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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)

- (1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO
THE ACQUISITION OF ALL THE ISSUED SHARES OF
SINBO INVESTMENT LIMITED INVOLVING
THE ISSUE OF CONSIDERATION SHARES AND
CONVERTIBLE NOTES;
(2) PROPOSED SHARE CONSOLIDATION AND
CHANGE IN BOARD LOT SIZE; AND
(3) RESUMPTION OF TRADING**

THE ACQUISITION

The Vendors, the Management Shareholders, the Purchaser and the Company entered into the Acquisition Agreement on 26 May 2012 (as amended and supplemented by the Acquisition Supplemental Agreement dated 1 June 2012) pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares as at Acquisition Completion at the aggregate Consideration of HK\$1,500 million (subject to adjustment). The Consideration will be settled by cash, the allotment and issue of the Consideration Shares and the issue of the Convertible Notes by the Company.

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

The Board proposes that every five Shares of HK\$0.05 each in the issued and unissued share capital of the Company be consolidated into one Consolidated Share of HK\$0.25 each in the issued and unissued share capital of the Company. As at the date of this announcement, there were 9,197,980,000 Shares of HK\$0.05 each in issue and fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased by the Company from the date of this announcement up to the date of the EGM, there will be 1,839,596,000 Consolidated Shares of HK\$0.25 each in issue and fully paid or credited as fully paid upon the Share Consolidation becoming effective. The Share Consolidation is subject to, among others, the approval of the Shareholders at the EGM.

As at the date of this announcement, Shares are traded in board lots of 2,000 Shares. The Board also proposed that following the Share Consolidation becoming effective, the Consolidated Shares shall be traded in board lots of 10,000 Consolidated Shares. Based on the closing price of HK\$0.039 per Share on the Last Trading Day, the value of each board lot of the Consolidated Shares, assuming the Share Consolidation had already become effective would be HK\$1,950.

GENERAL

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company and is subject to approval by the Shareholders by way of poll pursuant to Chapter 14 of the Listing Rules at the EGM.

Subject to the Matters being resolved satisfactorily, the EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Share Consolidation and the Acquisition Agreement and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares and the issue of the Convertible Notes together with the allotment and issue of the Conversion Shares pursuant to the exercise of the Conversion Rights. No Shareholder is required to abstain from voting in favour of the resolutions to be proposed at the EGM.

A circular containing, among others, (i) further details of the Share Consolidation and the Acquisition; (ii) financial and other information on the Group; (iii) financial and other information on the Peace Map Group and the Target Group; (iv) pro forma financial information of the enlarged Group upon Acquisition Completion; and (v) the notice of the EGM, will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 31 December 2012, subject to the Matters being resolved satisfactorily on or before the Long Stop Date.

As Acquisition Completion is subject to the Matters being resolved satisfactorily and the conditions precedent set out in the Acquisition Agreement, the Acquisition may or may not proceed. Shareholders and investors should exercise caution when dealing in securities of the Company.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on 28 May 2012 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 8 August 2012.

Reference is made to the announcement of the Company dated 12 December 2011 in relation to the entering into of the non-legally binding (save for certain provisions relating to the confidentiality, exclusivity and the governing law) Memorandum of Understanding in relation to the Acquisition. The Board is pleased to announce that the Vendors, the Management Shareholders, the Purchaser and the Company entered into the Acquisition Agreement, the principal terms of which are set out below:

THE ACQUISITION AGREEMENT

Date

26 May 2012 (as amended and supplemented on 1 June 2012)

Parties

- (A) Vendors:
- (i) Broadlink, holding 100% of the issued shares of the Target Company as at the date of the Acquisition Agreement, and will hold approximately 63.39% of the issued shares of the Target Company upon completion of the Subscription, which is beneficially wholly-owned by the Management Shareholders;
 - (ii) Kingspot, which will hold approximately 22.66% of the issued shares of the Target Company upon completion of the Subscription;
 - (iii) Alliance Elegant, which will hold approximately 7.59% of the issued shares of the Target Company upon completion of the Subscription;
 - (iv) Bidfast, which will hold approximately 4.51% of the issued shares of the Target Company upon completion of the Subscription; and
 - (v) Grandest, which will hold approximately 1.85% of the issued shares of the Target Company upon completion of the Subscription.
- (B) Purchaser: Jichang Investments Limited, a direct wholly-owned subsidiary of the Company
- (C) Issuer: the Company
- (D) Management Shareholders: nine individuals who are the existing ultimate shareholders and members of the management of Peace Map

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, each of the Vendors and their respective ultimate beneficial owners and the Management Shareholders are Independent Third Parties as at the date of the Acquisition Agreement.

Subject matter of the Acquisition Agreement

Pursuant to the Acquisition Agreement, the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing all the issued shares of the Target Company as at Acquisition Completion.

Consideration

The aggregate Consideration for the Sale Shares is HK\$1,500,000,000 (subject to adjustment as described in the paragraph headed “Adjustment to the Consideration” below), which shall be payable to the Vendors or their nominees (if applicable) in the following manner upon Acquisition Completion:

- (1) in respect of Kingspot, as to (i) HK\$132,850,000 by way of allotment and issue of 531,400,000 new Consolidated Shares; (ii) HK\$132,050,000 by way of issue of the Tranche A Convertible Notes (of which the Tranche A Convertible Notes in a principal amount of HK\$18,128,000 shall be delivered to the Escrow Agent pursuant to the escrow arrangement contemplated under the Acquisition Agreement); and (iii) HK\$75,000,000 by way of issue of the Tranche B Convertible Notes;

- (2) in respect of Bidfast, as to (i) HK\$26,441,000 by way of allotment and issue of 105,764,000 new Consolidated Shares; and (ii) HK\$41,209,000 by way of issue of the Tranche A Convertible Notes (of which the Tranche A Convertible Notes in a principal amount of HK\$3,608,000 shall be delivered to the Escrow Agent pursuant to the escrow arrangement contemplated under the Acquisition Agreement);
- (3) in respect of Grandest, as to (i) HK\$10,846,000 by way of allotment and issue of 43,384,000 new Consolidated Shares; and (ii) HK\$16,904,000 by way of issue of the Tranche A Convertible Notes (of which the Tranche A Convertible Notes in a principal amount of HK\$1,480,000 shall be delivered to the Escrow Agent pursuant to the escrow arrangement contemplated under the Acquisition Agreement);
- (4) in respect of Alliance Elegant, as to (i) HK\$30,000,000 by way of allotment and issue of 120,000,000 new Consolidated Shares; and (ii) HK\$83,850,000 by way of cash (of which HK\$6,072,000 shall be delivered to the Escrow Agent pursuant to the escrow arrangement contemplated under the Acquisition Agreement); and
- (5) in respect of Broadlink, as to (i) HK\$4,500,000 by way of allotment and issue of 18,000,000 new Consolidated Shares; (ii) HK\$941,850,000 by way of issue of the Tranche A Convertible Notes (of which the Tranche A Convertible Notes in a principal amount of HK\$50,712,000 shall be delivered to the Escrow Agent pursuant to the escrow arrangement contemplated under the Acquisition Agreement); and (iii) HK\$4,500,000 by way of cash.

The above settlement arrangements were arrived at after arm's length negotiation between the Company, the Purchaser and each of the Vendors taking into account of, among others, the financial position of the Group, the need to secure continuing commitment of the Vendors by aligning their commercial interests with that of the Group and their respective preference on the settlement method of the Consideration.

Basis of the Consideration

The Consideration was agreed at after arm's length negotiations between the Vendors, the Management Shareholders, the Purchaser and the Company after taking into account (i) the prospects of the Peace Map Group; and (ii) the guaranteed PAT of not less than HK\$80 million and the price to earnings multiple of approximately 19 times based on the aforesaid guaranteed PAT with reference to the price to earnings multiple of other companies engaged in the provision of geospatial information data, geographical information system and mapping services which are listed in other exchanges in the world including the Shanghai Stock Exchange, Tokyo Stock Exchange, NASDAQ etc. It is noted that the price to earnings multiple of approximately 19 times is within the range of the comparable companies identified approximately from 9 to 204. The Board considers that the basis of arriving at the Consideration is fair and reasonable as it is common market practice to make reference to price to earnings multiple of comparable companies for merger and acquisition transactions.

The management of the Peace Map Group expects that the scale of its operation and revenue for the financial year ending 31 December 2012 will increase significantly due to the followings:

1. the rapid development in the geographical information industry in the PRC;
2. the enhancement of the business diversity and operation capacity of the Peace Map Group through acquisitions of the subsidiaries, namely, AVIC Siwei in 2009 and Beijing Haicheng Huatu, Beijing Shenghezhuang and Beijing Langtian Botai in 2010 and completion of the related integration of internal resources of the Peace Map Group forming the complete geographical information industrial chain throughout 2010 and 2011; and

3. the startup of new business segments, namely, the sale and manufacture of surveying and mapping vehicles and the agency business of aerial imagery camera of the Peace Map Group in the second half of 2011.

