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## CORPORATE INFORMATION

### Directors

#### Executive Directors

Mr. YUEN Chow Ming (*Chairman*)

Mr. YUEN Wai Keung

(*Deputy Chairman*  
*and Chief Executive Officer*)

Mr. SO Yiu Cheung

(*Deputy Chairman*)

Mr. CHEUNG Chi Man, Dennis

Mr. LEUNG, Chung Tak Barry

(Resigned on 2 April 2013)

Mr. ZHANG Chuanjun

Mr. ZHU Dong

Mr. ZHANG Jack Jiyei

#### Non-Executive Directors

Mr. WONG, Kwok Kee

Mr. NG, Wing Keung

(Resigned on 15 October 2013)

#### Independent Non-Executive Directors

Mr. LIAO Cheung Tin, Stephen

Mr. HUI, Yat On

Mr. TAM Sun Wing

Mr. ZHANG Songlin

### Authorised Representatives

Mr. YUEN Wai Keung

Mr. ZHU Dong

### Company Secretary

Mr. CHEUNG Chi Man, Dennis

### Audit Committee

Mr. TAM Sun Wing (*Chairman*)

Mr. LIAO Cheung Tin, Stephen

Mr. HUI, Yat On

Mr. ZHANG Songlin

### Nomination Committee

Mr. TAM Sun Wing (*Chairman*)

Mr. YUEN Wai Keung

Mr. ZHANG Songlin

### Remuneration Committee

Mr. TAM Sun Wing (*Chairman*)

Mr. YUEN Wai Keung

Mr. ZHANG Songlin

### ***Registered Office***

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### ***Principal Place of Business***

Units 1809-1812  
Telford House  
16 Wang Hoi Road  
Kowloon Bay  
Hong Kong

### ***Hong Kong Legal Adviser***

CWL Partners  
50th & 64th Floors, Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

### ***Auditor***

BDO Limited  
Certified Public Accountants  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

### ***Principal Bankers***

DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
Industrial and Commercial Bank of  
China (Asia) Limited  
United Overseas Bank Limited

### ***Principal Share Registrar***

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road  
George Town  
Grand Cayman KY1-1110  
Cayman Islands

### ***Branch Share Registrar***

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### ***Stock Code***

402

### ***Website***

<http://www.peacemap.com.hk>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### *Geographic Information System*

During the six months ended 30 September 2013, Peace Map Holding Limited (formerly known as “**Mongolia Investment Group Limited**”) (the “**Company**”) through a subsidiary acquired, among others, Sinbo Investment Limited (“**Sinbo**”) at a consideration of HK\$1,500 million (subject to adjustment) (the “**Acquisition**”) on 2 August 2013 (the “**Acquisition Date**”). With effect from 4 September 2013, the Company formally changed its name from “Mongolia Investment Group Limited” to “Peace Map Holding Limited” and adopted “天下圖控股有限公司” as the dual foreign name of the Company to replace its existing Chinese name “蒙古投資集團有限公司”, signifying a new commencement and a new corporate image of the Company and its subsidiaries (the “**Group**”). Following the completion of the Acquisition, the Group has transformed itself to a significant supplier in the geographic information system (the “**GIS**”) industry.

Sinbo’s subsidiary, 北京天下圖數據技術有限公司 (Peace Map Co., Limited) (“**Peace Map**”) together with Peace Map’s existing subsidiaries (collectively as “**Peace Map Group**”) is principally engaged in geographical information data extraction and data processing, software application, sales of cameras and manufacture and sales of unmanned aerial vehicles in Mainland China. From the Acquisition Date to 30 September 2013, the total turnover in GIS segment was HK\$37,771,000.

With respect to the geographic imagery data collection, Peace Map Group possesses raw geographic imagery data in the format of photos and numeric data in the urban and rural area of Mainland China obtained from comprehensive and diversified sources which include self-developed unmanned aircrafts, street view data collection vehicle system and emergency-monitoring-vehicle-related equipment together with the self-invested imagery data collection sensors.

With respect to the geographic imagery data processing, Peace Map Group has accumulated substantial experience and capacity in data processing and software application projects. With an advanced Pixel Factory imagery data processing system, Peace Map Group can process raw geographic imagery data into a number of user-friendly products including 4D geographic images, digital orthophoto map (DOM), digital

elevation map (DEM), digital line graphics (DLG), digital raster graphics (DRG) and 3D products through the use of the above-mentioned system and a processing system with patents developed by Peace Map Group. Peace Map Group can provide clients with the raw geographic imagery data, or process the data according to the needs of the clients before sending to them.

Peace Map Group is committed to develop itself as a leading integrated information service provider and keep abreast of its software technology as well as automated geographic information processing, management and application. Currently, Peace Map Group has developed a variety of geographic information software which is widely used by major customers in land resources sector, water sector, urban planning sector and surveying and mapping sector etc. for public geographical information dissemination, urban planning, waterworks, land, military, aerospace, energy, emergency, transportation and environmental protection purposes and in many other areas. In 2010, Peace Map Group has been authorised by National Geomatics Center of China (國家基礎地理信息中心) to develop the “urban high definition aerial photography database” (城市高分辨率航空影像數據庫).

At present, Peace Map Group possesses a number of Surveying and Mapping Qualification Certificates (Class A) and owns the most comprehensive surveying and mapping professional qualifications amongst domestic integrated geographic information application service enterprises. Peace Map Group has built an aerial sensing centre, an unmanned aerial vehicle sensing centre and an automatic Pixel Factory data processing centre. They together are being able to integrate space and aerial remote sensing with unmanned aerial vehicle low sky sensing, and extracting and processing data without interruption. As a result, Peace Map Group has formed a comprehensive, high speed data extraction and high resolution earth observation system which could provide one-stop services to the clients.

### ***Mining Business in Mongolia***

The Group currently holds four coal mining licences covering a 1,114 hectares coal mine at Tugrug Valley (the “**TNE Mine**”). Based on a report from an independent technical advisor in 2010, the TNE Mine has approximately 64.0 million tonnes of measured and indicated resources and an additional 27.9 million tonnes of inferred resources. For the period under review, there was no material change in the amount of the resources in the TNE Mine, compared with that in the same period of last year. Besides, the Group also holds three exploration licences in respect of coal deposits in DundGobi (14,087 hectares) located in Mongolia.

## PEACE MAP HOLDING LIMITED

### Interim Report 2013

During the period under review, the Group continued to focus on the preparatory work at the TNE Mine, including the leasing of relevant equipment and machinery, power supply commissioning, as well as dewatering process. Meanwhile, the Group's marketing team has been proactively approaching more potential clients to explore more business opportunities.

The Group has continued its exploration activities in other regions that the Group possesses exploration licences. Annual exploration report was submitted and has been approved by the Mineral Resources Authority of Mongolia ("**MRAM**"). Detailed environmental impact assessment has also been submitted to the Ministry of Nature and Green Development for further evaluation.

The exploration licences in respect of the gold and copper deposits located in Zavkhan (15,517 hectares) and Gobi-Altai (44,016 hectares) have been revoked upon expiry in March and April 2013.

On 4 November 2013, the Group considered a report from an independent mining expert which recommended that a further review be conducted within the licence area in order to prepare a plan for improving the production of the TNE Mine.

The Group shall engage an independent mining expert to conduct the further review as recommended in the report, and as a result, to further delay the production schedule by one year.

### ***Waterworks Business in Hong Kong***

During the period under review, waterworks business recorded revenue of approximately HK\$349,081,000 (six months ended 30 September 2012: HK\$435,592,000). Revenue from waterworks maintenance projects decreased by 41.5% to approximately HK\$116,000,000, representing 33.2% of total revenue. Revenue from water mains replacement and rehabilitation projects recorded around HK\$190,957,000, making up 54.7% of total revenue. As for slope maintenance projects, HK\$42,124,000 in revenue was recorded, equivalent to 12.1% of total revenue.

On 2 September 2013, the Company and the purchaser entered into the disposal agreement pursuant to which the Company has conditionally agreed to sell, and the purchaser has conditionally agreed to purchase, the 100% shares and shareholder's loan of Rich Path Holdings Limited ("**Rich Path**") at a consideration of HK\$354,350,000 (the "**Disposal**"). The consideration will be satisfied by the purchaser by way of set-off in full against the outstanding principal amount of the promissory note together with any interest accrued thereon. Upon completion, the Group will no longer be engaged in the provision of maintenance and construction work on civil engineering contracts in respect of waterworks engineering and slope upgrading for public sector in Hong Kong, the provision of water supply services in Mainland China and the provision of renovation services in Macau.

Rich Path recorded losses for the two years ended 31 March 2012 and 2013. The Group considers that the Disposal will enable the Group to realise the related assets of the disposal group and reallocate its resources for and direct its focus to concentrate on other core activities in which the Group has competitive advantage and core competencies and improve the financial performance of the Group as a whole. The settlement of the consideration of the Disposal by way of set-off in full against the outstanding principal amount of the promissory note (together with any interest accrued thereon), which is due for settlement on 17 June 2014, will also enhance the financial position, reduce the gearing level of the Group and reduce the interest expenses to be incurred on the unpaid balance of the promissory note from 17 September 2013.

## FINANCIAL REVIEW

### *Revenue*

For the six months ended 30 September 2013, the Group recorded revenue of HK\$391.6 million, representing a decrease of 13.3% over the same period of last year (six months ended 30 September 2012: HK\$451.8 million). The drop was mainly due to the completion of two waterworks maintenance projects that started in September 2009.



## ***Gross Profit***

Gross profit increased by approximately 116.2% to HK\$47.5 million (six months ended 30 September 2012: HK\$22.0 million) and gross profit margin slightly increased to 12.1% (six months ended 30 September 2012: 4.9%).

## ***Administrative Expenses***

During the period under review, the Group's administrative expenses amounted to HK\$80.4 million (six months ended 30 September 2012: HK\$44.7 million), mainly consisted of exchange losses, legal and professional fees and staff costs (including directors' emoluments). The increase in administrative expenses was mainly due to exchange losses arising from the mining operations in Mongolia.

## ***Loss Attributable to Shareholders***

Loss attributable to shareholders totalled HK\$224.4 million (six months ended 30 September 2012: HK\$94.2 million). This was due to (i) imputed interest expenses of HK\$57.6 million on promissory note and convertible notes (six months ended 30 September 2012: HK\$45.3 million); (ii) fair value loss on the derivative component of the convertible note amounted to HK\$21.9 million (six months ended 30 September 2012: HK\$2.1 million); (iii) impairment loss on mining licence amounted to HK\$37.6 million (six months ended 30 September 2012: nil); (iv) impairment loss on property, plant and equipment of HK\$16.7 million (six months ended 30 September 2012: nil); and (v) fair value loss on the contingent consideration amounted to HK\$88.5 million (six months ended 30 September 2012: nil). The imputed interest expenses, fair value loss on the derivative component of the convertible note, impairment loss on mining licence, impairment loss on property, plant and equipment and fair value loss on the contingent consideration were all non-cash items and have no impact on the Group's cash position.

Basic loss per share was HK8.01 cents (six months ended 30 September 2012: HK5.12 cents). If the above-mentioned items (i), (ii), (iii), (iv) and (v) were to be excluded, the basic loss per share was HK0.08 cents (six months ended 30 September 2012: HK1.21 cents).

