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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)

**PLACING OF NEW SHARES
UNDER GENERAL MANDATE**

On 22 March 2011 after trading hours, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent Placers for up to 1,320,000,000 new Shares at the Placing Price of HK\$0.067 per Placing Share, for and on behalf of the Company.

The Placing Shares represent approximately 18.52% of the existing issued share capital of the Company as at the date of this announcement and approximately 15.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price represents (i) a discount of approximately 19.28% to the closing price of HK\$0.083 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 15.19% to the average closing price of approximately HK\$0.079 per Share for the last 5 trading days up to and including the Last Trading Day; and (iii) a discount of approximately 19.28% to the average closing price of approximately HK\$0.083 per Share for the last 10 trading days up to and including the Last Trading Day.

Assuming a maximum of 1,320,000,000 Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing will be approximately HK\$88.4 million. After taking into account the estimated expenses of approximately HK\$1.9 million in relation to the Placing, the estimated net proceeds of approximately HK\$86.5 million is intended to be utilized as general working capital of the Group.

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in Shares.

On 22 March 2011 after trading hours, the Company entered into the Placing Agreement with the Placing Agent in respect of the Placing.

THE PLACING AGREEMENT

Date

22 March 2011

Parties

- (i) the Company; and
- (ii) Quam Securities Company Limited, as the Placing Agent. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed to not less than six independent Placees and their respective ultimate beneficial owners will be Independent Third Parties. It is expected that no Placee will become a substantial Shareholder (as such term is defined in the Listing Rules) immediately following completion of the Placing.

The Placing Shares

Pursuant to the Placing Agreement, the Placing Agent has agreed to place, on a best effort basis, to not less than six independent Placees for up to 1,320,000,000 new Shares, which represent:

- approximately 18.52% of the existing issued share capital of the Company as at the date of this announcement; and
- approximately 15.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all the Shares in issue and are entitled to all rights attaching thereto at the date of the issue and thereafter.

The Placing Price

The Placing Price of HK\$0.067 per Placing Share represents:

- (i) a discount of approximately 19.28% to the closing price of HK\$0.083 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 15.19% to the average closing price of approximately HK\$0.079 per Share as quoted on the Stock Exchange for the last 5 trading days of the Shares up to and including the Last Trading Day; and
- (iii) a discount of approximately 19.28% to the average closing price of approximately HK\$0.083 per Share as quoted on the Stock Exchange for the last 10 trading days of the Shares up to and including the Last Trading Day.

The Directors consider that the Placing Price, which was negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market prices of the Shares, is fair and reasonable.

Placing commission

The Placing Agent will receive a placing commission of 2% on the gross proceeds of the Placing.

Conditions

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Placing Shares (either unconditionally or subject to conditions which are acceptable to the Company).

The Placing is not subject to Shareholders' approval.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Completion

Completion of the Placing shall take place on the second Business Day after the fulfillment of the condition set out above. If the condition precedent to the Placing is not fulfilled on or prior to 15 April 2011, or such other date as may be agreed in writing between the Company and the Placing Agent, the Placing Agreement shall become null and void and the Company and the Placing Agent shall be released from all rights and obligations pursuant to the Placing Agreement.

Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company's annual general meeting on 26 August 2010 to allot and issue up to 1,320,596,000 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date. Such general mandate has not been previously utilized, accordingly, as at the date of this announcement, the number of new Shares that could be issued by the Company under the General Mandate is 1,320,596,000. As the Placing Shares are to be issued under the aforesaid general mandate, the Placing is not subject to Shareholders' approval.

Termination and force majeure

(A) The Placing Agent reserves the right to terminate the arrangements set out in the Placing Agreement by notice in writing given by the Placing Agent to the Company at any time prior to completion of the Placing, if in the opinion of the Placing Agent:

- (a) the success of the Placing would be adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic, currency or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which adversely affects the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (b) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing or otherwise in the sole and absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in the circumstances of the Company or any members of the Group which may adversely affect the prospect of the Group taken as a whole.

