

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



MONGOLIA INVESTMENT GROUP LIMITED

蒙古投資集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 402)

MEMORANDUM OF UNDERSTANDING RELATING TO A PROPOSED ACQUISITION

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board announced that on 12 December 2011, the Company entered into a MOU with Yuan Tu, the Other Vendors and the Management Shareholders all independent third parties to the Company, the Target Company and Peace Map, all being independent third parties to the Company, pursuant to which the Vendors intended to sell and the Company intended to acquire, through its wholly-owned subsidiary, the entire equity interests in the Target Company. The Target Company is principally engaged in the business of aerial photography, aviation and aerospace remote sensing image data processing, provision of geographic information system (“GIS”) software and solutions. The consideration for the acquisition of the Sale Shares is intended to be satisfied by a combination of cash, the allotment and issue of new Shares and the issue of convertible bonds by the Company.

The MOU is non-legally binding save for certain provisions including those relating to confidentiality, exclusivity and governing law of the MOU. The final terms of the formal agreement, including but not limited to consideration, in relation to the Proposed Acquisition, have yet to be determined and finalized.

Shareholders and potential investors of the Shares should note that the Proposed Acquisition shall be subject to and conditional upon such conditions to be agreed among the parties to the MOU and the formal agreement, including but not limited to (i) the Company completing to its satisfaction, a due diligence review of the Target Group, its assets and liabilities, business operations and affairs, and (ii) the passing by the Shareholders (if required under the Listing Rules, independent Shareholders) of the Company of all necessary resolutions in respect of the Proposed Acquisition, and therefore may not materialize. As the MOU may or may not lead to the entering into of the formal agreement and the Proposed Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

In the event that the Proposed Acquisition materialises, it may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board announces that on 12 December 2011, the Company entered into a MOU with Yuan Tu, the Other Vendors, the Management Shareholders, the Target Company and Peace Map, all being independent third parties to the Company in relation to the Proposed Acquisition. The MOU is non-legally binding save for certain provisions including those relating to the confidentiality, exclusivity and governing law of the MOU. After signing of the MOU, the parties thereto shall use their best endeavours to negotiate in good faith and enter into a definitive and final binding agreement in respect of the Proposed Acquisition and the provisions of the MOU shall form the basis for the preparation of the said documents.

THE MOU

Date: 12 December 2011

Parties: (i) the Company;
(ii) Yuan Tu;
(iii) the Other Vendors;
(iv) the Management Shareholders;
(v) the Target Company; and
(vi) Peace Map.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of Yuan Tu, the Other Vendors and the Management Shareholders, and their respective associates is a third party independent of the Company and its connected persons. The Other Vendors are investment holding companies respectively wholly-owned by the individuals who are either financing advisers to the Target Company or introducing agent in respect of the Proposed Acquisition. The Management Shareholders are the existing ultimate shareholders of the Target Company who are also existing shareholders and management of Peace Map.

The MOU is non-legally binding save for certain provisions including those relating to confidentiality, exclusivity and governing law of the MOU. The final terms of the formal agreement, including but not limited to consideration, in relation to the Proposed Acquisition, have yet to be determined and finalized.

Subject matter

The Vendors intended to sell and the Company intended to acquire, through its wholly-owned subsidiary, the entire equity interests in the Target Company.

Upon completion of the Proposed Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

Consideration

The aggregate consideration for the Sale Shares is intended to be payable to the Vendors or any other parties as directed by each of the Vendors in proportion to their shareholdings in the Target Company after completion of the Proposed Acquisition by (i) issue and allotment of approximately 4.1 billion to 6.9 billion new Shares; (ii) the issue by the Company of convertible bonds with principal amount ranging from approximately HK\$1.1 billion to HK\$1.2 billion; and (iii) cash of approximately HK\$59 million.

For the avoidance of doubt, the issue and allotment of the new Shares under the Proposed Acquisition will not result in a change in control of the Company.

Conditions precedent

The Proposed Acquisition is conditional upon the fulfilment of certain conditions precedent, including, among others:

- (i) Beijing Peace Map Information having been established and the Management Shareholders having completed all necessary requirements under Article No. 75 issued by the State Administration of Foreign Exchange of the PRC and the related foreign registration procedures;
- (ii) the Company being satisfied at its sole discretion in all respects with the results of the due diligence review on the Target Group, including but not limited to, its respective business, financial and legal conditions;
- (iii) the formal agreement in respect of the Proposed Subscription having been signed and the conditions precedent thereto having been satisfied, the Proposed Subscription has been completed and the relevant injection of capital has been made to the Target Company and ultimately to Beijing Peace Map Information;
- (iv) the Purchaser, Yuan Tu, the Management Shareholders, the Other Vendors, the Target Company and Peace Map having signed the formal agreement and there being no matter which will have material adverse impact on the Target Group before completion of the formal agreement; and
- (v) all necessary approvals, permits, consents and authorisation from the board of directors, shareholders, governmental and/or other authorities and any relevant third party having been obtained by the parties in connection with the Proposed Acquisition.