Taking into account the above factors and based on the communication between the management of the Peace Map Group and the potential customers in respect of the projects to be launched, the management of the Peace Map Group believes that the guaranteed PAT can be met and thus the Company considers that the Consideration is fair and reasonable to the Company and the Shareholders as a whole.

Adjustment to the Consideration

In the event that the PAT is less than HK\$80 million, the Consideration shall be adjusted by deducting the sum equivalent to the shortfall between the PAT and HK\$80 million (the “Reduced Amount”) subject to a maximum deduction of the sum of HK\$80 million (the “Adjustment”), and the Vendors shall be severally responsible to settle the Reduced Amount pro rata to the respective numbers of the Sale Shares legally and beneficially owned by them bear to each other and sold to the Purchaser pursuant to the Acquisition Agreement; and each of the Vendors and the Purchaser shall (insofar as it is within its power to do so) procure the Escrow Agent to, within 5 Business Days after the certificate of the PAT is delivered to the Escrow Agent:

- (i) release the cash of HK\$6,072,000 held by the Escrow Agent:
 - (a) as to an amount equivalent to the pro rata portion of the Reduced Amount attributable to Alliance Elegant to the Purchaser or its nominee; and
 - (b) as to the remaining balance (if any) to Alliance Elegant or its nominee; and
- (ii) release the note certificates representing the Tranche A Convertible Notes held by the Escrow Agent to the Company for cancellation; and the Company shall, within 5 Business Days after receipt of such Tranche A Convertible Notes, issue such new Tranche A Convertible Notes (the principal amount of the Tranche A Convertible Note to be issued to each relevant Vendor less the respective pro rata portions of the Reduced Amount attributable to the relevant Vendors) with the conversion price of HK\$0.25 (subject to adjustment) per Conversion Share to the relevant Vendors.

In the event that the PAT is equal to or more than HK\$80 million, there shall be no adjustment to the Consideration and each of the Vendors and the Purchaser shall (insofar as it is within its power to do so) procure the Escrow Agent to, within 5 Business Days after the certificate of the PAT is delivered to the Escrow Agent:

- (i) release the sum of HK\$6,072,000 in full held by the Escrow Agent to Alliance Elegant or its nominee; and
- (ii) release the note certificates representing the Tranche A Convertible Notes held by the Escrow Agent to the relevant Vendors.

The PAT shall be such amount as shown in the Post Completion Accounts as audited by Shinewing (HK) CPA Limited, adopting the accounting principles and practices generally accepted in Hong Kong. The auditors of the Target Group shall act as an expert and not an arbitrator in certifying the amount of the PAT and the amount (if any) required for adjustment of the Consideration which shall be final and conclusive and binding on the parties. The Post Completion Accounts shall be prepared with the assistance by the Vendors, the Management Shareholders and the Purchaser and shall be delivered to them within 4 months after 31 December 2012. The certificate of the PAT shall be delivered to the Vendors and the Purchaser simultaneously with the Post Completion Accounts.

The Company has identified several recent transactions in relation to very substantial acquisition undertaken by companies listed on the Stock Exchange in which the circular for the relevant transaction has been published not more than one year prior to the date of the Acquisition Agreement (the “Comparable Transactions”) where the embedded adjustment mechanism to the consideration are capped at the respective guaranteed profit after tax (i.e. without multiplying the pricing multiple).

The Adjustment mechanism was arrived at after arm’s length negotiation among the Company and the Vendors and was negotiated to the best effort of the Directors with an aim to secure additional downside protection on the profit of the Peace Map Group which may otherwise be unavailable without such guaranteed PAT. The Company also confirms that such arrangement is already the best terms which the Vendors are willing to offer in the Acquisition and accepted by the Company after arm’s length negotiation. In considering the Adjustment mechanism, the Company has also sought to understand the basis of the management of the Peace Map Group that the guaranteed PAT is reasonably achievable and is not otherwise unrealistically high. Having considered the basis of the management of the Peace Map Group to expect that the scale of the operation and revenue of the Peace Map Group for the financial year ending 31 December 2012 will increase significantly as disclosed in the paragraph headed “Basis of the Consideration”, the Company considers that the guaranteed PAT of HK\$80 million was determined with reasonable basis. Furthermore, the Company has also made references to certain merger and acquisition transactions as listed above conducted by listed companies in Hong Kong and noted that such mechanism is not uncommon. Accordingly, the Board considers that the Adjustment mechanism is fair and reasonable to the Company and its Shareholders as a whole.

Conditions precedent

Acquisition Completion is conditional upon fulfillment of the following conditions:

- (a) the Management Shareholders having completed the necessary filings and registration with the State Administration of Foreign Exchange of the PRC (“SAFE”) under Article No. 75 issued by SAFE (“Article No.75 registration”) in relation to the transactions referred to and contemplated under the Acquisition Agreement, save and except those in connection with the shareholding changes arising from Acquisition Completion;
- (b) the Structural Agreements having been entered into and taken effect and the relevant equity pledge agreements (being part of the Structural Agreements) having been duly filed and registered with the relevant Administration for Industry and Commerce in the PRC;
- (c) the Subscription Agreement having been entered into and the Subscription having been completed in accordance with the Subscription Agreement;
- (d) (if required) the passing of the necessary resolutions by the shareholders of AVIC (other than those who are required to abstain from voting by law, the Listing Rules, the Takeovers Code, the Stock Exchange, the SFC and/or the constitutional documents of AVIC) at a special general meeting of AVIC approving the execution, delivery and performance of the Acquisition Agreement and the transactions contemplated thereunder;
- (e) all warranties made by the Vendors being true and correct in all material respects and remaining so from the date of the Acquisition Agreement up to the Completion Date;
- (f) the Vendors having delivered to the Purchaser an opinion issued by Tian Yuan Law Firm or such other lawyer qualified in the PRC and approved by the Purchaser, dated as of the Completion Date, in respect of each member of the Peace Map Group;

- (g) the transactions contemplated under the Acquisition Agreement will not trigger any requirements under the Takeovers Code requiring the making of a mandatory general offer for the acquisition of the entire share capital of the Company pursuant to the Takeovers Code;
- (h) the certificate of incumbency and certificate of good standing in respect of the Target Company, in each case dated not more than 5 Business Days before the Completion Date in form and substance satisfactory to the Purchaser, having been delivered to the Purchaser;
- (i) all necessary consents in relation to the transactions contemplated under the Acquisition Agreement having been obtained by the Vendors, including but not limited to such consents (if appropriate or required) of the Stock Exchange and the SFC and all filings with any relevant governmental or regulatory Authorities and other relevant third parties in Hong Kong, or elsewhere which are required or appropriate for the entering into and the implementation of the Acquisition Agreement having been made and/or obtained;
- (j) the Purchaser having confirmed in writing that it is satisfied at its sole and absolute discretion with the results of the due diligence review of the Target Group;
- (k) the Shareholders (other than those who are required to abstain from voting under the Listing Rules and the Takeovers Code) passing at the EGM resolutions approving the execution, delivery and performance of the Acquisition Agreement and the transactions contemplated thereunder, including but not limited to the purchase of the Sale Shares, the allotment and issue of the Consideration Shares, the creation and issue of the Convertible Notes and the allotment and issue of the Conversion Shares;
- (l) the Shareholders passing at the EGM approving the Share Consolidation, and the Share Consolidation having become effective;
- (m) (if required) the Company having obtained the approval of the Authority under all applicable Laws in respect of the allotment and issue of the Consideration Shares, the creation and issue of the Convertible Notes and the allotment and issue of the Conversion Shares to each of the relevant Vendors;
- (n) the Company having obtained an approval at its own cost from the Stock Exchange for the listing of and permission to deal in the Consolidated Shares, Consideration Shares and the Conversion Shares and such listing and permission not being subsequently revoked prior to the issue and allotment of the Consideration Shares and the Conversion Shares;
- (o) all the warranties of the Company being true and correct in all material respects and remaining so from the date of the Acquisition Agreement up to Acquisition Completion;
- (p) the Stock Exchange not having indicated that it will treat (i) the transactions contemplated under the Acquisition Agreement as a “reverse takeover” under Rule 14.06(6) of the Listing Rules and/or (ii) the Company as a new listing applicant under Rule 14.54 of the Listing Rules;
- (q) the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Acquisition Agreement up to Acquisition Completion, save for (i) any temporary suspension not exceeding 15 consecutive trading days or (ii) suspension resulting from compliance with the Listing Rules for the purposes of consummation of the transactions contemplated under the Acquisition Agreement, or such longer period as the Vendors may accept in writing, and no indication being received by the Company on or before Acquisition Completion from the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange will or may be withdrawn or objected to as a result of Acquisition Completion or in connection with the terms of the Acquisition Agreement or any documents contemplated thereunder; and

- (r) all necessary consents in relation to the transactions contemplated under the Acquisition Agreement having been obtained by the Purchaser and the Company, including but not limited to such consents (if appropriate or required) of the Stock Exchange and the SFC and all filings with any relevant governmental or regulatory Authorities and other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the entering into and the implementation of the Acquisition Agreement having been made and/or obtained.