## **Capital Expenditure**

During the period under review, the Group spent HK\$52.5 million on the acquisition of property, plant and equipment in Hong Kong, Mongolia and Mainland China (six months ended 30 September 2012: HK\$8.6 million), including those arising from the acquisition of HK\$46.9 million.

## **Liquidity & Financial Resources**

As at 30 September 2013, cash at banks and in hand and pledged bank deposits reached HK\$185.8 million (as at 31 March 2013: HK\$311.5 million). Total borrowings, including promissory note and convertible notes, as at the end of the review period were HK\$1,344.8 million (as at 31 March 2013: HK\$961.9 million). The Group's current ratio, being the ratio of current assets to current liabilities, was 1.14 times (as of 31 March 2013: 1.26 times), and its gearing ratio, in terms of total borrowings net of cash at banks and in hand and pledged bank deposits to total equity, stood at 162.9% (as at 31 March 2013: 1,993.9%).

## **Foreign Exchange Risk Management**

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

## **Contingent Liabilities**

Other than those disclosed in note 26 to the interim financial information, the Company provided corporate guarantees on the banking facilities granted to its subsidiaries. The amount of facilities utilised by the subsidiaries as at 30 September 2013 amounted to HK\$83.9 million (as at 31 March 2013: HK\$105.4 million).

## *Human Resources*

As at 30 September 2013, the Group had approximately 918 employees (as at 30 September 2012: 554 employees) with 100% holding permanent positions. Total staff costs, including directors' emoluments for the period under review amounted to HK\$66.6 million (six months ended 30 September 2012: HK\$69.6 million).

The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the Group and of the individuals concerned. In addition to salary payments, other staff benefits include performance bonuses, education subsidies, provident fund, medical insurance and the use of share options.

## **PROSPECTS**

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

Looking forward, it is expected that the market size of the geographic information industry will maintain steady growth and the areas of its applications will expand. The Group will focus on the core businesses of geographic information data collection, data processing and software application in order to capture the opportunities available ahead, continue to expand its scale of operation, acquire additional imagery and data processing equipment and recruit more personnel with expertise in, among others, the industry solutions, the mining of massive datasets, the network software development and the cloud computing and databases. The Group will continue its development of GIS application software platform and focus on developing the imaging database, data collection and sustainable upgrade for cities at prefecture level within the following three to five years. Furthermore, the Group will, subject to the development trend in different regions in Mainland China, establish branch offices as well as database centres and platforms for cloud computing in more provinces or cities in Mainland China to cope with the increasing demands from different industries and the localised business expansion plans. We believe that GIS business will bring continuous growth potential to the Group and broaden the income source of the Group.

In the meantime, the Group will further develop its mining business in Mongolia which, with a devoted team, is expected to generate satisfactory return to the Company and its shareholders.

## OTHER INFORMATION

### *Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations*

As at 30 September 2013, the directors of the Company (the “**Directors**”) and the chief executive of the Company had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Division 7 and 8 of Part XV of the SFO and which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”),

(a) Long position in the ordinary shares of HK\$0.25 each of the Company (the “**Shares**”)

Name of Director	Note	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company
Mr. YUEN Chow Ming		Personal	24,001,200	0.45%
Mr. YUEN Wai Keung	1	Interest of controlled corporation	18,777,600	0.35%
		Personal	25,140,800	0.47%
Mr. SO Yiu Cheung		Personal	16,600,000	0.31%
Mr. WONG, Kwok Kee		Personal	80,000	0.001%

Notes:

- (1) The 18,777,600 Shares are registered in the name of Success Token Holdings Limited ("**Success Token**"), of which Mr. YUEN Wai Keung is entitled to exercise, or control the exercise of, forth-fifths of the voting power at general meetings of Success Token. Hence Success Token is a controlled corporation (within the meaning of the SFO) of Mr. YUEN Wai Keung, who is therefore deemed to be interested in these Shares under the SFO.
- (2) The approximate percentage of shareholding is calculated based on the issued share capital of the Company of 5,349,588,000 Shares as at 30 September 2013.

## (b) Long position in the underlying shares and debentures of the Company

### Share Options

Pursuant to the share option scheme adopted by the Company on 25 February 2006 (details are set out in note 23 to the interim financial information), certain existing Directors were granted share options to subscribe for the Shares, details of share options outstanding and exercisable as at 30 September 2013 were as follows:

<b>Name of Director</b>	<b>Date of grant</b>	<b>Capacity</b>	<b>Number of underlying shares comprised in the share options</b>	<b>Exercisable period</b>	<b>Exercise price per share</b>
Mr. YUEN Chow Ming	9 October 2012	Beneficial owner	12,000,000	9 October 2012 to 8 October 2022	HK\$0.25
Mr. YUEN Wai Keung	25 October 2010	Beneficial owner	17,000,000	25 April 2011 to 24 October 2020	HK\$0.855
Mr. SO Yiu Cheung	9 October 2012	Beneficial owner	8,000,000	9 October 2012 to 8 October 2022	HK\$0.25
Mr. CHEUNG Chi Man, Dennis	9 October 2012	Beneficial owner	3,200,000	9 October 2012 to 8 October 2022	HK\$0.25
Mr. WONG Kwok Kee	9 October 2012	Beneficial owner	1,000,000	9 October 2012 to 8 October 2022	HK\$0.25
Mr. NG Wing Keung	9 October 2012	Beneficial owner	1,000,000	9 October 2012 to 8 October 2022	HK\$0.25
Mr. LIAO Cheung Tin, Stephen	25 October 2010	Beneficial owner	1,000,000	25 April 2011 to 24 October 2020	HK\$0.855
	9 October 2012	Beneficial owner	5,600,000	9 October 2012 to 8 October 2022	HK\$0.25
Mr. HUI Yat On	9 October 2012	Beneficial owner	1,000,000	9 October 2012 to 8 October 2022	HK\$0.25

Save as disclosed above, as at 30 September 2013, none of the Directors nor the chief executive of the Company, had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### ***Directors' rights to acquire shares or debentures***

Save as disclosed under the paragraphs headed "Directors' and chief executive's interests and short positions in Shares, underlying shares and debentures of the Company and its associated corporations" above and note 23 to the interim financial information, at no time during the period under review were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such benefits.

## ***Substantial shareholders' interests and short positions in the Shares, underlying shares and debentures of the Company***

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30 September 2013, so far as the Directors and the chief executive of the Company are aware, the following persons or corporations (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares, underlying shares and debentures of the Company of 5% or more of the Company's issued share capital:

<b>Name of substantial shareholder</b>	<b>Capacity/ Nature of interest</b>	Notes	<b>Number of Shares/underlying shares held</b>	<b>Approximate percentage of shareholding in the Company</b>
Aviation Industry Corporation of China	Interest in controlled corporation	1	1,687,080,000	31.54%
AVIC International Holding Corporation	Interest in controlled corporation	1	1,687,080,000	31.54%
AVIC International (HK) Group Limited	Interest in controlled corporation	1	1,687,080,000	31.54%
Tacko International Limited	Interest in controlled corporation	1	1,133,000,000	21.18%
AVIC International Holding (HK) Limited	Interest in controlled corporation	1	1,133,000,000	21.18%
Kingspot Investment Limited	Beneficial owner	1	1,133,000,000	21.18%



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**Interim Report 2013**

<b>Name of substantial shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Notes</b>	<b>Number of Shares/underlying shares held</b>	<b>Approximate percentage of shareholding in the Company</b>
China Environmental Investment Holdings Limited	Interest in controlled corporation	1	554,080,000	10.36%
Light Pearl Holdings Limited	Interest in controlled corporation	1	554,080,000	10.36%
Tongda Information Technology Limited	Interest in controlled corporation	1	554,080,000	10.36%
Smarty Capital Investments Limited	Beneficial owner	1	554,080,000	10.36%
Zhang Yang	Beneficial owner	2	510,000,000	9.53%
Guan Hongliang	Interest in controlled corporation	3	553,500,000	10.35%
Broadlink Enterprises Limited	Beneficial owner	4	553,500,000	10.35%
Town Man Chung David	Interest in controlled corporation	5	319,500,000	5.97%
Alliance Elegant Limited	Beneficial owner	6	319,500,000	5.97%

Save as disclosed above, at 30 September 2013, the Company has not been notified of any other person or corporation who had an interest directly or indirectly or short positions in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange and were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## Notes:

1. Aviation Industry Corporation of China ("**AVIC**") is interested in 1,687,080,000 Shares and underlying shares under convertible notes indirectly through Smarty Capital Investments Limited ("**SCIL**") and Kingspot Investment Limited ("**KIL**").

AVIC holds 76.83% interest in AVIC International Holding Corporation which in turn holds 100% interest in AVIC International (HK) Group Limited ("**AVIC Group**") which in turn holds 11.49% in China Environmental Investment Holdings Limited ("**CEIHL**").

AVIC Group also holds 100% interest in Tacko International Limited which in turn holds 41.03% interest in AVIC International Holding (HK) Limited ("**AVIC Holding**") which in turn holds 100% interest in Billrich Investment Limited which in turn holds 23.53% interest in CEIHL.

CEIHL holds 100% interest in Light Pearl Holdings Limited which in turn holds 100% interest in Tongda Information Technology Limited which in turn holds 100% interest in SCIL which holds 554,080,000 Shares.

AVIC Holding holds 100% interest in KIL which is interested in unlisted physically settled derivatives that may be converted into 1,133,000,000 Shares, representing approximately 21.18% of the total issued share capital of the Company as at 30 September 2013.

2. Zhang Yang is interested in 510,000,000 Shares.
3. Broadlink Enterprises Limited is beneficially and wholly owned by Guan Hongliang. By virtue of the SFO, Guan Hongliang is deemed to be interested in the Shares held by Broadlink Enterprises Limited.
4. Broadlink Enterprises Limited is interested in (i) 350,652,000 Shares and (ii) unlisted physically settled derivatives that may be converted into 202,848,000 Shares, representing approximately 3.79% of total issued share capital of the Company as at 30 September 2013.
5. Alliance Elegant Limited is beneficially and wholly owned by Town Man Chung David. By virtue of the SFO, Town Man Chung David is deemed to be interested in the Shares held by Alliance Elegant Limited.
6. Alliance Elegant Limited is interested in unlisted physically settled derivatives that may be converted into 319,500,000 Shares, representing approximately 5.97% of the total issued share capital of the Company as at 30 September 2013.
7. All interests stated above represented long positions.

### ***Directors' Interests in Competing Business***

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

### ***Share Options***

Details of the Company's share option scheme are set out in note 23 to the interim financial information.

### ***Interim Dividend***

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

### ***Purchase, Redemption or Sale of Listed Securities of the Company***

During the period under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Shares of the Company.

### ***Corporate Governance***

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

The Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 September 2013.

Since 1 April 2013, the composition of the Board has undergone the following change:

1. Mr. LEUNG, Chung Tak Barry resigned as executive Director on 2 April 2013.
2. Mr. NG, Wing Keung resigned as non-executive Director on 15 October 2013.

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. The obligations to comply with the Listing Rules are set out in the terms of the service contracts of each executive Director and the letters of appointment of each non-executive Director and independent non-executive Director. The Company has made specific enquires with the Directors, and all Directors have confirmed that they have complied with the requirements set out under the Model Code for the six months ended 30 September 2013.