Exclusivity and other undertakings

Each of Yuan Tu, the Other Vendors and the Management Shareholders, during the period of 180 days from the date of the MOU, without the consent of the Company, shall not transfer or create any encumbrances over their interests in Broadlink and the Target Group to any third parties and shall not enter into any discussion or negotiation with any other third parties in similar financing proposals. The MOU is valid and effective for a period of 12 months from the date of the MOU. If the formal agreement is signed by the relevant parties within the 12 months period the MOU will be superseded by the formal agreement.

REASONS FOR THE PROPOSED ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of maintenance and construction work on civil engineering contract in respect of waterwork engineering, road work, drainage and slope upgrading in Hong Kong, water supply service in the PRC, mining and exploration of mineral resource in Mongolia.

Upon establishment of Beijing Peace Map Information, Beijing Peace Map Information will enter into the Structure Agreements with Peace Map pursuant to which the Management Shareholders expect that Beijing Peace Map Information will have effective control over Peace Map and that the financial results of Peace Map shall be consolidated into the financial results of the Target Group.

The principal business of Peace Map includes aerial photography, aviation and aerospace remote sensing image data processing, provision of GIS software and solutions. Following the completion of the Proposed Subscription, which will constitute a condition precedent to the Proposed Share Swap, and immediately prior to the Proposed Share Swap, Yuan Tu will own approximately 23.14% of the equity interest in the Target Company, the Other Vendors will own in aggregate approximately 12.13% of the equity interest of the Target Company, and the remaining equity interests of the Target Company balance will be owned by the Management Shareholders. The Directors consider that the Proposed Acquisition would allow the Group to synergise its existing business portfolio, to diversify into a new line of business with growth potential and to broaden its source of income.

Shareholders and potential investors of the Shares should note that the Proposed Acquisition shall be subject to and conditional upon such conditions to be agreed among the parties to the MOU and the formal agreement, including but not limited to (i) the Company completing to its satisfaction, a due diligence review of the Target Group, its assets and liabilities, business operations and affairs, and (ii) the passing by the Shareholders (if required under the Listing Rules, independent Shareholders) of the Company of all necessary resolutions in respect of the Proposed Acquisition, and therefore may not materialize. As the MOU may or may not lead to the entering into of the formal agreements and the Proposed Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

In the event that the Proposed Acquisition materialises, it may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associates”	has the meaning as ascribed to it under the Listing Rules
“AVIC”	AVIC International Holding (HK) Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Beijing Peace Map Information”	北京天下圖信息技術有限公司 (Beijing Peace Map Information and Technology Limited*), a wholly foreign owned enterprise to be incorporated in the PRC which will be indirect wholly-owned by the Target Company
“Board”	the board of Directors
“Broadlink”	Broadlink Enterprises Limited, a company incorporated in the BVI and wholly-owned by the Management Shareholders and the sole shareholder of the Target Company prior to completion of the Proposed Subscription
“BVI”	the British Virgin Islands
“Company”	Mongolia Investment Group Limited, a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange

* For identification purposes only.

“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Shareholders”	the existing ultimate shareholders of the Target Company who are also the existing shareholders and management of Peace Map
“MOU”	the non-legally binding (save for certain provisions relating to the confidentiality, exclusivity and the governing law) memorandum of understanding dated 12 December 2011 entered into among the Company, Yuan Tu, the Other Vendors, the Management Shareholders, the Target Company and Peace Map in relation to the Proposed Acquisition
“Other Vendors”	the other vendors of the Target Company Shares other than Yuan Tu and the Management Shareholders in the Proposed Acquisition
“Peace Map”	北京天下圖數據技術有限公司 (Peace Map Co. Ltd.*), a company incorporated in the PRC
“PRC”	the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Proposed Acquisition”	the proposed acquisition of the Sale Shares as contemplated under the MOU
“Proposed Subscription”	the proposed subscription of shares in the Target Company by Yuan Tu and the Other Vendors (including the issue of the shares of the Target Company to certain Other Vendors as remuneration for their advisory services) as contemplated under a memorandum of understanding entered into among Yuan Tu, the Other Vendors, the Management Shareholders, the Target Company and Peace Map
“Purchaser”	the purchaser of the Proposed Acquisition, which is a wholly-owned subsidiary of the Company to be formed
“Sale Shares”	the entire equity interests in the Target Company
“Share(s)”	share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* For identification purposes only.

“Structure Agreements”	the structure agreements to be entered into between Beijing Peace Map Information and Peace Map in relation to having an effective control over Peace Map
“Target Company”	Sinbo Investment Limited, a company incorporated in the BVI
“Target Group”	the Target Company and its subsidiaries
“Vendors”	Yuan Tu, the Other Vendors and the Management Shareholders
“Yuan Tu”	Yuan Tu Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of AVIC
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“%”	per cent

On behalf of the Board
Mongolia Investment Group Limited
Leung Chung Tak Barry
Executive Director

Hong Kong, 12 December 2011

As at the date of this announcement, the executive Directors are Messrs. YUEN Chow Ming (Chairman), YUEN Wai Keung (Deputy Chairman and Chief Executive Officer), SO Yiu Cheung (Deputy Chairman), CHEUNG Chi Man Dennis, LIM Siong, Dennis ENEBISH Burenkhuu and LEUNG Chung Tak Barry, and the non-executive Director is Mr. HO Hin Hung Henry, and the independent non-executive Directors are Messrs. CHAN Sai Kit Kevin, LIAO Cheung Tin Stephen and TAM Tsz Kan.