Each of the Vendors and the Management Shareholders shall (insofar as it is within its power to do so) use its best endeavours to procure the fulfilment of all the conditions (a) to (i) above as soon as practicable after the signing of the Acquisition Agreement and in any event before the Long Stop Date. The Purchaser may waive in writing the conditions set out in (e) and (h) above at its own discretion.

Condition (h) is concerned mainly with the corporate information of the Target Company. In the course of conducting due diligence, the Purchaser has already gathered such information and the Vendors and the Management Shareholders have also given relevant representations and warranties in the Acquisition Agreement that such information is true and correct.

Whether the Purchaser will or should waive such conditions depends on the surrounding circumstances. For example, in the case of condition (e), the Purchaser may consider to give such waiver where the breach of the Vendors' warranty in question will not adversely affect the interest of the Purchaser as a whole, taking into account the overall circumstances surrounding the underlying transactions. For condition (h), the Purchaser may consider to give such waiver where, due to unforeseeable circumstances beyond the control of the relevant parties, the certificates referred to in condition (h) are not available within the prescribed time limit.

The areas covered in the legal opinion as described in condition (f) are as follows:

1. status of the filing and registration with SAFE under Article No.75 by the Management Shareholders in relation to the transactions referred to and contemplated under the Acquisition Agreement;
2. due incorporation and valid existence of Beijing Peace Map Information and each member of the Peace Map Group;
3. compliance, force and effect of the certificate of approval, business license and articles of association and subsequent amendments of each member of the Peace Map Group and Beijing Peace Map Information with the requirements of applicable PRC laws;
4. corporate powers and authority to conduct the business currently carried out by each member of the Peace Map Group and Beijing Peace Map Information; and
5. enforceability, validity and legality of the Structural Agreements.

Each of the Purchaser and the Company shall (insofar as it is within its power to do so) use its best endeavours to procure the fulfilment of all the conditions set out in (k) to (r) above as soon as practicable after the signing of the Acquisition Agreement and in any event before the Long Stop Date. The Vendors may waive in writing the conditions set out in condition (o) above at their own discretion.

If any of the above conditions shall not have been fulfilled (or waived, as the case may be) on or before the Long Stop Date, the Acquisition Agreement shall cease and determine and no party to the Acquisition Agreement shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

Acquisition Completion

Acquisition Completion shall take place at 4:00 p.m. on the Completion Date (or such other date as the Vendors and the Purchaser may agree in writing) after all the conditions under the Acquisition Agreement having been fulfilled or waived by the relevant parties and when all (but not some only) of the Acquisition Completion formalities and deliveries shall, unless otherwise agreed by the Vendors and the Purchaser, occur.

Acquisition Supplemental Agreement

At the request of the Vendors, the original Acquisition Agreement is amended and supplemented by the Acquisition Supplemental Agreement dated 1 June 2012, pursuant to which all of the rights, benefits, obligations and liabilities of each of Yuan Tu, Wei Hang and Lucky Treasure under the original Acquisition Agreement have been novated to Kingspot, Bidfast and Alliance Elegant respectively so that:

1. each of Kingspot, Bidfast and Alliance Elegant undertakes that it will, with effect from 1 June 2012:
 - (a) assume and accept all of the rights, benefits, obligations and liabilities of or owed by Yuan Tu, Wei Hang and Lucky Treasure respectively under the original Acquisition Agreement and otherwise observe and perform and be bound by all of the provisions of the original Acquisition Agreement binding on each of Yuan Tu, Wei Hang and Lucky Treasure respectively; and
 - (b) be liable to the original parties under the original Acquisition Agreement for any breach, non-observance or non-performance by Yuan Tu, Wei Hang and Lucky Treasure respectively of their respective obligations under the original Acquisition Agreement occurring prior to 1 June 2012,

in each case and in every way as if it had been a party to the original Acquisition Agreement in place of Yuan Tu, Wei Hang and Lucky Treasure respectively from 26 May 2012;
2. with effect from 1 June 2012, each of Yuan Tu, Wei Hang and Lucky Treasure has been released and discharged from the further performance of all of its obligations under the original Acquisition Agreement and from all liabilities, claims and demands of any kind arising whether past, present and future under the original Acquisition Agreement;
3. the parties to the original Acquisition Agreement (other than Yuan Tu, Wei Hang and Lucky Treasure) severally (and not jointly) undertake to Kingspot, Bidfast and Alliance Elegant that they will severally (and not jointly), with effect from 1 June 2012:
 - (a) discharge all of their respective obligations under the original Acquisition Agreement and otherwise observe, perform and be bound by all the provisions of the original Acquisition Agreement binding on them respectively; and
 - (b) be liable to Kingspot, Bidfast and Alliance Elegant for any breach, non-observance or non-performance by them respectively of their respective obligations under the original Acquisition Agreement whether occurring prior to, on or after 1 June 2012;

in each case and in every way as if each of Kingspot, Bidfast and Alliance Elegant had been a party to the original Acquisition Agreement in place of Yuan Tu, Wei Hang and Lucky Treasure respectively, and their respective obligations had been owed to Kingspot, Bidfast and Alliance Elegant in place of Yuan Tu, Wei Hang and Lucky Treasure respectively, from 26 May 2012;

4. with effect from 1 June 2012:

- (a) each of Yuan Tu, Wei Hang and Lucky Treasure shall assign and transfer all its rights and benefits under the original Acquisition Agreement to Kingspot, Bidfast and Alliance Elegant respectively; and
- (b) each of Yuan Tu, Wei Hang and Lucky Treasure shall cease to have any rights or benefits under the original Acquisition Agreement whether in respect of any breach, non-observance or non-performance by the parties to the original Acquisition Agreement (other than Yuan Tu, Wei Hang and Lucky Treasure) of their respective obligations under the original Acquisition Agreement (whether occurring prior to, on or after 1 June 2012) or otherwise.

In addition, the original Acquisition Agreement is further amended and supplemented by the Acquisition Supplemental Agreement, so that any Conversion Shares which may be allotted and issued upon exercise of the Conversion Rights under the Convertible Notes shall be issued on terms that they will rank pari passu in all respects with the ordinary shares of the Company in issue as at the date of the conversion notice given pursuant to the relevant Convertible Notes in respect of the relevant Conversion Shares, save as regards any right to (a) dividend which may be declared or paid by the Company; or (b) any other form of shareholder's rights or benefits against the Company, in either case by reference to a record date which is prior to the date of the conversion notice given pursuant to the relevant Convertible Notes in respect of the relevant Conversion Shares. Based on the information available to the Company, the novaters and the corresponding novatees of the Acquisition Supplemental Agreement have the same ultimate beneficial owners respectively.

THE CONSIDERATION SHARES

Upon Acquisition Completion, the Company will allot and issue, credited as fully paid, an aggregate of 818,548,000 Consideration Shares at the Issue Price of HK\$0.25 per Consideration Share to the Vendors (or their nominees) as partial settlement of the Consideration for the Acquisition.

The 818,548,000 Consideration Shares represent (i) approximately 44.50% of the issued share capital of the Company assuming the Share Consolidation becoming effective as at the date of this announcement; (ii) approximately 30.79% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming no outstanding share options and conversion rights attached to the outstanding convertible bonds of the Company has been exercised prior to Acquisition Completion); and (iii) approximately 10.93% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares upon the exercise of the Conversion Rights (assuming the exercise of the Conversion Rights in full and no outstanding share options and conversion rights attached to the outstanding convertible bonds of the Company has been exercised prior to Acquisition Completion).

The Issue Price was arrived at after arm's length negotiation between the Company, the Purchaser and the Vendors taking into account the nominal value of the Consolidated Shares of HK\$0.25 each, and, for illustrative purpose only, represents:

- a premium of approximately 28.21% over the theoretical closing price of HK\$0.195 per Consolidated Share (adjusted assuming the Share Consolidation becoming effective) as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 28.21% over the theoretical average closing price of HK\$0.195 per Consolidated Share (adjusted assuming the Share Consolidation becoming effective) as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;

- a premium of approximately 26.90% over the theoretical average closing price of HK\$0.197 per Consolidated Share (adjusted assuming the Share Consolidation becoming effective) as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- a discount of approximately 72.97% to the theoretical unaudited net asset value of HK\$0.925 per Consolidated Share as at 30 September 2011 (adjusted assuming the Share Consolidation becoming effective and based on the latest published unaudited consolidated net asset value of the Company of approximately HK\$1,702.34 million as at 30 September 2011 and 1,839,596,000 Consolidated Shares as at the Last Trading Day); and
- a premium of approximately 34.41% to the theoretical audited net asset value of HK\$0.186 per Consolidated Share as at 31 March 2012 (adjusted assuming the Share Consolidation becoming effective and based on the latest published audited consolidated net asset value of the Company of approximately HK\$341.48 million as at 31 March 2012 and 1,839,596,000 Consolidated Shares as at the Last Trading Day).