### ***Audit Committee***

As at the date of this report, the audit committee of the Company (the “**Audit Committee**”) comprises four independent non-executive Directors, namely Mr. TAM Sun Wing (as chairman of the Audit Committee), Mr. LIAO Cheung Tin, Stephen, Mr. HUI Yat On and Mr ZHANG Songlin. The Audit Committee has, at the date of this report, reviewed with the Company's management and the auditors of the Company, the internal controls and financial reporting matters of the Company and the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2013 before submitting to the Board for approval. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

By Order of the Board

**ZHU Dong**

*Executive Director*

Hong Kong, 18 November 2013

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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### **To the Board of Directors of Peace Map Holding Limited**

(formerly known as “Mongolia Investment Group Limited”)

(incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 78 which comprise the condensed consolidated statement of financial position of Peace Map Holding Limited (formerly known as “Mongolia Investment Group Limited”) and its subsidiaries as of 30 September 2013 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of the interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

## EMPHASIS OF MATTERS

Without qualifying our opinion, we draw attention to note 14 to the interim financial information, which describes the material uncertainty in respect of the implementation of relevant laws and regulations in Mongolia which may have a significant impact on the position and carrying value of the Group's mining licences.

### **BDO Limited**

*Certified Public Accountants*

Lee Ming Wai

Practising Certificate no. P05682

Hong Kong, 18 November 2013

**BDO Limited**

香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

## CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 September 2013

	Notes	Six months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
<b>Revenue</b>	6	<b>391,583</b>	451,796
Cost of revenue		(344,049)	(429,805)
Gross profit		<b>47,534</b>	21,991
Other income and gains	6	<b>18,375</b>	420
Distribution and selling expenses		(668)	–
Administrative expenses		(80,379)	(44,651)
Fair value loss on the Derivative Component of Convertible Note I	20(d)	(21,884)	(2,049)
Fair value loss on the Contingent Consideration	20(e)	(88,544)	–
Impairment loss of property, plant and equipment	13, 14	(16,657)	–
Impairment loss of mining licences	14	(37,566)	–
Impairment loss of exploration and evaluation assets		–	(24,617)
<b>Operating loss</b>	8	<b>(179,789)</b>	(48,906)
Finance costs	9	(59,628)	(46,459)
<b>Loss before income tax</b>		<b>(239,417)</b>	(95,365)
Income tax credit	10	<b>10,293</b>	1,011
<b>Loss for the period</b>		<b>(229,124)</b>	(94,354)
<b>Loss for the period attributable to:</b>			
Owners of the Company		(224,400)	(94,238)
Non-controlling interests		(4,724)	(116)
		<b>(229,124)</b>	(94,354)
<b>Loss per share</b>	12	<b>HK cents</b>	HK cents
– Basic and diluted		<b>(8.01)</b>	(5.12)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2013

	Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
<b>Loss for the period</b>	<b>(229,124)</b>	(94,354)
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
– Exchange difference arising from translation of overseas operations	<b>(7,188)</b>	(15,969)
<b>Total comprehensive income for the period</b>	<b>(236,312)</b>	(110,323)
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	<b>(232,252)</b>	(110,248)
Non-controlling interests	<b>(4,060)</b>	(75)
	<b>(236,312)</b>	(110,323)



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2013

	Notes	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	93,703	68,704
Prepaid land lease payments		137	167
Mining licences	14	279,619	364,269
Exploration and evaluation assets	15	3,410	3,834
Goodwill		670,053	–
Other intangible assets	16	600,122	–
Deferred tax assets		799	–
Structured deposits		4,940	4,940
Derivative financial asset			
– Derivative Component of Convertible Note I	20(d)	35,682	57,755
		<b>1,688,465</b>	<b>499,669</b>
<b>Current assets</b>			
Inventories		126,039	94,167
Amounts due from customers of contract works		254,083	126,612
Trade and other receivables, prepayments and deposits	17	359,730	185,838
Amount due from a related company		3,379	–
Tax recoverable		1,133	783
Loans receivable	18	18,237	–
Structured deposits		7,563	–
Pledged bank deposits		30,333	20,057
Cash and cash equivalents		155,444	291,454
		<b>955,941</b>	<b>718,911</b>

	Notes	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
<b>Current liabilities</b>			
Trade and other payables	19	233,612	123,125
Amount due to a non-controlling shareholder		53,283	–
Tax payable		3,494	392
Borrowings	20	549,845	447,676
		<b>840,234</b>	<b>571,193</b>
<b>Net current assets</b>			
		<b>115,707</b>	<b>147,718</b>
<b>Total assets less current liabilities</b>			
		<b>1,804,172</b>	<b>647,387</b>
<b>Non-current liabilities</b>			
Borrowings	20	794,970	514,179
Financial liabilities at fair value through profit or loss	20(e)	136,803	–
Government subsidies		7,813	6,631
Deferred tax liabilities	21	153,216	93,960
		<b>1,092,802</b>	<b>614,770</b>
<b>Net assets</b>			
		<b>711,370</b>	<b>32,617</b>
<b>EQUITY</b>			
Share capital	22	1,337,397	459,899
Reserves		(750,389)	(426,576)
Equity attributable to owners of the Company		587,008	33,323
Non-controlling interests		124,362	(706)
<b>Total equity</b>			
		<b>711,370</b>	<b>32,617</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2013

Equity attributable to owners of the Company

	Share capital HK\$'000	Share premium* HK\$'000	Merger reserve* HK\$'000	Share option reserve* HK\$'000	Capital redemption reserve* HK\$'000	Translation reserve* HK\$'000	Convertible note equity reserve* HK\$'000	Accumulated losses* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
(Unaudited)											
<b>At 1 April 2013</b>	459,899	1,056,066	13,805	23,675	6,629	94,483	348,595	(1,959,829)	33,323	(706)	32,617
<b>Net loss for the period</b>	-	-	-	-	-	-	-	(224,400)	(224,400)	(4,724)	(229,124)
<b>Other comprehensive income</b>											
<i>Item that may be reclassified subsequently to profit or loss:</i>											
- Exchange difference arising from translation of overseas operations	-	-	-	-	-	(7,852)	-	-	(7,852)	664	(7,188)
Total comprehensive income for the period	-	-	-	-	-	(7,852)	-	(224,400)	(232,252)	(4,060)	(236,312)
Issue of Placing Shares (note 22(b))	90,000	(1,800)	-	-	-	-	-	-	88,200	-	88,200
Acquisition of subsidiaries (note 24)	-	-	-	-	-	-	-	-	-	129,128	129,128
Shares issued upon exercise of share options (note 22(c))	15,335	2,745	-	(2,745)	-	-	-	-	15,335	-	15,335
Issue of Convertible Notes I (note 20(e))	-	-	-	-	-	-	199,869	-	199,869	-	199,869
Conversion of Convertible Note I (note 22(d))	500	2,155	-	-	-	-	(1,140)	-	1,515	-	1,515
Conversion of Convertible Notes II (note 22(e))	771,663	(159,748)	-	-	-	-	(131,822)	-	480,093	-	480,093
Share-based compensation (note 23)	-	-	-	934	-	-	-	-	934	-	934
Unvested share options forfeited (note 23)	-	-	-	(9)	-	-	-	-	(9)	-	(9)
Transactions with owners	877,498	(156,848)	-	(1,820)	-	-	66,907	-	785,537	129,128	915,065
<b>At 30 September 2013</b>	<b>1,337,397</b>	<b>899,418</b>	<b>13,805</b>	<b>21,855</b>	<b>6,629</b>	<b>86,631</b>	<b>415,502</b>	<b>(2,194,229)</b>	<b>587,008</b>	<b>124,362</b>	<b>711,370</b>
(Unaudited)											
<b>At 1 April 2012</b>	459,899	1,056,066	13,805	21,059	6,629	107,075	348,595	(1,671,653)	341,475	(551)	340,924
<b>Net loss for the period</b>	-	-	-	-	-	-	-	(94,238)	(94,238)	(116)	(94,354)
<b>Other comprehensive income</b>											
<i>Item that may be reclassified subsequently to profit or loss:</i>											
- Exchange difference arising from translation of overseas operations	-	-	-	-	-	(16,010)	-	-	(16,010)	41	(15,969)
Total comprehensive income for the period	-	-	-	-	-	(16,010)	-	(94,238)	(110,248)	(75)	(110,323)
Share-based compensation (note 23)	-	-	-	1,640	-	-	-	-	1,640	-	1,640
Unvested share options forfeited (note 23)	-	-	-	(2,642)	-	-	-	-	(2,642)	-	(2,642)
Transactions with owners	-	-	-	(1,002)	-	-	-	-	(1,002)	-	(1,002)
Vested share options lapsed (note 23)	-	-	-	(1,635)	-	-	-	1,635	-	-	-
<b>At 30 September 2012</b>	<b>459,899</b>	<b>1,056,066</b>	<b>13,805</b>	<b>18,422</b>	<b>6,629</b>	<b>91,065</b>	<b>348,595</b>	<b>(1,764,256)</b>	<b>230,225</b>	<b>(826)</b>	<b>229,599</b>

\* The total of these balances as at the reporting date represents reserves in the condensed consolidated statement of financial position.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2013

	Six months ended	
	30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Net cash used in operating activities	(14,069)	(14,760)
Net cash used in investing activities	(214,382)	(9,151)
Net cash generated from financing activities	89,937	4,728
Net decrease in cash and cash equivalents	(138,514)	(19,183)
Cash and cash equivalents at beginning of the period	291,454	311,000
Effect of foreign exchange rate changes on cash held	2,504	485
Cash and cash equivalents at end of the period	155,444	292,302
<b>Analysis of cash and cash equivalents</b>		
Cash at banks and in hand	147,755	284,960
Short-term bank deposits	7,689	7,342
	155,444	292,302

## NOTES TO THE INTERIM FINANCIAL INFORMATION

for the six months ended 30 September 2013

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 25 May 2004 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its principal place of business is Units 1809-1812, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong.

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

The Group is principally engaged 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 “**waterworks engineering contracting business**”), the provision of water supply services in Mainland China (the “**water supply business**”), provision of renovation services in Macau (the “**renovation business**”), mining and exploration of mineral resources in Mongolia (the “**mining and exploration business**”) as well as geographical information business in Mainland China (the “**geographical information business**”).