(B) If, at or prior to completion of the Placing:

- (a) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Placing Agreement; or
- (b) the Placing Agent shall receive notification, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate, and the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent an adverse change in the financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a prejudicial effect on the Placing;

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

(C) Upon the giving of the relevant notices, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Placing Agreement provided however that the Company shall reimburse the Placing Agent for all reasonable expenses or fees reasonably and properly incurred by the Placing Agent in connection with the Placing Agreement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 7,127,980,000 Shares in issue.

Set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming none of the outstanding share options or convertible securities of the Company has been exercised or converted and no Shares will be issued or repurchased between the date of this announcement and the date of completion of the Placing).

	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Yuen Chow Ming	121,000,000	1.70	121,000,000	1.43
Yuen Wai Keung	305,592,000	4.29	305,592,000	3.62
So Yiu Cheung	123,000,000	1.72	123,000,000	1.45
Lim Siong, Dennis	206,850,000	2.90	206,850,000	2.45
Placees	—	—	1,320,000,000	15.63
Other public Shareholders	6,371,538,000	89.39	6,371,538,000	75.42
				—
Total	7,127,980,000	100.00	8,447,980,000	100.00

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Date of mandate granted	Actual use of proceeds as at the date of this announcement
29 December 2009	Placing under specific mandate	Approximately HK\$450 million	Payment of part of the consideration for the Acquisition	28 May 2010	As to HK\$200 million used for payment of part consideration for the Acquisition
			To operate certain mining sites in Mongolia pursuant to the Acquisition		As to approximately HK\$47.6 million used for operation of certain mining site in Mongolia and the remaining kept at bank
			General working capital for the mining business		As to approximately HK\$39.4 million used as general working capital for the mining business and the remaining kept at bank

REASONS FOR THE PLACING AND USE OF PROCEEDS

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 provision of water supply services in Mainland China as well as mining and exploration of mineral resources in Mongolia.

The Directors consider that the Placing is a good opportunity to raise capital for the Company and to broaden the capital base of the Company. The Directors also consider that the Placing is a preferred means of funding as any additional amount of bank borrowings would adversely affect the gearing ratio of the Company, which may not be in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interest of the Company and the Shareholders as a whole.

Assuming a maximum of 1,320,000,000 Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing will be approximately HK\$88.4 million. After taking into account the estimated expenses of approximately HK\$1.9 million in relation to the Placing, the net proceeds of approximately HK\$86.5 million from the Placing is intended to be used as general working capital of the Group and the net price per Placing Share is expected to be approximately HK\$0.066 per Placing Share.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of certain mining and exploration licences in respect of certain mines in Mongolia pursuant to the acquisition agreement entered into between Brave Lion Investments Limited, an indirect wholly-owned subsidiary of the Company, and the vendors dated 5 December 2009 (as supplemented and amended by the supplemental agreements dated 29 December 2009 and 7 May 2010), details of which can be referred to in the circular of the Company dated 12 May 2010
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, and any other public holidays and any day on which a tropical cyclone warning no. 8 or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks generally are open for business in Hong Kong
“Company”	Mongolia Investment Group Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at its annual general meeting on 26 August 2010 to allot and issue up to 1,320,596,000 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the Listing Rules)
“Last Trading Day”	22 March 2011, being the last trading day of the Shares on the Stock Exchange immediately preceding the date of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee”	professional, institutional or other investors procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent subject to the terms and conditions of the Placing Agreement
“Placing Agent”	Quam Securities Company Limited, a company incorporated in Hong Kong
“Placing Agreement”	the conditional placing agreement dated 22 March 2011 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.067 per Placing Share
“Placing Shares”	1,320,000,000 new Shares to be placed by the Placing Agent pursuant to the terms and conditions of the Placing Agreement
“Share(s)”	ordinary 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

“substantial Shareholder”	has the meaning ascribed thereto under the Listing Rules
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Mongolia Investment Group Limited
Ho Hin Hung, Henry
Executive Director

Hong Kong, 22 March 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, HO Hin Hung, Henry, LIM Siong, Dennis, WONG Tak Chung, ENEBISH Burenkhuu and LEUNG, Chung Tak Barry and the independent non-executive Directors are Messrs. CHAN, Sai Kit Kevin, LIAO Cheung Tin, Stephen and TAM Tsz Kan.