Having considered that the Issue Price represents a premium to the theoretical audited net asset value per Consolidated Share as at 31 March 2012 and taking into account the recent trading price of the Shares, in particular (i) the Issue Price represents premiums to the theoretical closing prices per Consolidated Shares on the Last Trading Day and the average theoretical closing prices per Consolidated Shares for the last 5 and 10 consecutive trading days up to and including the Last Trading Day; and (ii) closing price of the Shares was trading below HK\$0.05, the current nominal value of the Share, since 12 March 2012, the Board considers that the Issue Price is fair and reasonable to the Company and the Shareholders as a whole.

The Consideration Shares will be allotted and issued under a specific mandate proposed to be obtained at the EGM. The Consideration Shares, when issued following Acquisition Completion, will rank *pari passu* in all respects among themselves and with the existing Shares then in issue, as at the date of issue and allotment, save as regards any right to (a) dividend which may be declared or paid by the Company; or (b) any other form of shareholder's rights or benefits against the Company, in either case by reference to a record date which is prior to the Completion Date. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Each of the Vendors irrevocably and unconditionally undertakes to the Purchaser and the Company that it shall not sell or transfer or otherwise dispose of, or create any encumbrances on, its legal or beneficial interest or any other right, title, benefit or interest of whatsoever nature therein or thereto in respect of any part of the Consideration Shares or enter into any agreement or commitment to give or create any of the foregoing in any case, during the period of six months after the Completion Date.

CONVERTIBLE NOTES

Upon Acquisition Completion, the Company will issue to Kingspot, Bidfast, Grandest and Broadlink (or their nominees) the Convertible Notes as partial settlement of the Consideration for the Acquisition.

Upon exercise of the Conversion Rights in full (assuming no adjustment to the conversion price is made pursuant to the Convertible Notes), the Company will allot and issue 4,828,052,000 Conversion Shares, representing (i) approximately 2.62 times of the issued share capital of the Company assuming the Share Consolidation becoming effective as at the date of this announcement; and (ii) approximately 64.49% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares upon the exercise of the Conversion Rights in full (assuming no outstanding share options and conversion rights attached to the outstanding convertible bonds has been exercised prior to Acquisition Completion and no adjustment to the conversion price is made pursuant to the Convertible Notes). The aggregate nominal value of the Conversion Shares will be HK\$1,207,013,000 assuming the Conversion Rights are exercised in full.

The Company will consider to settle the Convertible Notes, by various alternatives, including but not limited to internal resources, equity and debts financing when the Convertible Notes become due.

No application will be made for the listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange.

Principal terms of the Convertible Notes

The principal terms of the Convertible Notes are summarised below:

(1) Principal amount

Tranche A Convertible Notes

HK\$1,132,013,000 in aggregate (subject to adjustment as set out in the paragraph headed “Adjustment to the Consideration” above).

Tranche B Convertible Notes

HK\$75,000,000 in aggregate.

(2) Interest

The Convertible Notes will not bear any interest.

If payment of the full principal in respect of the Convertible Notes is improperly withheld or refused or default is otherwise made in respect of any such payment, interest shall accrue on the overdue sum at the rate of 8% per annum over the principal in respect of the Convertible Notes from the due date. Such default interest shall continue to accrue on the basis of the actual number of days elapsed and a 365-day a year.

(3) Maturity Date

The Convertible Notes shall mature on the Business Day falling on the 5th anniversary of the date of issue of the Convertible Notes from the issue date.

The Company shall have the right to extend the Maturity Date in respect of the amount of outstanding Convertible Notes not having been converted on the first maturity date for another five years, i.e. to the Business Day falling on the 10th anniversary of the date of issue of the Convertible Notes.

(4) Conversion

Subject to the lock-up undertakings given by the Vendors as described in the section headed “Undertakings by the Vendors” below, the conversion period commences from the date of issue of the Convertible Notes up to the Maturity Date.

The Noteholder will have the right to convert the whole or part of the principal amount of the Convertible Note into Shares at any time and from time to time, from the date of issue, over the period during which the Convertible Notes remain outstanding in amounts of not less than HK\$1,000,000 on each conversion, save that if at any time, the principal outstanding amount of the Convertible Notes is less than HK\$1,000,000, the whole (but not part only) of the principal outstanding amount of the Convertible Note may be converted.

The Noteholder shall not have the right to convert the whole or part of the principal amount of the Convertible Notes into Conversion Shares to the extent that immediately after such conversion:

- (a) the Noteholder, whether alone or together with parties acting in concert (as defined in the Takeovers Code approved by SFC as amended from time to time) with it, will control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company (the “Maximum Limit”); or
- (b) there will not be sufficient public float of the Shares as required under the Listing Rules.

For Tranche A Convertible Notes, the Noteholder shall not have the right to convert the whole or part of the principal amount of the Convertible Note into Conversion Shares within the period of six months after the date of issue of the Convertible Notes.

For Tranche B Convertible Notes, the Noteholder shall not have the right to convert the whole or part of the principal amount of the Convertible Note into Conversion Shares within the period of one month after the date of issue of the Convertible Notes.

(5) Conversion Price

The Convertible Notes shall be converted at the initial conversion price of HK\$0.25 per Conversion Share, subject to adjustments in the event of, inter alia, any consolidation or subdivision or reclassification of the Shares with which the Shares become of a different nominal amount, issue of Shares by way of capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company by way of rights issue, or grant of options or warrants or other convertible securities, or consideration issue at a price which is less than 90% of the then market price of the Shares.

The Conversion Price of HK\$0.25 was arrived at after arm’s length negotiation between the Company, the Purchaser and the relevant Vendors after taking into account the nominal value of the Consolidated Shares. The Conversion Price represents:

- a premium of approximately 28.21% over the theoretical closing price of HK\$0.195 per Consolidated Share (adjusted assuming the Share Consolidation becoming effective) as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 28.21% over the theoretical average closing price of HK\$0.195 (adjusted assuming the Share Consolidation becoming effective) per Consolidated Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 26.90% over the theoretical average closing price of HK\$0.197 (adjusted assuming the Share Consolidation becoming effective) per Consolidated Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- a discount of approximately 72.97% to the theoretical unaudited net asset value of HK\$0.925 per Consolidated Share as at 30 September 2011 (adjusted assuming the Share Consolidation becoming effective and based on the latest published unaudited consolidated net asset value of the Company of approximately HK\$1,702.34 million as at 30 September 2011 and 1,839,596,000 Consolidated Shares as at the Last Trading Day); and
- a premium of approximately 34.41% to the theoretical audited net asset value of HK\$0.186 per Consolidated Share as at 31 March 2012 (adjusted assuming the Share Consolidation becoming effective and based on the latest published audited consolidated net asset value of the Company of approximately HK\$341.48 million as at 31 March 2012 and 1,839,596,000 Consolidated Shares as at the Last Trading Day).

On the same basis of determination of the Issue Price, the Board considers that the Conversion Price is fair and reasonable to the Company and the Shareholders as a whole.

(6) Conversion Shares

The Conversion Shares will rank pari passu in all respects with all other existing Shares then outstanding on the date of conversion notice and shall be entitled to all dividends, bonuses and other distributions the record date of which falls on a date immediately after (and including) the date of the conversion notice. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the Conversion Rights attached to the Convertible Notes.

(7) Transferability

The principal amount to be assigned or transferred must be at least HK\$1 million unless the amount of the outstanding Convertible Notes is less than HK\$1 million in which as the whole (but not part only) of that amount may be assigned or transferred. The Noteholders of the Tranche A Convertible Notes and Tranche B Convertible Notes shall not sell or transfer or otherwise dispose of, or create any encumbrances on, their legal or beneficial interest or any other right, title, benefit or interest of whatsoever nature therein or thereto in respect of any part of the Tranche A Convertible Notes and Tranche B Convertible Notes, or enter into any agreement or commitment to give or create any of the foregoing within the period of six months and one month after the date of issue of the Tranche A Convertible Notes and the Tranche B Convertible Notes respectively.

The Convertible Notes may be assigned or transferred (if required) with the prior consent (if required) of the Stock Exchange to any party other than any connected person of the Company.

(8) Voting rights at general meeting

The Noteholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being a Noteholder.

(9) Status

The Convertible Notes constitute general, direct and unsecured obligation of the Company and rank, and will rank equally among themselves and pari passu without preference or priority among themselves and with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

(10) Redemption

The Convertible Notes are non-redeemable by the Company at any time prior to the Maturity Date, or its extension, where appropriate.