On 8 April 2013, the Group entered into a conditional sale and purchase agreement (the “**Acquisition Agreement**”) to conditionally purchase all the issued shares of Sinbo Investment Limited at the aggregate consideration of HK\$1,500 million (subject to adjustment) (the “**Acquisition**”). Through certain contractual agreements, Sinbo Investment Limited is able to obtain effective control over 北京天下圖數據技術有限公司 (Peace Map Co., Limited) (“**Peace Map**”), a company established in the People’s Republic of China (“**PRC**”). Peace Map and its existing subsidiaries (collectively as “**Peace Map Group**”) is principally engaged in the geographical information business including aerial photography, aviation and aerospace remote sensing image data processing and data extraction, provision of geographic information system software and solutions and sales of cameras and manufacture and sales of unmanned aerial vehicles in Mainland China. Sinbo Investment Limited and its subsidiaries including Peace Map are collectively referred to as the “**Sinbo Investment Group**”. The Acquisition was completed on 2 August 2013 (the “**Acquisition Date**”) and further details about the Acquisition are disclosed in note 24.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information for the six months ended 30 September 2013 (the “**Interim Financial Information**”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The Interim Financial Information do not include all of the information and disclosures required in the annual financial statements and thereby they should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2013 (“**2013 Annual Report**”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The financial statements have been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group was making losses in consecutive years and the Group is contractually required to repay the Promissory Note (note 20(c)) with the principal amount of HK\$350,000,000 in June 2014. The Group had net assets and net current assets of HK\$711,370,000 and HK\$115,707,000 respectively at 30 September 2013. Having regard to the cash flow projection of the Group for the next 12 months from the interim reporting date, the Directors are of the opinion that the Group will have sufficient resources to satisfy its working capital and other financing requirements in the foreseeable future based on the followings: (i) the Directors foresee that the Group is able to generate positive cash flows from operation in next 12 months from the interim reporting date; (ii) the Promissory Note will be extinguished through the disposal of Rich Path Holdings Limited as mentioned in Note 29(a) assuming the conditions to the proposed disposal including obtaining independent shareholders’ approval are met; and (iii) the Group should be able to renew or extend the bank and other borrowings of Sinbo Investment Group and the advances from a non-controlling shareholder of Peace Map Group. Other than the above, the Directors are confident that the Company is able to raise further funding from the capital market should the needs arise and the Directors endeavor to improve the liquidity of the Group.

## 2. **BASIS OF PREPARATION** *(Continued)*

The Interim Financial Information have been reviewed by our auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

The Interim Financial Information were approved for issue by the Board on 18 November 2013.

## 3. **PRINCIPAL ACCOUNTING POLICIES**

### (a) **Application of new or amended standards**

The accounting policies used in preparing the Interim Financial Information are consistent with those followed in the Group’s annual financial statements for the year ended 31 March 2013, except for the adoption of the following HKFRSs issued and which became effective in the current interim period as described below:

#### **Amendments to HKAS 1 (Revised), Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income**

These amendments require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. The Group’s presentation of other comprehensive income in these financial statements has been modified accordingly.

### 3. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

#### (a) **Application of new or amended standards** *(Continued)*

##### **HKFRS 10 Consolidated Financial Statements**

HKFRS 10 replaces the requirements in HKAS 27 “Consolidated and Separate Financial Statements” relating to the presentation of consolidated financial statements and HK(SIC) Int 12 “Consolidation – Special Purpose Entities”. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

##### **HKFRS 13 Fair Value Measurement**

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments and details will be set out in the note 28 for financial assets and liabilities.



### 3. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

#### (a) **Application of new or amended standards** *(Continued)*

##### **HKFRSs (Amendments) Annual Improvements 2009-2011 Cycle**

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (the “**CODM**”) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group has continued to disclose segment assets and now discloses segment liabilities in note 7.

#### (b) **New or revised standards that are not yet effective and have not been early adopted by the Group**

The new standards and amendments to standards, potentially relevant to the Group's financial statements, have been issued, but are not yet effective for the financial year beginning on 1 April 2013 and have not been early adopted by the Group. The Group is in the process of making an assessment of the potential impact of these new or revised standards.

#### **4. ESTIMATES AND JUDGEMENTS**

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to consolidated financial statements for the year ended 31 March 2013 as included in the Group's 2013 Annual Report except as follows:

##### **Estimated impairment of property, plant and equipment and other intangible assets**

Determining whether the property, plant and equipment and other intangible assets are impaired requires estimation of the value-in-use of the cash-generating units to which the property, plant and equipment and other intangible assets have been allocated. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

##### **Valuation of the Contingent Consideration**

The Directors use their judgement in selecting an appropriate valuation technique for the Contingent Consideration of the Group (as defined and set out in note 20(e)) which are not quoted in the active market. Valuation techniques commonly used by market practitioners are applied. The fair value of the Contingent Consideration is estimated by independent professional valuer based on the difference between the fair values of the Convertible Notes II as defined in note 20(e) with and without the unissued portion of Tranche A Convertible Notes II which is subject to the profit guarantee arrangement. The fair values of the Convertible Notes II are estimated based on the binomial option pricing model. The key input into the model includes the Directors' assessment on the probability of achieving the profit guarantee arrangement. The fair value of the Contingent Consideration varies with different variables of certain subjective assumptions. Any change in these variables so adopted may materially affect the estimation of the fair value of the Contingent Consideration.

#### **4. ESTIMATES AND JUDGEMENTS** (Continued)

##### **Estimated useful lives of property, plant and equipment and other intangible assets**

The management determines the estimated useful lives and consequently the depreciation/amortisation charges for its property, plant and equipment and other intangible assets. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment and other intangible assets and rely on management estimation and judgement. The management will increase the depreciation/amortisation charges when useful lives are shorter than previously estimated lives and it will write off technically obsolete or non-strategic assets that have been abandoned. Actual economic lives may differ from the estimated useful lives. Periodic review may result in a change in useful lives and therefore the depreciation/amortisation charges.

##### **Estimated impairment of inventories**

The management reviews the inventory ageing analysis at the end of reporting period and identifies for slow-moving inventory that are no longer suitable for use in production. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. In addition, the management carries out inventory review on a product-by-product basis at the end of each interim reporting period and makes allowance for obsolete items.

#### **5. SEASONALITY OF OPERATIONS**

The geographical information business which is newly acquired during the current interim period as mentioned in note 1 is subject to seasonal fluctuations.

## 6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from the Group's principal activities and other income and gains is as follows:

	<b>Six months ended 30 September</b>	
	<b>2013 (Unaudited) HK\$'000</b>	2012 (Unaudited) HK\$'000
<b>Revenue</b>		
Revenue from geographical information business	<b>37,771</b>	–
Contract revenue from maintenance and construction works on civil engineering contracts	<b>349,081</b>	435,592
Revenue from water supply services	<b>297</b>	314
Water supply related installation fee	<b>35</b>	21
Revenue from renovation services	<b>4,399</b>	15,869
	<b>391,583</b>	451,796
<b>Other income and gains</b>		
Bank interest income	<b>195</b>	358
Gain arising from extension of the Promissory Note (note 20(c)(i))	<b>17,819</b>	–
Sundry income	<b>361</b>	62
	<b>18,375</b>	420
<b>Total income</b>	<b>409,958</b>	452,216

## 7. SEGMENT REPORTING

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive Directors for the purpose of resources allocation and assessment of segment performance. The Group has identified the following reportable segments for its segment reporting:

Geographical information business	:	Aerial photography, aviation, and aerospace remote sensing image data processing and data extraction, provision of geographic information system software and solutions and sales of cameras and manufacture and sales of unmanned aerial vehicles in Mainland China
Waterworks engineering contracting business	:	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
Water supply business	:	Provision of water supply services and water supply related installation services in Mainland China
Renovation business	:	Provision of renovation services in Macau
Mining and exploration business	:	Mining and exploration of mineral resources in Mongolia

Each of these operating segments is managed separately as each of the business lines requires different resources as well as operating approaches.

Gain arising from extension of the Promissory Note (note 20(c)(i)), fair value loss on the Derivative Component of the Convertible Note I (note 20(d)), fair value loss on the Contingent Consideration (note 20(e)), finance costs, income taxes and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

## 7. SEGMENT REPORTING (Continued)

Segment assets include all assets with the exception of corporate assets, including structured deposits, pledged bank deposits, certain cash and cash equivalents and other assets which are not directly attributable to the business activities of operating segments, as well as those assets which are managed on a group basis such as tax assets.

Segment liabilities include trade and other payables directly attributable to the business activities of operating segments and exclude corporate liabilities and other liabilities such as tax liabilities and borrowings that are managed on a group basis.

Segment information of the Group's reportable segments are summarised as follows:

	Geographical information business		Waterworks engineering contracting business		Water supply business		Renovation business		Mining and exploration business		Consolidated	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Reportable segment revenue *	37,771	-	349,081	435,592	332	335	4,399	15,869	-	-	391,583	451,796
Reportable segment profit/(loss)	4,113	-	(11,581)	1,085	(2,414)	(281)	1,226	255	(69,981)	(43,665)	(78,637)	(42,508)
Gain arising from extension of the Promissory Note (note 20(iii))											17,819	-
Fair value loss on the Derivative Component of Convertible Note I (note 20(i))											(21,884)	(2,049)
Fair value loss on the Contingent Consideration (note 20(e))											(88,544)	-
Corporate income and expenses											(8,543)	(4,261)
Finance costs											(59,628)	(46,459)
Loss before income tax											(239,417)	(85,365)

\* revenue from external customers

## 7. SEGMENT REPORTING (Continued)

	Geographical information business		Waterworks engineering contracting business				Water supply business		Renovation business		Mining and exploration business		Consolidated	
	At 30 September 2013	At 31 March 2013	At 30 September 2013	At 31 March 2013	At 30 September 2013	At 31 March 2013	At 30 September 2013	At 31 March 2013	At 30 September 2013	At 31 March 2013	At 30 September 2013	At 31 March 2013	At 30 September 2013	At 31 March 2013
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Reportable segment assets</b>	1,724,458	-	493,282	544,752	12,334	14,456	17,456	14,803	278,967	469,291	2,526,497	1,043,302		
Derivative financial asset - Derivative Component of the Convertible Note I													35,682	57,755
Tax recoverable													1,183	783
Structured deposits													12,503	4,940
Pledged bank deposits													30,333	20,057
Corporate assets													38,258	91,743
<b>Consolidated total assets</b>													2,644,406	1,218,580
<b>Reportable segment liabilities</b>	182,547	-	101,992	111,575	60	35	1,195	1,763	7,946	15,701	293,740	129,074		
Borrowings													1,344,815	961,855
Financial liabilities at fair value through profit or loss													136,803	-
Tax payable													3,494	392
Deferred tax liabilities													153,216	93,960
Corporate liabilities													968	682
<b>Consolidated total liabilities</b>													1,933,036	1,165,963

## 8. OPERATING LOSS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Operating loss is arrived at after charging/(crediting):		
Amortisation of prepaid land lease payments	<b>108</b>	116
Amortisation of other intangible assets	<b>16,627</b>	–
Depreciation of property, plant and equipment	<b>7,636</b>	7,098
Exchange losses	<b>22,776</b>	7,862
Staff costs (including Directors' emoluments)		
– salaries, allowances and benefits in kind	<b>64,413</b>	68,465
– retirement benefits scheme contributions (defined contribution plans)	<b>1,490</b>	2,640
– equity-settled share-based compensation (note 23)	<b>689</b>	1,129
– unvested share options forfeited (note 23)	<b>(9)</b>	(2,642)
	<b>66,583</b>	69,592
Operating lease charges		
– land and buildings	<b>4,700</b>	3,603
– plant and machinery	<b>1,172</b>	1,445
	<b>5,872</b>	5,048
Loss on disposal of property, plant and equipment	<b>472</b>	939



## 9. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest charges on:		
– Bank loans and overdraft wholly repayable within five years	<b>1,578</b>	1,158
– Interest on other loans	<b>421</b>	–
	<b>1,999</b>	1,158
Imputed interest expenses on the Promissory Note (note 20(c)(ii))	<b>18,930</b>	16,720
Imputed interest expenses on the Convertible Note I (note 20(d)(i))	<b>32,187</b>	28,581
Imputed interest expenses on the Convertible Notes II (note 20(e)(i))	<b>6,512</b>	–
Total interest on financial liabilities stated at amortised cost	<b>59,628</b>	46,459

## 10. INCOME TAX CREDIT

	Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Hong Kong profits tax – current period	–	170
PRC Enterprise Income Tax (“EIT”) – current period	296	–
Deferred tax (note 21)	(10,589)	(1,181)
Income tax credit	(10,293)	(1,011)

Hong Kong profits tax is calculated at the rate of 16.5% (six months ended 30 September 2012: 16.5%).

