 (National Confidentiality Qualification Certificate (Level 3)*)

北京市高新技術企業認證 (Recognition of High-end Technology Enterprise in Beijing*)

ISO9001: 2008 International Qualification Management System Certification (ISO9001: 2008國際質量管理體系認證*)

The only pilot entity for "城市高分辨率航空影像數據庫" (National Urban Hi-definition Space Image Database*) in the PRC

Mining and Exploration Business in Mongolia

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

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

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

As a result of the expected market selling price of coal 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$133.0 million on the mining licences was made by the Group for the year ended 31 December 2014.

Taking into consideration the market price of coal, the cost of production of TNE Mine and the continuous recession of foreign investment in Mongolia, the Group did not commence production during the year.

PROSPECTS

At the beginning of the year of 2014, the State Council of the PRC officially acknowledged the geographic information industry as the national strategic emerging industry. It is expected that a prime time of rapid development for the geographic information industry is coming. According to the《國家地理信息產業發展規劃》(Development and Planning of the National Geographic Information Industry*) released by the National Development and Reform Commission in July 2014, the geographic information industry will maintain an average growth rate of 20% per annum. It is expected that the gross product value of geographic information industry will reach RMB800 billion in 2020. In line with the rapid growth on the size of the geographic information industry in the PRC market, governments, industries, and the public market indicate a relatively strong demand for geographic information.

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Due to their relatively strong reliance on technologies related to geographic information, traditional industries including national land resources, mapping, agriculture, and forestry, will witness a constant and stable growth in the next few years. In November 2014, the General Office of the Central Committee of the Communist Party of the PRC and the State Council of the PRC issued《關於引導農村土地經營權有序流轉發展農業適度規模經營的意見》(Guidelines on Orderly Conversion of the Land Operation Right in Rural Area into Adequate Operation Scale of Agriculture*), indicating the official project launch of the national rural land rights in the PRC. During the year 2014, Sichuan and Shandong were selected by the government as two pilot provinces for the rural land rights project. In the year 2015, nine more pilot provinces will be selected, including Hunan, Hubei, Jiangxi, Jiangsu, Gansu, Ningxia, Jilin, Henan, and Guizhou. To determine the scope and area of the four directions of land rights, the majority of pilot provinces will use aerial photos along with some field measurements. In view of this, the comprehensive launch of such project will bring great development opportunities for the Group. In the coming year, the Group will continue to improve its capability of providing all levels of governmental authorities with integrated geographic information solutions. This government needed project can ensure a sustainable and steady growth for the Group's future business.

Meanwhile, the emerging industrial demand will become the core business of the Group over the next few years. The Group is currently engaged in in-depth exploration in various industries, including projects related to integrated data collection for operations and distributions of national power grid networks in the electric power sector and projects related to data collection of underground pipeline networks in the energy sector. In the coming year, projects with great potential for the application of geographic information in such industries as petroleum, natural gas, and electric power informatization can potentially generate considerable income for the Group.

In an era where internet and mobile internet grow sharply, people's lifestyle change rapidly. The Group has made great effort in seeking the way of market penetration in the mobile internet industry to transform from a project-oriented enterprise into a product-based enterprise, and eventually into an operation-based enterprise. The city holographic model product based on brand new oblique aerial photography will undoubtedly represent a launch pad towards the success of a company transformation. Based on the oblique aerial photography and processing techniques with proprietary intellectual properties, the Group's product will become a critical product that serve the internet enterprises and industrial users, therefore laying a solid foundation for the transformation of the Group into an operation-based enterprise.

Given the characteristics of its own products and technologies, the Group will vertically penetrate into industry-specific markets to form competitive edges across industries or regions. By capitalizing the advantage of the geospatial data accumulated over the years, the Group will explore the corporate and public levels of data application by the construction and application of massive geospacial data and the GIS cloud services.

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

DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been recommended since the end of the reporting period (nine months ended 31 December 2013: nil).

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THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange for the year ended 31 December 2014, except for the compliance with code provision A.2.1 of the CG Code which states that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Guan Hongliang ("**Mr. Guan**") was appointed as the Chairman and the Chief Executive Officer of the Company since 6 August 2014. The Board is of the view that although Mr. Guan is both the Chairman and the Chief Executive Officer of the Company, this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently.

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 year ended 31 December 2014 as set out in this announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this announcement.

AUDIT COMMITTEE

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

Under its terms of reference, the main role and functions of the Audit Committee are to review the Group's financial information, to supervise the Group's financial reporting and internal control systems, and to maintain relationships 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 year ended 31 December 2014 and the interim and annual results, and has reviewed with management the accounting principles and practices adopted by the Group and discussed the auditing, financial reporting matters and risk management systems of the Group.

The Group's final results for the year ended 31 December 2014 have been reviewed by the members of the Audit Committee before submission to the Board for approval.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any shares of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND REPORT

This announcement is available for viewing on the designated website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.peacemap.com.hk. The report of the Company for the year ended 31 December 2014 will be despatched to shareholders of the Company and published on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 25 March 2015

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