As the Convertible Notes shall mature on the day falling on the 5th anniversary of the date of issue of the Convertible Notes (and, if such date is not a Business Day, the Business Day next following such date) and the Company shall have the right to extend the Maturity Date in respect of the amount of outstanding Convertible Notes not having been converted on the initial Maturity Date for another five years, and that there is no early redemption clause for the Convertible Notes, there are ten years after the Acquisition Completion to arrange the settlement of the Convertible Notes, if not fully converted prior to their maturity. The Directors consider that it is not practical for the Company to devise a detailed settlement plan for the Convertible Notes. The Company currently plans to utilise available internal resources generated from its business operations for the settlement of the Convertible Notes. In the event that such internal resources are insufficient for the settlement of the Convertible Notes, the Company shall pursue debt or equity financing for the settlement of the Convertible Notes when the Convertible Notes become due.

The Directors consider that the payment method involving the issue of the Convertible Notes is favourable to the Group at the juncture of its development given that it enables the Group to implement the Acquisition without significant outlay of cash and preserve its currently available cash for future development of its business, and thus, is considered to be in the interests of the Company and the Shareholders as a whole.

UNDERTAKINGS BY THE VENDORS

As soon as practicable and in any event within three months after the Completion Date (or such later date as may be agreed in writing between the Vendors and the Purchaser), the Vendors and the Management Shareholders shall severally (and not jointly) use their best endeavours to procure completion of the necessary filings and Article No. 75 registration with SAFE in relation to the transactions contemplated under the Acquisition Agreement in connection with the shareholding changes arising from Acquisition Completion.

As at the date of this announcement, the Management Shareholders have received the registration forms bearing the official seals of Beijing SAFE showing that they have completed Article No. 75 registration with SAFE in relation to the establishment of Broadlink, the Target Company and Peace Map HK.

According to Article No. 75 and other relevant rules, domestic residents shall apply for change of registration regarding foreign exchange of offshore investment within 30 days after the occurrence of increase or decrease of registered capital of the special-purpose enterprises, transfer or replacement of its equity interests, and other material capital changes. To comply with the above rules, the Management Shareholders will need to apply for change of Article No. 75 registration after the completion of the Subscription and the Acquisition respectively.

The Directors are advised by the PRC legal advisers of the Company that failure to complete the change of registration will not directly affect or bring about any material adverse impacts on the Acquisition itself in that it shall be undertaken after Acquisition Completion. However, pursuant to Article No. 75, the failure to complete the change of registration may restrict the activities in the foreign capital account of Beijing Peace Map Information, such as liquidation, equity transfer, capital reduction and especially the dividends distribution activities to Peace Map HK.

As soon as practicable after the signing of the Acquisition Agreement, the Management Shareholders shall use their respective best endeavours to procure that the Peace Map Group be registered as the owner of the domain name “www.peacemap.com.cn”.

Without prejudice to the arrangement under the escrow agreement, each of the Vendors irrevocably and unconditionally undertakes to the Purchaser and the Company that it shall not:

- (1) (a) sell or transfer or otherwise dispose of, or create any encumbrances on, its legal or beneficial interest or any other right, title, benefit or interest of whatsoever nature therein or thereto in respect of any part of the escrow money or the Tranche A Convertible Notes and deposited to and held by the Escrow Agent, or enter into any agreement or commitment to give or create any of the foregoing; or
- (b) exercise any conversion rights under the Tranche A Convertible Notes,

in any case, during the period from Acquisition Completion up to and including the date when any adjustment to the Consideration (where applicable) has been finally settled in accordance with the provisions of the Acquisition Agreement; and

- (2) (a) sell or transfer or otherwise dispose of, or create any encumbrances on, its legal or beneficial interest or any other right, title, benefit or interest of whatsoever nature therein or thereto in respect of any part of the Consideration Shares or the Tranche A Convertible Notes, or enter into any agreement or commitment to give or create any of the foregoing; or
- (b) exercise any conversion rights under the Tranche A Convertible Notes,
- in any case, during the period of six months after the Completion Date.

Kingspot irrevocably and unconditionally undertakes to the Purchaser and the Company that it shall not

- (a) sell or transfer or otherwise dispose of, or create any encumbrances on, its legal or beneficial interest or any other right, title, benefit or interest of whatsoever nature therein or thereto in respect of any part of the Tranche B Convertible Notes, or enter into any agreement or commitment to give or create any of the foregoing; or
- (b) exercise any conversion rights under the Tranche B Convertible Notes,

in any case, during the period of one month after the Completion Date.

The lock-up arrangements of the Convertible Notes were arrived at after arm's length negotiation among the Company and the Vendors and were negotiated to the best effort of the Directors with an aim to secure continuing commitment of the Vendors by aligning their commercial interests with that of the Group and their respective preference on the settlement method of the Consideration which may otherwise be unavailable without such lock-up arrangements.

INFORMATION OF THE TARGET GROUP

The Target Company is an investment company incorporated in the BVI on 15 August 2011 with limited liability. As at the date of this announcement, the Target Company is wholly-owned by Broadlink. Broadlink is an investment holding company incorporated in the BVI with limited liability and is wholly-owned by the Management Shareholders.

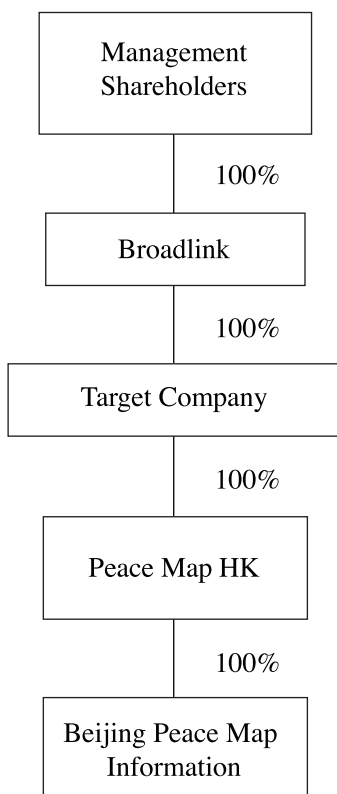
Reorganisation

The Target Group will undergo a reorganisation and shall complete the reorganisation process prior to Acquisition Completion. The reorganisation involves (i) the subscription of 2,452 shares, 821 shares, 488 shares and 200 shares in the Target Company (representing approximately 22.66%, 7.59%, 4.51% and 1.85% of the issued shares of the Target Company upon completion of the Subscription by Kingspot, Alliance Elegant, Bidfast and Grandest); and (ii) the entering into of the Structural Agreements, details of which are set out in the section headed "Structural Agreements" below.

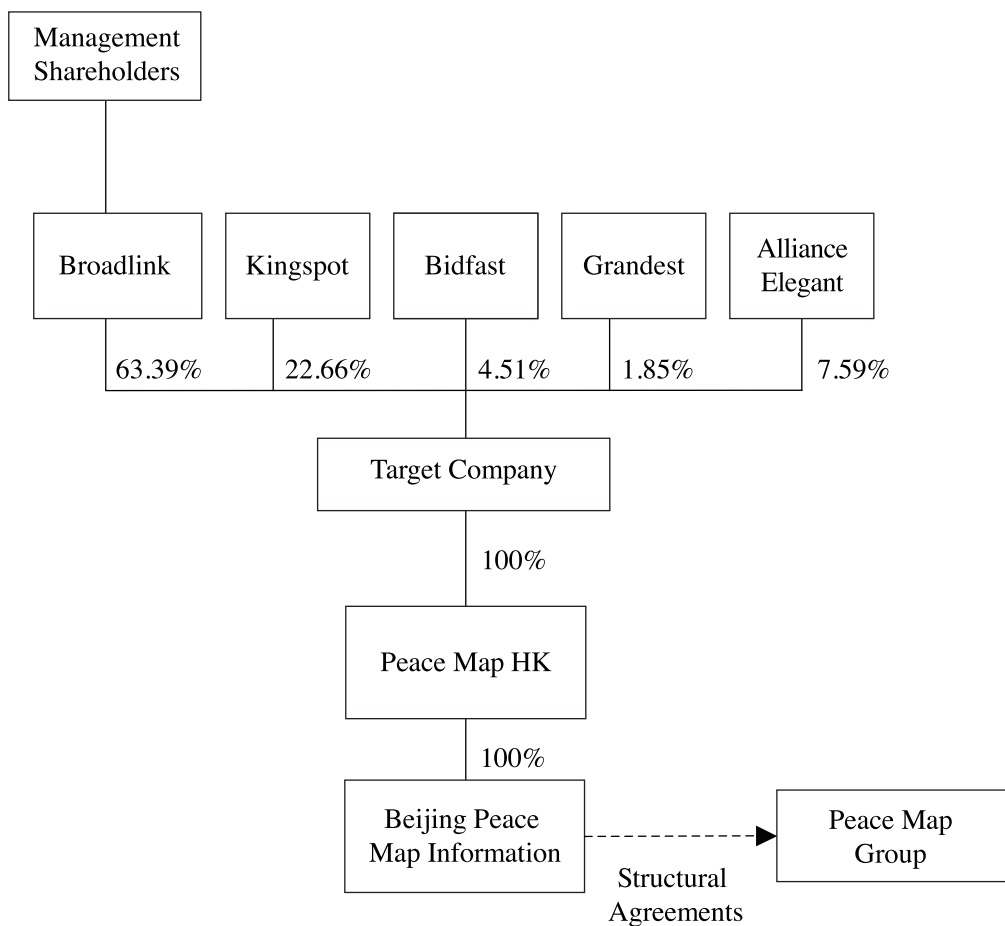
Reference is made to the announcements of AVIC dated 11 May 2012 and 1 June 2012 regarding, among others, the Subscription Agreement and the Subscription Supplemental Agreement (the "AVIC Announcements"). As disclosed in the AVIC Announcements, the purpose of the Subscription is to inject further capital to the Target Company as its working capital, in particular, for the development of its geographical information system ("GIS") business in the PRC, the Target Group entered into the Subscription Agreement with the Vendors. Detailed terms of the Subscription Agreement and the Subscription Supplemental Agreement are referred to in the AVIC Announcements. For the avoidance of doubt, the reorganisation of the Target Group as referred to above is not conditional upon Acquisition Completion.