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate applicable to the PRC subsidiaries is 25% from 1 January 2008 onwards. Accordingly, provision for PRC EIT for the PRC subsidiaries was calculated at 25% of estimated assessable profits for the period, except for the followings:

On 3 April 2013, 北京天下圖信息技術有限公司 (Beijing Peace Map Information and Technology Limited) (“Beijing Peace Map Information”), a subsidiary of Sinbo Investment Limited, was confirmed to be recognised as a software enterprise and therefore is entitled to a tax concession of full exemption from EIT for two years from 1 January 2012 to 31 December 2013 and followed by half reduction in EIT rate of 12.5% from 2014 to 2016.

On 17 April 2012, Peace Map was recognised as an approved high technology enterprise and therefore is entitled to tax concession period of reduction in EIT rate of 15% from 2012 to 2013.

## **11. DIVIDENDS**

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

## **12. LOSS PER SHARE**

The calculation of basic loss per share is based on the loss for the period attributable to the owners of the Company of HK\$224,400,000 (six months ended 30 September 2012: HK\$94,238,000) and the weighted average number of ordinary shares in issue during the period of 2,802,891,000 (six months ended 30 September 2012: 1,839,596,000). The weighted average number of ordinary share in issue for the period ended 30 September 2012 has been arrived at assuming the Share Consolidation as detailed in note 22(a) had occurred on 1 April 2012.

Diluted loss per share for both periods is the same as the basic loss per share as the Company has no dilutive potential ordinary shares outstanding during both periods. For the current interim period, the impact of the Convertible Note I and Convertible Notes II as disclosed in notes 20(d) to 20(e) and the outstanding share options had anti-dilutive effect on the basic loss per share presented.

### **13. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 September 2013, the Group incurred capital expenditure of approximately HK\$52,474,000 (six months ended 30 September 2012: HK\$8,577,000) which include those property, plant and equipment acquired through the acquisition of Sinbo Investment Group (note 24). The capital expenditure were incurred as to approximately HK\$9,507,000 (six months ended 30 September 2012: HK\$3,689,000) in furniture, fixtures and equipment, approximately HK\$1,720,000 (six months ended 30 September 2012: HK\$1,730,000) in leasehold improvements, approximately HK\$5,703,000 (six months ended 30 September 2012: HK\$993,000) in motor vehicles, and approximately HK\$35,544,000 (six months ended 30 September 2012: HK\$2,165,000) in plant, machinery and tools.

During the current interim period, an impairment loss amounting to HK\$16,000,000 was recognised for the property, plant and equipment of the Disposal Group (as defined in note 29(a)). The recoverable amount of the Disposal Group was determined using value in use which is prepared on the basis that the Group intends to sell the Disposal Group and thus the value in use of the Disposal determined by the Group comprises the future cash flows until the expected completion date of the Disposal together with the estimated sales proceeds. As the value in use of the Disposal Group determined using the above basis is lower than its carrying value, an impairment loss of HK\$16,000,000 is resulted which is allocated to the Disposal Group's property, plant and equipment.

#### 14. MINING LICENCES

	HK\$'000
Carrying amount at 1 April 2012	542,912
Impairment	(152,919)
Exchange realignment	(25,724)
Carrying amount at 31 March 2013 and 1 April 2013 (Audited)	364,269
Impairment	(37,566)
Exchange realignment	(47,084)
<b>Carrying amount at 30 September 2013 (Unaudited)</b>	<b>279,619</b>

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

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

Recent developments in Mongolia with regards to the implementation of laws and regulations relating to the mining industry such as the passing of Resolution No. 194 (“Rs 194”) in June 2012 posed significant uncertainty which may affect the position of the Group’s mining licences. Details of which have been set out in the Group’s 2013 Annual Report. Notwithstanding the risk exposed to the Group relating to the said laws and regulations have been addressed by the Directors by adjusting the discount rate applied to the discounted cash flow analysis of the TNE Mine, the ultimate outcome of this matter cannot be presently determined. If any of the mining licences of the Group was to be revoked due to Rs 194 or other applicable laws and regulations, and the compensation entitled by the Group was to be significantly less than the carrying amounts of these mining licences, the Group would have to recognise significant impairment loss on the mining licences and the related assets in addition to the impairment losses currently recognised as described below. This situation represents a significant uncertainty to the Group which might have a significant effect on the interim financial statements of the Group.

## 14. MINING LICENCES (Continued)

During the financial year ended 31 March 2013, impairment loss of HK\$118,000,000 was recognised in profit or loss to write down the carrying values of the mining licences and the mine development assets included under property, plant and equipment by HK\$152,919,000 and HK\$2,805,000 respectively. The total offsetting tax effect amounted to HK\$37,724,000.

During the period ended 30 September 2013, impairment loss of HK\$28,832,000 was recognised in profit or loss to write down the carrying values of the mining licences and the mine development assets included under property, plant and equipment by HK\$37,566,000 and HK\$657,000 respectively. The total offsetting tax effect amounted to HK\$9,391,000. The impairment is mainly due to increased discount rate arising from additional risk premium with regards to delayed production plan.

No amortisation for the mining licences was provided for as the production of the coal mine site has not yet commenced in the current interim period.

## 15. EXPLORATION AND EVALUATION ASSETS

	<b>Licences</b>	<b>Others</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
Carrying amount at			
1 April 2012	<b>5,810</b>	<b>22,451</b>	<b>28,261</b>
Additions	<b>401</b>	<b>604</b>	<b>1,005</b>
Impairment	<b>(5,018)</b>	<b>(19,599)</b>	<b>(24,617)</b>
Exchange realignment	<b>(176)</b>	<b>(639)</b>	<b>(815)</b>
Carrying amount			
at 31 March 2013 and			
1 April 2013 (Audited)	<b>1,017</b>	<b>2,817</b>	<b>3,834</b>
Additions	<b>–</b>	<b>68</b>	<b>68</b>
Exchange realignment	<b>(129)</b>	<b>(363)</b>	<b>(492)</b>
<b>Carrying amount</b>			
<b>    at 30 September 2013</b>			
<b>    (Unaudited)</b>	<b>888</b>	<b>2,522</b>	<b>3,410</b>

**15. EXPLORATION AND EVALUATION ASSETS** *(Continued)*

Exploration licences as at 30 September 2013 represent three exploration rights in respect of a coal mine located in DundGobi, Mongolia, covering an area of approximately 14,087 hectares in aggregate. This represents active exploration project and the Directors are of the opinion that no impairment should be provided in respect of these exploration and evaluation assets.

**16. OTHER INTANGIBLE ASSETS**

During the six months ended 30 September 2013, the Group incurred capital expenditure of approximately HK\$614,152,000 (six months ended 30 September 2012: Nil), which mainly comprise those intangible assets acquired through the acquisition of Sinbo Investment Group amounted to HK\$606,564,000 (note 24) and the other intangible assets subsequently acquired after the Acquisition Date. The capital expenditure were incurred as to approximately HK\$89,169,000 (six months ended 30 September 2012: Nil) in software, approximately HK\$61,313,000 (six months ended 30 September 2012: Nil) in deferred development costs, approximately HK\$38,731,000 (six months ended 30 September 2012 : Nil) in distribution contract, approximately HK\$186,235,000 (six months ended 30 September 2012: Nil) in licences, approximately HK\$158,073,000 (six months ended 30 September 2012: Nil) in copyrights, approximately HK\$55,858,000 (six months ended 30 September 2012: Nil) in imaging data, approximately HK\$22,983,000 (six months ended 30 September 2012: Nil) in trade name and approximately HK\$1,790,000 (six months ended 30 September 2012: Nil) in customer relationship in geographical information business.

## 17. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
Trade receivables, gross	247,379	120,259
Less: Provision	(11,944)	–
Trade receivables, net	235,435	120,259
Retention receivables	21,306	20,476
Prepaid land lease payments	56	152
Prepayments and deposits	45,706	31,013
Other receivables	57,227	13,938
	<b>359,730</b>	<b>185,838</b>

The ageing analysis of trade receivables (based on invoice date) as at the reporting date is as follows:

	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
Within 3 months	83,000	117,238
4 – 6 months	15,326	2,935
7 – 9 months	16,245	–
10 – 12 months	50,216	–
Over 1 year	70,648	86
	<b>235,435</b>	<b>120,259</b>



**17. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS** *(Continued)*

Credit period granted to customers of civil engineering contract works is normally 30 to 90 days. Application for progress payments of civil engineering contract works is made on a regular basis. Credit period granted to customers of water supply business and renovation business is normally 30 to 90 days. Credit period granted to customers of geographical information business range from 90 to 180 days and the Group may, on case by case basis and after evaluation of the business relationship and creditworthiness, extend the credit period granted to certain government related entities for more than 1 year.

**18. LOANS RECEIVABLE**

The amounts were loans to an independent third party which carry interest at the RMB Benchmark Interest Rate quoted by the People's Bank of China and repayable within one year. These loans receivable were secured by several real estate properties located in the PRC which have been pledged to the Group as collateral for those loans.

## 19. 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:

	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
Trade payables aged		
– Within 3 months	112,904	64,230
– 4 to 6 months	17,506	17,611
– 7 to 9 months	8,406	1,166
– 10 to 12 months	2,152	78
– Over 1 year	19,298	1,783
	160,266	84,868
Retention payables	16,089	14,213
Other payables and accruals	57,257	24,044
	<b>233,612</b>	123,125

## 20. BORROWINGS

	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
<b>Current liabilities</b>		
Bank loans and overdraft, secured (note (a))	83,921	105,352
Bank loans, unsecured (note (b))	42,069	–
Promissory Note (note (c))	343,435	342,324
Other loans	80,420	–
	<b>549,845</b>	447,676
<b>Non-current liabilities</b>		
Convertible Note I – liability component (note (d))	544,662	514,179
Convertible Notes II – liability component (note (e))	250,308	–
	<b>794,970</b>	514,179
<b>Total borrowings</b>	<b>1,344,815</b>	961,855

## 20. **BORROWINGS** (Continued)

Notes:

- (a) All bank loans and overdrafts are repayable within one year. Bank loans and overdrafts amounting to HK\$83,921,000 (as at 31 March 2013: HK\$105,352,000) are secured by the corporate guarantees issued by the Company and are secured by charges over a structured deposit amounting to HK\$4,940,000 (as at 31 March 2013: HK\$4,940,000) and bank deposits amounting to HK\$20,066,000 (as at 31 March 2013: HK\$20,057,000). In additions, the bank loans amounting to HK\$83,921,000 (as at 31 March 2013: HK\$105,352,000) are secured by the proceeds on certain civil engineering contracts.
- (b) The unsecured bank borrowings carries interest at fixed rate of 7.2% per annum or variable market rates at 120% of the RMB Benchmark Interest Rate quoted by the People's Bank of China and repayable within one year.
- (c) As part of the consideration for the acquisition of the mining and exploration business on 17 June 2010, the Company issued a promissory note in principal amount of HK\$350,000,000 (the "**Promissory Note**"). The Promissory Note is unsecured, non-interest bearing and has maturity period of two years from the date of issue of the Promissory Note. On 28 March 2012 (the "**Extension Date 1**"), the maturity date of Promissory Note was extended from 17 June 2012 to 17 June 2013. On 25 June 2013 (the "**Extension Date 2**"), it was further extended to 17 June 2014. After the second extension, the Promissory Note has become interest bearing at the rate of 5% per annum from 17 September 2013 to 16 December 2013 and at the rate of 10% per annum from 17 December 2013 onwards.