To the best of the understanding of the Company, the Reorganisation is implemented based on the own commercial reasons of the Vendors before they are willing to sell the Target Group to the Company.

The corporate structure of the Target Group before completion of the reorganisation (including the Subscription) and as of the date of this announcement:



The corporate structure of the Target Group immediately after completion of the reorganisation (including the Subscription) but before Acquisition Completion:



The ultimate beneficial owners of the Vendors are:

Vendors	Ultimate beneficial owners
Broadlink (<i>Note 1</i>)	The Management Shareholders
Kingspot	Aviation Industry Corporation of China (<i>Note 2</i>)
Bidfast	Ms. Lee Hoi Yin
Grandest	Mr. Wong Chun Sun
Alliance Elegant	Mr. Town Man Chung David

Note:

- 1) The percentage of shareholding of the Management Shareholders in Broadlink as at the date of this announcement is shown in the following table:

**Percentage of shareholding of the Management Shareholders
in Broadlink as at the date of this announcement**

Mr. Guan Hongliang	44.36%
Mr. Qin Chun	12.32%
Mr. Wang Jianchang	10.24%
Ms. Kang Xiujian	8.45%
Mr. Zhang Weiwen	8.45%
Ms. Fan Yi	6.03%
Mr. Yuan Guanglin	4.23%
Mr. Zhang Zhenshan	4.23%
Mr. Deng Hui	1.69%

- 2) Kingspot is beneficially and wholly owned by AVIC, the controlling shareholder of which is Aviation Industry Corporation of China.

Based on the information made available to the Company by the relevant Vendors, the relationships among the Vendors, the Management Shareholders and the Vendor's ultimate beneficial owners are:

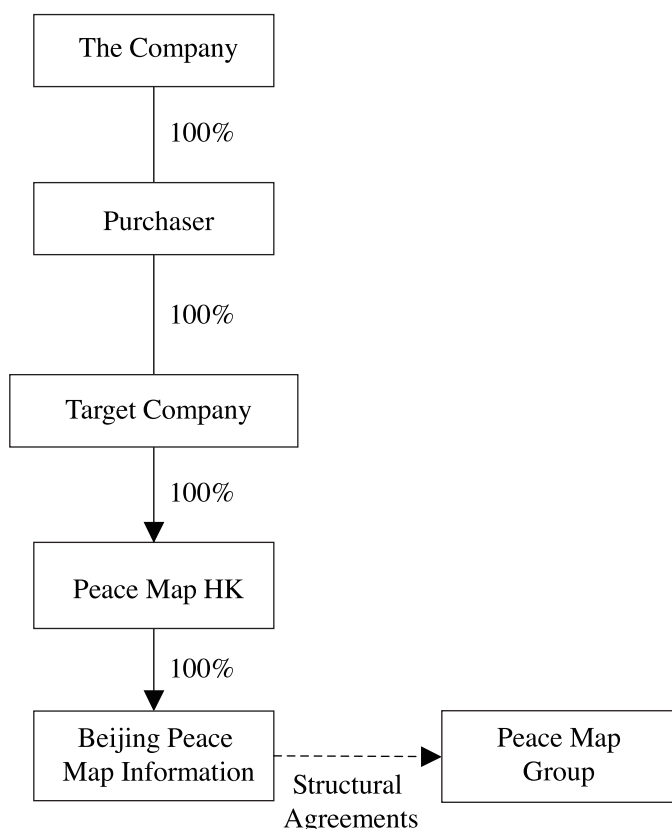
- (a) AVIC has engaged one of the Management Shareholders, Mr. Guan Hongliang, as its consultant in respect of an investment project pursuant to a consultancy service contract which is renewable annually;
- (b) As disclosed in the annual report of AVIC for the year ended 31 December 2011, AVIC has the right to enjoy certain economic benefits derived from 69.4% equity interest in CATIC Siwei held by third parties. The Management Shareholders and CATIC Siwei are shareholders of Peace Map holding 81.15% and 18.85% of the equity interest in Peace Map respectively as at the date of the Acquisition Agreement. Upon completion of the Subscription, the Target Company will be owned as to approximately 63.39%, 22.66%, 7.59%, 4.51% and 1.85% by Broadlink, Kingspot, Alliance Elegant, Bidfast and Grandest respectively;

- (c) Ms. Kang Xiujuan, being one of the Management Shareholders, is the wife of Mr. Guan Hongliang;
- (d) Ms. Lee Hoi Yin, who owns the entire issued share capital of Bidfast, was a staff of AVIC since April 2011 to 10 June 2012;
- (e) the director of Bidfast is a senior management of AVIC;
- (f) the secretary of Wei Hang is the company secretary of AVIC; and
- (g) Wei Hang is a direct wholly-owned subsidiary of Bidfast.

Save as disclosed above, there is no other relationship among the Vendors, the Management Shareholders and the ultimate beneficial owners of the Vendors.

Save as Mr. Guan Hongliang and Ms. Kang Xiujuan, each of the Vendors submits that they are not acting in concert with each of the other Vendors to obtain or consolidate control in the Company under the Takeovers Code.

The corporate structure of the Target Group immediately after Acquisition Completion:



Peace Map HK is an investment holding company incorporated in Hong Kong with limited liability which is wholly owned by the Target Company. Peace Map HK owns the entire equity interests of Beijing Peace Map Information. Beijing Peace Map Information shall enter into the Structural Agreements with Peace Map. As a result of the Structural Agreements, Beijing Peace Map Information is able to recognise and receive the economic benefit of the business and operations of Peace Map and the Management Shareholders consider that the Peace Map Group will be treated as subsidiaries of the Target Company.

Based on the information available to the Company, the majority of the composition of the board of directors of each of the member companies comprising the Target Group remains unchanged since the date on which the relevant company became part of the Target Group and up to the Last Trading Day. The Management Shareholders controlled directly or indirectly over 50% of each member of the Target Group during the most recent financial year, i.e. 2011.

THE STRUCTURAL AGREEMENTS

Currently, PRC laws and regulations place certain restrictions on foreign ownership of companies that engage in surveying and mapping. Specifically, a foreign investor may only hold a minority interest in a Chinese entity that engages in surveying and mapping, and foreign-invested companies are prohibited from engaging in aerial photography. The Structural Agreements allow the Group to effectively control Peace Map through the Target Company upon Acquisition Completion and therefore recognise and receive the economic benefits of the business and operations of the Peace Map Group.

Tian Yuan Law Firm, the PRC legal adviser to the Target Group, has agreed to issue a legal opinion (the “PRC Legal Opinion”) as a condition precedent to the Acquisition. The agreed form of the PRC Legal Opinion will include confirmation that each of the Structural Agreements, upon valid execution, is legally binding and enforceable under the applicable laws of the PRC, provided that the right of pledgee under each of the equity pledge agreements forming part of the Structural Agreements, will become enforceable and valid when it is registered with the relevant Administration for Industry and Commerce, while the enforceability may be affected by any applicable bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium or similar laws affecting creditors’ rights generally and possible judicial or administrative actions or any PRC laws and regulations affecting creditors’ rights. However, there can be no assurance that the government authority would deem these contractual arrangements and/or the Structural Agreements to be in compliance with the licensing, registration or other regulatory requirements, or that the legal requirements or policies that may be adopted in the future (in particular those concerning foreign investment and/or merger and acquisition by foreign investors) would not affect the Structural Agreements and such contractual arrangements.