## 20. **BORROWINGS** (Continued)

(c) (Continued)

	<b>Six months ended 30 September 2013 (Unaudited) HK\$'000</b>	Year ended 31 March 2013 (Audited) HK\$'000
Opening net carrying amount	342,324	308,076
Gain arising from extension (note (i))	(17,819)	–
Imputed interest expenses (note (ii))	18,930	34,248
<b>Closing net carrying amount</b>	<b>343,435</b>	<b>342,324</b>

Notes:

- (i) The carrying value and fair value of the Promissory Note as at the Extension Date 2 was HK\$350,000,000 and HK\$332,181,000 respectively. The fair value was determined based on the valuation using discounted cash flows method carried out by Asset Appraisals Limited (“**Asset Appraisal**”), an independent professional valuer. The difference between the carrying value and fair value as at the Extension Date 2 which amounted to HK\$17,819,000 was recognised in other income and gains in the current interim period as gain arising from extension of the Promissory Note (note 6).
- (ii) The Promissory Note is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 10.7% per annum upon the acquisition of the mining and exploration business, 11.12% per annum after the Extension Date 1; and 12.25% per annum after the Extension Date 2. Imputed interest expense of approximately HK\$18,930,000 (six months ended 30 September 2012: HK\$16,720,000) (note 9) was recognised in the profit or loss in the current interim period.

## 20. **BORROWINGS** (Continued)

- (d) As part of the consideration for the acquisition of the mining and exploration business on 17 June 2010, the Company issued a zero coupon convertible note in principal amount of HK\$954,100,000 (the “**Convertible Note I**”) which will mature on 17 June 2015 i.e. five years from the date of issue.

At the option of the holder of the Convertible Note I (the “**Noteholder I**”), the Noteholder I may convert the whole or part of the principal amount of the Convertible Note I into the shares of the Company (the “**Conversion Shares**”) at the conversion price of HK\$1.1 (adjusted from HK\$0.22 per share as a result of the Share Consolidation as defined and set out in note 22(a) per share (subject to anti-dilutive adjustments) during the period from the date of issue of the Convertible Note I up to its maturity date. The Convertible Note I is non-redeemable prior to the maturity date. The Company has the right (the “**Extension Option**”) to extend the maturity date in respect of the outstanding amount of the Convertible Note I for another five years.

The Convertible Note I was stated at fair value on the date of acquisition of the mining and exploration business on 17 June 2010 which amounted to HK\$948,237,000. The fair value was determined based on the valuation conducted by Asset Appraisal. The Convertible Note I contains three components – liability component, equity component (presented as “**Convertible note equity reserve**”) and the derivative component in respect of the Extension Option (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 was determined based on the valuation carried out by Asset Appraisal by using binomial valuation model.

## 20. **BORROWINGS** (Continued)

(d) (Continued)

The movement of the liability component, the equity component and the Derivative Component of the Convertible Note I during the current interim period are as follows:

	<b>Convertible Note I</b>		
	<b>Liability component</b>	<b>Equity component</b>	<b>Derivative Component</b>
	HK\$'000	HK\$'000	HK\$'000
Carrying amount at 1 April 2012	455,394	348,595	(63,734)
Imputed interest expenses	58,785	–	–
Change in fair value recognised in profit or loss (note (ii))	–	–	5,979
Carrying amount at 31 March 2013 and 1 April 2013	<b>514,179</b>	<b>348,595</b>	<b>(57,755)</b>
Imputed interest expenses (note (i))	<b>32,187</b>	–	–
Conversion of Convertible Note I	<b>(1,704)</b>	<b>(1,140)</b>	<b>189</b>
Change in fair value recognised in profit or loss (note (ii))	–	–	<b>21,884</b>
<b>Carrying amount at 30 September 2013 (Unaudited)</b>	<b>544,662</b>	<b>347,455</b>	<b>(35,682)</b>

## 20. **BORROWINGS** (Continued)

(d) (Continued)

Notes:

- (i) The liability component is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.91% (six months ended 30 September 2012: 12.91%) per annum. Imputed interest expense of approximately HK\$32,187,000 (six months ended 30 September 2012: HK\$28,581,000) (note 9) was recognised in profit or loss in the current interim period.
  - (ii) The Derivative Component is measured at fair value with changes in fair value recognised in profit or loss. The Derivative Component is carried as derivative financial asset in the condensed consolidated statement of financial position until extinguished on conversion or redemption.
- (e) As part of the consideration for the acquisition of Sinbo Investment Group on 2 August 2013, the Company is required to issue zero coupon convertible notes (the “**Convertible Notes II**”) in the principal amount of HK\$1,250,000,000 (note 24(a)), comprising Tranche A Convertible Notes II in the principal amount of HK\$80,000,000 in aggregate which is subject to adjustment as further detailed below; Tranche A Convertible Notes II in the principal amount of HK\$870,000,000 in aggregate which is not subject to adjustment; and Tranche B Convertible Notes II in the principal amount of HK\$300,000,000. Tranche A Convertible Notes II in the principal amount of HK\$870,000,000 in aggregate which is not subject to adjustment and Tranche B Convertible Notes II in the principal amount of HK\$300,000,000 in aggregate have been issued to the vendors upon completion of the Acquisition whereas Tranche A Convertible Notes II in the principal amount of HK\$80,000,000 in aggregate which are subject to adjustment may or may not be issued as set out in the details below. The Convertible Notes II will mature in five years from the date of issue.



**20. BORROWINGS** (Continued)

(e) (Continued)

At the option of the holders of the Convertible Notes II (the “**Noteholders II**”), the Noteholders II may convert the whole or part of the principal amount of the Convertible Notes II into the shares of the Company at the conversion price of HK\$0.25 per share (subject to anti-dilutive adjustments) during the period from the date of issue of the Convertible Notes II up to its maturity date. The Company cannot unilaterally redeem all or any part of the Convertible Notes II at any time prior to the maturity date without the prior written consent of the Noteholders II. Subject to the consent from the Company, the noteholders of Tranche B Convertible Notes II may request the Company to redeem up to all of the principal amount outstanding under the Tranche B Convertible Notes II on one or more occasion at any time prior to the maturity date.

Pursuant to the Acquisition Agreement, in the event that the audited consolidated net profit after tax of Sinbo Investment Group attributable to the owners of Sinbo Investment Limited for the year ending 31 December 2013 (the “**PAT**”) is less than HK\$80,000,000, the consideration shall be adjusted by deducting the sum equivalent to the shortfall between the PAT and HK\$80,000,000 (the “**Reduced Amount**”) subject to a maximum deduction of the sum of HK\$80,000,000. In such situation, the Company shall, within 5 business days after the PAT certificate is delivered to the Group, issue to the vendors the remaining Tranche A Convertible Notes II in the principal amount of HK\$80,000,000 less the respective pro rata portions of the Reduced Amount attributable to the relevant vendors. In the event that the PAT is equal or more than HK\$80,000,000, there shall be no adjustment to the consideration and the Company shall issue the remaining Tranche A Convertible Notes II in the principal amount of HK\$80,000,000 to the vendors within 5 business days after the PAT certificate is delivered to the Group.

## 20. **BORROWINGS** (Continued)

(e) (Continued)

The Tranche A Convertible Notes II with the principal amount of HK\$870,000,000 in aggregate which are not subject to adjustment and the Tranche B Convertible Notes 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 Acquisition Date amounting to HK\$923,758,000 which comprises liability component with fair value on the Acquisition Date of HK\$723,889,000 and equity component (related to the conversion option and presented as "**Convertible note equity reserve**") with fair value on the Acquisition Date of HK\$199,869,000. The fair value of the liability component was calculated by Roma Appraisal Limited ("**Roma Appraisal**") 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 Appraisal by using option pricing model.

The remaining unissued portion of Tranche A Convertible Notes II in the principal amount of HK\$80,000,000 which is subject to the profit guarantee arrangement as mentioned above constitutes a contingent consideration ("**Contingent Consideration**") which are accounted for as financial liabilities at fair value through profit or loss under non-current liabilities.

## 20. BORROWINGS (Continued)

(e) (Continued)

The movements of the liability component, the equity component and the Contingent Consideration in respect of the Convertible Notes II during the current interim period are as follows:

	Tranche A Convertible Notes II not subject to adjustment and Tranche B Convertible Notes II		Tranche A Convertible Notes II subject to adjustment
	Liability component HK\$'000	Equity component HK\$'000	Contingent Consideration HK\$'000
Carrying amount on Acquisition Date	723,889	199,869	48,259
Imputed interest expenses (note (i))	6,512	–	–
Conversion of Convertible Notes II	(480,093)	(131,822)	–
Change in fair value recognised in profit or loss (note (ii))	–	–	88,544
<b>Carrying amount at 30 September 2013 (Unaudited)</b>	<b>250,308</b>	<b>68,047</b>	<b>136,803</b>

Notes:

- (i) The liability component is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 10.07% per annum. Imputed interest expense of approximately HK\$6,512,000 (note 9) was recognised in profit or loss in the current interim period.
- (ii) The Directors are of the opinion that it is probable that the profit guarantee arrangement can be achieved. Based on the valuation conducted by Roma Appraisal, the fair value of the Contingent Consideration as determined by using the Binomial Option Pricing Model is estimated to be HK\$48,259,000 and HK\$136,803,000 as at Acquisition Date and 30 September 2013 respectively.