Pursuant to the Acquisition Agreement, the entering into and taking effect of the Structural Agreements is one of the conditions precedent. It is the intention of the Management Shareholders and Peace Map to enter into the Structural Agreements with Beijing Peace Map Information upon completion of the Subscription Agreement. Pursuant to which (a) Beijing Peace Map Information agrees to provide (i) management and consultancy services; (ii) technical support service to Peace Map; (iii) purchase the equipments of aerial photography from Peace Map and lease back the same to Peace Map; and (iv) purchase relevant intellectual properties from Peace Map and license back to Peace Map whereas the economic benefits derived from Peace Map shall be transferred to Beijing Peace Map Information; and (b) the then shareholders of Peace Map except for CATIC Siwei, including the Management Shareholders or their respective nominee(s) will (i) grant an option to Beijing Peace Map Information to purchase their equity interest in Peace Map at nominal price; (ii) pledge the shares of Peace Map to Beijing Peace Map Information to guarantee any sum payable to Beijing Peace Map Information and any damages, cost or expense (including legal cost on or other costs associated with the enforcement or realisation of this guarantee) suffered or incurred by Beijing Peace Map Information pursuant to the other Structural Agreements; and (iii) appoint Beijing Peace Map Information’s nominee(s) as their attorney(s) to exercise their rights as shareholders of Peace Map such that Beijing Peace Map Information will have effective control over Peace Map.

The Structural Agreements, excluding the agreements without validity period provided in relation to the grant of an option to purchase equity interest in Peace Map, pledge of shares of Peace Map and the appointment of attorney for shareholders of Peace Map, are for a term of 20 years and will be automatically extended for another 10 years unless terminated by Beijing Peace Map Information in writing within 3 months of original expiry. Unless agreed by Beijing Peace Map Information in writing, Peace Map shall not vary or terminate the Structural Agreements.

Upon entering into the Structural Agreements, the Group through Beijing Peace Map Information shall have contractual arrangements with Peace Map that allow the Group to effectively control Peace Map and therefore recognise and receive the economic benefits of the business and operations of the Peace Map Group. Upon Acquisition Completion, the Board expects that the financial results of the Peace Map Group shall be consolidated into the financial results of the Target Company and the Company as if they were subsidiaries of the Company. The Target Group will become subsidiaries of the Company.

Where the Structural Agreements become continuing connected transactions as a result of either a particular Vendor becomes a connected person of the Company upon conversion of the Convertible Notes and becomes a substantial Shareholder or otherwise, the Group will comply with all applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.41 of the Listing Rules.

Uncertain matters pertaining the arrangement under the Structural Agreements (the “Matters”)

At the time of entering into of the Acquisition Agreement, it is the understanding of the Company that the Target Company will consolidate 100% of the financial results of the Peace Map Group pursuant to the arrangement under the Structural Agreements. Subsequent to the execution of the Acquisition Agreement, it comes to the attention of the Company that the Target Company may not be able to consolidate 100% of the financial results of the Peace Map Group in reliance on the arrangement currently proposed to be contemplated under the Structural Agreements. As at the date of this announcement, only the consolidation of 81.15% of the financial results of the Peace Map Group can be ascertained. The Company will use its best endeavour to liaise with the Vendors to resolve the matters with an aim to ensure the 100% of the financial results of the Peace Map Group will be consolidated into the Target Company and hence into the Group upon Acquisition Completion. Pending the matters to be resolved satisfactorily, the Company will not proceed to issue the circular nor to convene the EGM for the purpose of approving the Acquisition. Further announcement will be made by the Company as and when appropriate.

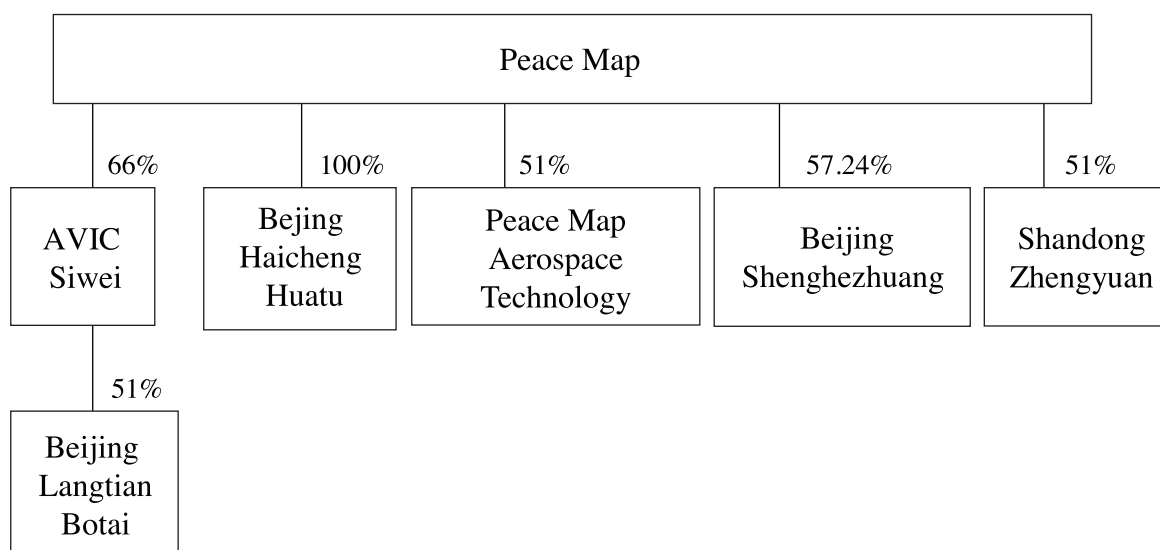
INFORMATION ON THE PEACE MAP GROUP

Peace Map is a company established in the PRC on 28 July 2006. Peace Map is owned as to 81.15% by the Management Shareholders and as to 18.85% by CATIC Siwei. AVIC has enjoyed the right to certain economic benefits derived from approximately 69.4% equity interest in CATIC Siwei held by third parties as at the date of the Acquisition Agreement. CATIC Siwei is an existing shareholder of Peace Map holding an equity interest of approximately 18.85%. Therefore, AVIC has enjoyed the right to certain economic benefits of approximately 13.08% equity interest in Peace Map. The principal business of Peace Map includes aerial photography, aviation and aerospace remote sensing image data processing, provision of geographic information system software and solutions. The Board understands that the GIS is widely used in various sectors including business, healthcare, security, government, trade, media, transportation and tourism industries in the PRC. In 2010, the Peace Map Group has been authorised by 國家基礎地理信息中心 (National Geomatics Center of China*) to pilot develop “城市高分辨率航空影像數據庫” (urban high definition aerial photography database*). The surveying and mapping, and internet telecommunication industries are strictly regulated in the PRC. It is compulsory to obtain the relevant qualification certificates in order to operate in these business segments. The Peace Map Group currently holds a number of licenses and certificates required for its operations, which include, among others, the followings:

- (i) 甲級測繪資質證書 (Surveying and Mapping Qualification Certificate* (Class A)) issued by 國家測繪地理信息局 (National Administration Surveying, Mapping and Geoinformation) of the PRC granting Peace Map the right to conduct business within the scope of (i) photography surveying and remote sensing; (ii) surveying aerial photography; (iii) GIS engineering; (iv) surveying and photography data processing; (v) spatial remote sensing geographical information data processing; (vi) field collected geographical information data processing; (v) map digitalise; (vi) establishment of professional GIS; and (vii) internet map service in the PRC; and
- (ii) 關於「高分辨率航空攝影試點」項目變更試點單位的批復 (Letter of approval allowing Peace Map to undertake the pilot project of “High Definition Aerial Photography”*)).

The Peace Map Group possesses the capability to offer one-stop geographic imagery data processing services to customers including geographic imagery data collection, geographic imagery data processing and provision of software platform on geographic imagery data application. The Peace Map Group possesses various types of aerial photographic equipments and relevant technology to capture imagery data through aeroplanes and unmanned airplanes. The Peace Map Group also owns its production facilities to develop and manufacture specialised unmanned airplanes. Through geographic imagery data processing with a sophisticated pixel factory imagery data processing system, the Peace Map Group mainly offers numerous products including three dimensional geographic images and high definition geographic images by 4D technologies, namely digital orthophoto map (DOM), digital elevation map (DEM), digital line graphics (DLG) and digital raster graphics (DRP). The Peace Map Group has developed a number of geographic softwares, which are widely used in various sectors including business, healthcare, security, government, trade, media, transportation and tourism industries in the PRC.

The structure of the Peace Map Group as at the date of this announcement is set forth as follows:



Beijing Haicheng Huatu is a company established in the PRC on 5 August 2008 and a wholly-owned subsidiary of Peace Map. Beijing Haicheng Huatu is principally engaged in technology development, technology consultation, technology transfer, technology services, and computer system integration.