## 21. DEFERRED TAX LIABILITIES

	Six months ended 30 September 2013 (Unaudited) HK\$'000	Year ended 31 March 2013 (Audited) HK\$'000
Opening carrying amount	93,960	141,260
Arising from business combination (note 24)	81,286	–
Credited to profit or loss (note 10)	(10,589)	(40,857)
Exchange realignment	(11,441)	(6,443)
	<b>153,216</b>	93,960

**22. SHARE CAPITAL**

	Six months ended 30 September 2013 (Unaudited)			Year ended 31 March 2013 (Audited)		
	Par value HK\$	Number of ordinary shares	Nominal value HK\$'000	Par value HK\$	Number of ordinary shares	Nominal value HK\$'000
<b>Authorised</b>						
At the beginning of the period/year	0.25	10,000,000,000	2,500,000	0.05	50,000,000,000	2,500,000
Share Consolidation (note (a))	N/A	–	–	N/A	(40,000,000,000)	–
At the end of the period/year	0.25	10,000,000,000	2,500,000	0.25	10,000,000,000	2,500,000
<b>Issued and fully paid</b>						
Balance at beginning of the period/year	0.25	1,839,596,000	459,899	0.05	9,197,980,000	459,899
Share Consolidation (note (a))	N/A	–	–	N/A	(7,358,384,000)	–
Issue of Placing Shares (note (b))	0.25	360,000,000	90,000	–	–	–
Exercise of share options (note (c))	0.25	61,340,000	15,335	–	–	–
Conversion of Convertible Note I (note (d))	0.25	2,000,000	500	–	–	–
Conversion of Convertible Notes II (note (e))	0.25	3,086,652,000	771,663	–	–	–
Balance at the end of the period/year	0.25	5,349,588,000	1,337,397	0.25	1,839,596,000	459,899

## 22. SHARE CAPITAL (Continued)

Notes:

- (a) Pursuant to an ordinary resolution passed on 19 November 2012, a share consolidation was approved with effect from 20 November 2012 in which every 5 of the existing issued and unissued ordinary shares of HK\$0.05 each in the share capital of the Company were consolidated into 1 consolidated share having a par value of HK\$0.25 per share (the "**Share Consolidation**"). Immediately after the Share Consolidation, the authorised and issued and fully paid share capital of the Company comprised 10,000,000,000 and 1,839,596,000 consolidated shares of HK\$0.25 each respectively.
- (b) On 15 May 2013, the Company completed a placing of 360,000,000 new shares of the Company at HK\$0.25 per share. Proceeds generated from the placing amounted to HK\$90,000,000 (before share issue expenses of approximately HK\$1,800,000). The net proceeds of approximately HK\$88,200,000 was intended to be utilised as general working capital of the Group. As a result of the placing, share capital has increased by HK\$90,000,000 and share premium has decreased by HK\$1,800,000.
- (c) During the current interim period, 61,340,000 share options had been exercised by holders at HK\$0.25 each for the issuance of 61,340,000 shares. As a result of the exercise of share options, cash and cash equivalent, share capital and share premium have increased by HK\$15,335,000, HK\$15,335,000 and HK\$2,745,000 respectively and share options reserve has decreased by HK\$2,745,000.
- (d) During the current interim period, the Noteholder I converted Convertible Note I in aggregate principal amount of HK\$2,200,000 at the conversion price of HK\$1.1 per share whereby a respective total number of 2,000,000 conversion shares were issued. As a result of the conversion, share capital and share premium account of the Company have increased by HK\$500,000 and HK\$2,155,000 respectively and the aggregate of which represents proportional amounts of the equity component, the Derivative Component and the liability component at the time of conversion (note 20(d)).
- (e) During the current interim period, the Noteholders II converted Convertible Notes II in aggregate principal amount of HK\$771,663,000 at the conversion price of HK\$0.25 per share whereby a respective total number of 3,086,652,000 conversion shares were issued. As a result of the conversion, share capital of the Company has increased by HK\$771,663,000 and share premium of the Company has decreased by HK\$159,748,000 respectively and the aggregate of which represents proportional amounts of the equity component and the liability component at the time of conversion (note 20(e)).

### 23. SHARE-BASED COMPENSATION

The movements of the share options granted by the Company during the current and last interim periods are as follows:

2013	Options grant date	Exercise price per share*	Number of share options				At
			At 1 April 2013	Granted	Exercised	Forfeited	30 September 2013
Grantees		HK\$	'000	'000	'000	'000	'000
Directors	25 October 2010	0.855	36,700	-	-	-	36,700
	9 October 2012	0.25	66,600	-	(29,500)	-	37,100
			103,300	-	(29,500)	-	73,800
Employees	25 October 2010	0.855	8,000	-	-	-	8,000
	9 October 2012	0.25	22,960	-	(17,440)	(500)	5,020
			30,960	-	(17,440)	(500)	13,020
Suppliers of services or goods	25 October 2010	0.855	13,000	-	-	-	13,000
	9 October 2012	0.25	18,000	-	(14,400)	-	3,600
			31,000	-	(14,400)	-	16,600
<b>Total</b>			<b>165,260</b>	<b>-</b>	<b>(61,340)</b>	<b>(500)</b>	<b>103,420</b>
<b>Weighted average exercise price* (HK\$ per share)</b>			<b>0.461</b>	<b>-</b>	<b>0.25</b>	<b>0.25</b>	<b>0.588</b>

## 23. SHARE-BASED COMPENSATION (Continued)

2012	Grantees	Options grant date	Exercise price per share* HK\$	Number of share options				
				At 1 April 2012 '000	Granted '000	Exercised '000	Forfeited '000	At
								30 September
								2012 '000
Directors	25 August 2009	1.925	2,600	-	-	(2,600)	-	
	25 October 2010	0.855	241,250	-	-	(56,250)	185,000	
			243,850	-	-	(58,850)	185,000	
Employees	25 August 2009	1.925	550	-	-	(550)	-	
	25 October 2010	0.855	40,000	-	-	-	40,000	
			40,550	-	-	(550)	40,000	
Suppliers of services or goods	25 August 2009	1.925	600	-	-	(600)	-	
	25 October 2010	0.855	65,000	-	-	-	65,000	
			65,600	-	-	(600)	65,000	
<b>Total</b>			<b>350,000</b>	<b>-</b>	<b>-</b>	<b>(60,000)</b>	<b>290,000</b>	
<b>Weighted average exercise price* (HK\$ per share)</b>			<b>0.865</b>	<b>-</b>	<b>-</b>	<b>0.92</b>	<b>0.855</b>	

\* adjusted for the effect of Share Consolidation as disclosed in note 22(a).



**23. SHARE-BASED COMPENSATION** *(Continued)*

No share options were granted during the current and last interim periods.

The amortised amount of share-based compensation arising from the share options during the current interim period amounted to HK\$934,000 (six months ended 30 September 2012: HK\$1,640,000). Of which, the share-based compensation in respect of the share options granted to Directors and employees amounting to HK\$689,000 (six months ended 30 September 2012: HK\$1,129,000) (note 8) and to consultants amounting to HK\$245,000 (six months ended 30 September 2012: HK\$511,000) were recognised as administrative expenses. The corresponding amount of HK\$934,000 (six months ended 30 September 2012: HK\$1,640,000) has been credited to the share options reserve. No liabilities were recognised as those are equity-settled share-based payment transactions.

During the current interim period, 500,000 (six months ended 30 September 2012: 56,250,000) unvested share options granted to employees were forfeited. In addition, during the six months ended 30 September 2012, 3,750,000 vested shares options granted to Directors, employees and suppliers were forfeited. For the forfeiture of the unvested share options amounting to HK\$9,000 (six months ended 30 September 2012: HK\$2,642,000) (note 8), they are recorded as a reversal to current interim period's profit or loss and the corresponding amount has been debited to the share option reserve. For the lapse of vested share options during the six months ended 30 September 2012 amounting to HK\$1,635,000, they were transferred from share option reserve to accumulated losses.

The number of outstanding share options which are exercisable as at 30 September 2013 was 78,510,000 (at 30 September 2012: 40,000,000 (adjusted for the Share Consolidation)) which represent approximate 1.47% (at 30 September 2012: 2.17%) of the Company's shares in issue on that date. The exercise in full of these share options would result in the issue of 78,510,000 (at 30 September 2012: 40,000,000 (adjusted for the Share Consolidation)) additional ordinary shares of the Company including additional share capital of HK\$19,628,000 (at 30 September 2012: HK\$10,000,000) and share premium of HK\$18,551,000 (at 30 September 2012: HK\$24,200,000) respectively.

## 24. BUSINESS COMBINATION

As mentioned in note 1, the Group completed the acquisition of 100% equity interests of Sinbo Investment Limited on 2 August 2013. Sinbo Investment Limited owns 100% indirect equity interests in Beijing Peace Map Information which is a wholly foreign owned enterprise established in the PRC. Beijing Peace Map Information entered into a series of agreements (the “**Structural Agreements**”) with Peace Map and/or its then shareholders in October 2012. Notwithstanding the lack of equity ownership, through the Structural Agreements, Sinbo Investment Limited is able to exercise control over Peace Map Group by way of controlling the voting rights of Peace Map, governing their financial and operating policies, appointing and removing the majority of the members of their controlling authorities, casting the majority of votes at meetings of such authorities and deriving economic benefits from Peace Map Group. Accordingly, Peace Map and its subsidiaries are accounted for as subsidiaries of Sinbo Investment Limited. As Peace Map is owned as to 18.85% by 四維航空遙感有限公司 (“**CATIC Siwei**”) and CATIC Siwei is not a contracting party to the Structural Agreements, only 81.15% of the financial results of Peace Map Group is attributable to Sinbo Investment Limited. The Acquisition allows the Group to diversify its existing business portfolio and broaden its sources of income arising from geographical information industry in the PRC.

In summary, upon completion of the Acquisition, the Structural Agreements provide the Group, through Beijing Peace Map Information, with, among other things:

- the rights to variable returns from its involvement in Peace Map Group and to receive substantial economic benefits from the operations of Peace Map Group through various commercial arrangements;
- the rights to receive leasing income from Peace Map Group through leasing the principal assets which are crucial for the business of Peace Map Group such as aerial camera and intellectual property rights; and
- the rights to control the management, financial and operating policies of Peace Map Group and to direct the activities of Peace Map Group which can affect the returns to the Group significantly.

## 24. BUSINESS COMBINATION (Continued)

The fair values of the identifiable assets and liabilities of Sinbo Investment Group as at the Acquisition Date and the corresponding carrying amounts immediately prior to the Acquisition are as follows:

	Carrying amount	Fair value adjustments	Fair value
	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment	47,580	(723)	46,857
Goodwill	8,489	(8,489)	-
Other intangible assets	112,586	493,978	606,564
Deferred tax assets	794		794
Inventories	14,778		14,778
Amounts due from customers of contract works	83,908		83,908
Trade and other receivables, prepayment and deposits (note (d))	237,902		237,902
Amount due from a related company (note (e))	2,297		2,297
Loans receivable (note (e))	17,657		17,657
Tax recoverable	349		349
Structured deposits	15,061		15,061
Pledged bank deposits	11,659		11,659
Cash and cash equivalents	38,702		38,702
Trade and other payables	(140,321)		(140,321)
Amount due to a non-controlling shareholder	(49,824)		(49,824)
Tax payable	(2,934)		(2,934)
Borrowings	(117,352)		(117,352)
Deferred tax liabilities	(482)	(80,804)	(81,286)
Total identifiable net assets at fair value			684,811
Non-controlling interests (note (c))			(129,128)
Goodwill (note (b))			666,334
Fair value of Consideration (note (a))			1,222,017
			HK\$'000
Purchase consideration settled in cash (note (a))			250,000
Less: cash and cash equivalents of the subsidiaries acquired			(38,702)
Net cash outflows			211,298

## 24. BUSINESS COMBINATION (Continued)

Notes:

- (a) Pursuant to the Acquisition Agreement, the consideration for the Acquisition of HK\$1,500 million in aggregate (the “**Consideration**”) is to be satisfied as to HK\$600,000,000 by cash and HK\$900,000,000 by issuing convertible notes in the principal amount of HK\$900,000,000 in aggregate by the Company. The mix of the Consideration by way of cash and by issuing convertible notes is subject to the completion of a placing (the “**Placing**”) which is a condition precedent for the Acquisition. The Placing did not proceed and eventually the Group and the vendors have agreed on the Consideration to be satisfied as follows:

	HK\$'000
Cash	250,000
Issue of Convertible Notes II	<u>1,250,000</u>
	<u>1,500,000</u>

The fair value of the Consideration at the Acquisition Date comprised:

	HK\$'000
Cash	250,000
Convertible Notes II (note 20(e))	923,758
Contingent Consideration (note 20(e))	<u>48,259</u>
	<u>1,222,017</u>

- (b) The goodwill is attributable to the acquisition of Sinbo Investment Group and the Acquisition enables the Group to enjoy a repaid growth in the PRC’s geographical information system (“**GIS**”) industry. It is expected that the remote sensing and GIS Industry in the PRC will continue to expand in the coming years due to the implementation of extensive remote sensing and GIS related projects including the Digital City Projects in various provinces in the PRC and the extensive demand on the geographical data processing services in a number of sectors including but not limited to land resources, water, urban planning and surveying and mapping in the PRC. Led by the management team which has extensive industry experience and profound professional knowledge in GIS, Peace Map Group is expected to benefit from the emerging geographic information industry.

**24. BUSINESS COMBINATION** *(Continued)*

Notes: *(Continued)*

- (c) The Group has elected to measure the non-controlling interest in Peace Map Group at their proportionate share of the fair value of identifiable net assets acquired.
- (d) The fair value and gross contractual amount of the trade and other receivables at the Acquisition Date amounted to HK\$198,718,000 and HK\$210,610,000. Trade receivables of HK\$11,892,000 are expected to be uncollectible.
- (e) The fair values of amount due from a related company and loans receivable at the Acquisition Date approximate their gross amounts which amounted to HK\$2,297,000 and HK\$17,657,000 respectively. None of these receivables are impaired and it is expected that the full contractual amounts could be collected.
- (f) The Group incurred transaction cost of HK\$3,575,000 for the Acquisition which have been expensed and recognised as administrative expense in the profit or loss for the current interim period.
- (g) Sinbo Investment Group has contributed revenue of HK\$37,771,000 and net profit of HK\$5,335,000 to the Group since the Acquisition Date to 30 September 2013. Had the Acquisition occurred on 1 April 2013, consolidated revenue and consolidated loss for the six months ended 30 September would have been HK\$501,245,000 and HK\$232,412,000 respectively.

## 25. COMMITMENTS

### (a) Operating lease commitments

The future aggregate minimum lease rental payable under non-cancellable operating leases in respect of land and buildings is as follows:

	<b>At 30 September 2013 (Unaudited) HK\$'000</b>	At 31 March 2013 (Audited) HK\$'000
Within one year	13,521	6,580
In the second to fifth years, inclusive	10,680	4,778
	<b>24,201</b>	11,358

The Group leases certain properties under the operating leases. The leases run for an initial period of three months to three years (at 31 March 2013: two to three years), with an option to renew the leases and renegotiate the terms at the expiry date. The leases do not include any contingent rentals.

### (b) Capital commitments

	<b>At 30 September 2013 (Unaudited) HK\$'000</b>	At 31 March 2013 (Audited) HK\$'000
Acquisition of intangible assets	1,765	–

## 26. CONTINGENT LIABILITIES AND LITIGATIONS

- (a) In prior financial years, a writ of summons and statement of claim were served to a subsidiary of the Company as defendant in respect of the claim seeking the recovery of a sum of approximately HK\$5.9 million in aggregate by an ex-subcontractor. The Group made a statement of defence and counterclaim against the ex-subcontractor for a sum of approximately HK\$0.5 million, and no further action was taken by the plaintiff afterwards. In July 2012, the mediation was held but no settlement agreement was reached. As at 30 September 2013 and up to the date of this report, there is no material progress in respect of the claims. On 20 August 2013, the plaintiff took out a Case Management Summons to apply for further directions from the court regarding discovery of documents and exchange of factual witness statements. In the Summons hearing on 18 October 2013, the court ordered the plaintiff to consider making application to transfer the Action to the Construction and Arbitration List. The court also ordered the timetable regarding discovery of documents and exchange of factual witness statements. The Action has not been proceeded to the stages of discovery of documents and exchanging of witness statements, and only part of the supporting documents were provided by the plaintiff after the mediation. Based on the advice from the legal advisers of the Group, the Directors believe that the Group has a good defence against the plaintiff. The Group has made a provision of HK\$1,500,000 which is the expected cost to close out the case in full.

## 26. CONTINGENT LIABILITIES AND LITIGATIONS *(Continued)*

- (b) On 23 March 2011, two of the Company's former directors and others (the "**Plaintiffs**") commenced legal proceedings to claim against the Company and other directors for various relief including an injunction preventing the Company from proceeding with the placing of shares pursuant to the resolution passed by the Board on 21 March 2011. The placing of shares was completed on 13 April 2011. The Plaintiffs have not claimed against the Company for damages and the liabilities of the Company are limited to costs at this stage. The Plaintiffs have made an application for an interlocutory injunction on 4 April 2011 (the "**Application**") and the Application has been heard on 27 November 2012. The Application was dismissed by the Court with costs awarded against the Plaintiffs in favour of the Company and the defendants, such costs to be paid and taxed forthwith, if not agreed. Separately, the Plaintiffs' application to amend the related summons was also dismissed by the Court with costs awarded against the Plaintiffs in favour of the Company and the defendants, such costs to be paid and taxed forthwith, if not agreed.
- (c) Apart from the above, as at 30 September 2013, a number of lawsuits and claims arising from the normal course of business were lodged against the Group which remain outstanding as at the date of these interim financial statements. Claim amounts are not specified in some of the applications of these lawsuits and claims. In the opinion of the Directors, sufficient insurance coverage are maintained to cover the losses, if any, arising from most of these lawsuits and claims and therefore the ultimate liability under these lawsuits and claims would not have a material adverse impact on the financial position of the Group.



## 27. RELATED PARTY TRANSACTIONS

(i) Transactions with a related company

	<b>Six months ended 30 September</b>	
	<b>2013 (Unaudited) HK\$'000</b>	2012 (Unaudited) HK\$'000
Rental expenses for office premises paid to Grand Media Limited	<b>492</b>	492

The directors of the Company, Mr. Yuen Chow Ming, Mr. So Yiu Cheung and Mr. Yuen Wai Keung, have equity interests of 34%, 33% and 33%, respectively, in Grand Media Limited.

## 27. RELATED PARTY TRANSACTIONS *(Continued)*

### (ii) Key management personnel

Included in staff costs are key management personnel compensation which comprises the following categories:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Salaries, allowances and benefits in kind	<b>4,038</b>	5,216
Equity-settled share-based compensation	<b>496</b>	(1,830)
Post-employment benefits	<b>24</b>	70
	<b>4,558</b>	3,456

## 28. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

- (a) Set out below is an overview of the carrying amount and fair value of financial assets and liabilities held by the Group:

	At 30 September 2013 (Unaudited) HK\$'000	At 31 March 2013 (Audited) HK\$'000
<b>Financial assets</b>		
Financial assets at fair value through profit or loss		
– Structured deposits	12,503	4,940
– Derivative Component of Convertible Note I	35,682	57,755
Loan and receivables (including cash at banks and in hand and pledged bank deposits)	504,126	470,179
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	1,639,523	1,084,980
Financial liabilities at fair value through profit or loss	136,803	–

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at the end of the reporting period.

## 28. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY *(Continued)*

### (b) Fair value measurements recognised in the statement of financial position

The following table presents the carrying value of financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy as defined in the HKFRS 13 Fair Value Measurement. The hierarchy categorises fair value measurements into three levels based on the relative reliability of significant inputs to the valuation technique used. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**28. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY** (Continued)

- (b) Fair value measurements recognised in the statement of financial position (Continued)

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. The financial assets of the Group at fair value in the statement of financial position are grouped into fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 30 September 2013 (Unaudited)</b>				
<b>Financial assets at fair value through profit or loss</b>				
Structured deposits	–	12,503	–	12,503
Derivative Component of the Convertible Note I (note 20(d))	–	35,682	–	35,682
	–	48,185	–	48,185
<b>Financial liabilities at fair value through profit or loss</b>				
Contingent Consideration (note 20(e))	–	–	136,803	136,803

## 28. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (Continued)

- (b) Fair value measurements recognised in the statement of financial position (Continued)

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 31 March 2013 (Audited)</b>				
<b>Financial assets at fair value through profit or loss</b>				
Structured deposits	–	4,940	–	4,940
Derivative Component of the Convertible Note I (note 20(d))	–	57,755	–	57,755
	–	62,695	–	62,695

During the six months ended 30 September 2013, there were no transfers among Level 1, Level 2 and Level 3.

The fair value of the Contingent Consideration is determined using binomial option pricing model and the significant unobservable input used in the fair value measurement is the Directors' assessment on the probability of the PAT as mentioned in note 20(e). The fair value measurement of the Contingent Consideration is positively correlated to the probability of the profit target being achieved. As at 30 September 2013, it is estimated that with all other variable held constant, a shortfall by 3% from the target PAT of HK\$80,000,000 would have decreased the Group's consolidated losses by approximately HK\$1,107,000, representing a net impact of (i) reduction in the fair loss on the Contingent Consideration by HK\$3,507,000; and (ii) reduction in Sinbo Investment Group's net profit after tax by HK\$2,400,000 attributable to the Group. The maximum fair value of the Contingent Consideration is capped at HK\$140,310,000 as at 30 September 2013. Changes in Level 3 fair values are analysed at each reporting date by the management, with the assistance of valuation carried out by an independent professional valuer. The movement of the Contingent Consideration during the current interim period is set out in note 20(e).

## 29. EVENTS AFTER THE INTERIM REPORTING PERIOD

Save as those disclosed elsewhere in the interim financial statements, the Group has the following significant events which took place subsequent to the reporting period:

- (a) On 2 September 2013, the Company entered into a conditional sale and purchase agreement (“**Disposal Agreement**”) to dispose of the entire issued share capital and the shareholder’s loan of a subsidiary, Rich Path Holdings Limited (“**Rich Path**”), to Diamond Wealth Holdings Limited (“**Diamond Wealth**”) at a consideration of HK\$354,350,000 (the “**Disposal**”). The consideration shall be payable by Diamond Wealth to the Company upon completion by way of set-off in full against the outstanding principal amount of the Promissory Note (note 20(c)). Rich Path is the holding company of those subsidiaries which are principally engaged in waterworks engineering contracting business in Hong Kong, the water supply business in Mainland China and the renovation services in Macau (the “**Disposal Group**”). The completion of the Disposal Agreement is conditional upon, inter alia, obtaining the approval of the independent shareholders of the Company in the extraordinary general meeting. The Disposal has not been approved as at the date of these interim financial statements.
- (b) On 18 November 2013, the Directors have resolved to change the financial year end date of the Company from 31 March to 31 December, details of which have been set out in the announcement dated 18 November 2013.