AVIC Siwei is a company established in the PRC on 26 December 2006. It is held as to 66% by Peace Map and as to 34% by CATIC Siwei. AVIC Siwei is principally engaged in aerial imagery photographic digital camera and geographical data processing software agency.

Peace Map Aerospace Technology is a company established in the PRC on 9 November 2009. It is held as to 51% by Peace Map and as to 49% by an Independent Third Party. Peace Map Aerospace Technology acts as an agent to sell satellite imaging and provides satellite imagery data value adding services.

Beijing Shenghezhuang is a company established in the PRC on 13 October 2004. It is held as to 57.24% by Peace Map and the remaining by Independent Third Parties. Beijing Shenghezhuang is principally engaged in the provision of information technology services to customers.

Shandong Zhengyuan is a company established in the PRC on 6 April 2012. It is held as to 51% by Peace Map and the remaining by an Independent Third Party. Shandong Zhengyuan will be principally engaged in aerial imagery photography on Shandong province and the provinces and cities nearby.

Beijing Langtian Botai is a company established in the PRC on 21 March 2007. It is held as to 51% by AVIC Siwei and as to 49% by an Independent Third Party. Beijing Langtian Botai manufactures unmanned airplanes and related equipment.

The Peace Map Group generates revenue mainly from (i) service fees on specific aerial photographic project; (ii) distribution of aerial photographic equipments; (iii) service fees on geographic software installation and maintenance; and (iv) service fees on software development.

The Peace Map Group also acts as an agent to distribute satellite geographic imagery data obtained from satellite operators. The customers of the geographic imagery related products of the Peace Map Group are departments and institutions of the PRC government and other enterprises focusing on urban planning and development.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, each of the minority shareholders of the subsidiaries of Peace Map are Independent Third Parties as at the date of the Acquisition Agreement.

Financial information of the Peace Map Group

Set out below is the consolidated financial information of the Peace Map Group (including the financial results of the subsidiaries of Peace Map since the respective date of acquisition/incorporation) as extracted from the PRC audited financial statements for the year ended 31 December 2010, and the management accounts for the year ended 31 December 2011 of the Peace Map Group:

	For the year ended	
	31 December	
	2010	2011
	(audited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	98,647	161,821
Net profit before taxation and extraordinary items	8,552	36,076
Net profit after taxation and extraordinary items	11,417	31,197

As at 31 December 2011, the unaudited net asset value of the Peace Map Group amounted to approximately RMB115.03 million. The unaudited net profit of the Peace Map Group for the four months ended 30 April 2012 was approximately RMB6.8 million as extracted from the management account of the Peace Map Group.

Financial information of the Target Group

According to the unaudited consolidated financial information of the Target Group, it recorded net loss of approximately HK\$15,350 for the year ended 31 December 2011 and net liabilities of approximately HK\$15,349 as at 31 December 2011, which was mainly attributable to administrative expenses incurred since incorporation.

INFORMATION OF THE VENDORS

Grandest is an investment holding company incorporated in Hong Kong with limited liability. Kingspot, Bidfast and Alliance Elegant are investment holding companies incorporated in the BVI with limited liability. Kingspot is an indirect wholly-owned subsidiary of AVIC, a company listed on the Main Board of the Stock Exchange. Broadlink is an investment holding company incorporated in the BVI with limited liability. Broadlink is wholly-owned by the Management Shareholders.

REASONS FOR THE 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.

The Company has been actively seeking for investment opportunities to maximise Shareholders' value. In addition to the existing waterworks and mining business of the Group, the Board considers that the Acquisition represents another milestone for the Group's business diversification strategy. Upon Beijing Peace Map Information having entered into the Structural Agreements with Peace Map, Beijing Peace Map Information will have effective control over Peace Map and that the financial results of the Peace Map Group shall be consolidated into the financial results of the Group. The Board considers that the Acquisition would allow the Group to diversify into a new line of business with growth potential and to broaden its source of income. The Board is of the view that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Peace Map Group has the key personnel required to operate the Peace Map Group's business. The following key personnel will be retained in the Target Group to assist the Company in the operation of the Peace Map Group after Acquisition Completion:

- Mr. Guan Hongliang, aged 42, is the chairman of the board of directors of Peace Map. Mr. Guan obtained a bachelor degree in ecology and environmental biology from Wuhan University, a master degree in applied animal resource sciences from the University of Tokyo and a degree of doctor of cartography and GIS from Capital Normal University. Mr. Guan is the founder of Peace Map who introduced the first pixel factory imagery data processing system into the PRC. Mr. Guan has over ten years of experience working in the remote sensing industry.
- Mr. Qin Chun, aged 36, is the general manager and director of Peace Map. Mr. Qin obtained a bachelor degree in applied physics from Wuhan University. Mr. Qin was responsible for the management and strategic planning of the Peace Map Group. Mr. Qin is also responsible for the research and the development of imagery data value adding technology. Mr. Qin has over ten years of experience working in the GIS and global positioning system industry.
- Mr Wang Jianchang, aged 43, is the senior deputy general manager and director of Peace Map. Mr. Wang obtained an executive master of business administration degree from Guanghua School of Management, the Peking University. Mr. Wang is responsible for the daily operation of the Peace Map Group. Mr. Wang has over ten years of experience working in the computer system industry.

The Company currently intends to continue its existing business and there is no agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any disposal, termination or scaling down of the Company's existing businesses or assets up to the date of this announcement.

To the best knowledge of the Directors, the Vendors and/or the Management Shareholders do not intend to nominate any new directors to the Board.

CHANGES IN THE COMPANY'S SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the date of this announcement and the changes thereto as a result of (i) completion of the Share Consolidation; (ii) the issue and allotment of the Consideration Shares; (iii) the issue and allotment of the Consideration Shares and the Conversion Shares upon the exercise of the Conversion Rights attached to the Convertible Notes at the Conversion Price in full, assuming that no outstanding share options and conversion rights attached to the outstanding convertible bonds has been exercised and no adjustment to the conversion price is made pursuant to the Convertible Notes; and (iv) the issue and allotment of the Consideration Shares, the Conversion Shares upon the exercise of the Conversion Rights attached to the Convertible Notes at the Conversion Price in full and the exercise of the outstanding share options and conversion rights attached to the outstanding convertible bonds of the Company assuming no adjustment to the conversion price is made pursuant to the Convertible Notes:

	As at the date of this announcement		Immediately upon completion of the Share Consolidation		Immediately upon completion of the allotment and issue of the Consideration Shares		Immediately upon completion of the allotment and issue of the Consideration Shares and the Conversion Shares (assuming the exercise of the Conversion Rights in full) (Note 1)		Immediately upon completion of the allotment and issue of the Consideration Shares, the Conversion Shares (assuming the exercise of the Conversion Rights in full) and the exercise of the outstanding share options and conversion rights attached to the outstanding convertible bonds of the Company (Note 1)	
	Number of Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%
Directors as at the date of this announcement (Note 2):										
Mr. Yuen Chow Ming	120,000,000	1.30	24,000,000	1.30	24,000,000	0.90	24,000,000	0.32	24,200,000	0.30
Mr. Yuen Wai Keung	219,592,000	2.39	43,918,400	2.39	43,918,400	1.65	43,918,400	0.59	61,118,400	0.75
Mr. Lim Siong Dennis	206,850,000	2.25	41,370,000	2.25	41,370,000	1.56	41,370,000	0.55	96,465,909	1.18
Mr. So Yiu Cheung	123,000,000	1.34	24,600,000	1.34	24,600,000	0.93	24,600,000	0.33	24,600,000	0.30
Mr. Cheung Chi Man, Dennis	8,000,000	0.09	1,600,000	0.09	1,600,000	0.06	1,600,000	0.02	1,600,000	0.02
Sub-total of Directors:	677,442,000	7.37	135,488,400	7.37	135,488,400	5.10	135,488,400	1.81	207,984,309	2.55
Vendors:										
Kingspot	—	—	—	—	531,400,000	19.99	1,359,600,000	18.16	1,359,600,000	16.65
Bidfast	—	—	—	—	105,764,000	3.98	270,600,000	3.61	270,600,000	3.31
Grandest	—	—	—	—	43,384,000	1.63	111,000,000	1.48	111,000,000	1.36
Alliance Elegant	—	—	—	—	120,000,000	4.51	120,000,000	1.60	120,000,000	1.47
Broadlink	—	—	—	—	18,000,000	0.68	3,785,400,000	50.57	3,785,400,000	46.37
Sub-total of Vendors:	—	—	—	—	818,548,000	30.79	5,646,600,000	75.43	5,646,600,000	69.16
Public Shareholders	8,520,538,000	92.63	1,704,107,600	92.63	1,704,107,600	64.11	1,704,107,600	22.76	2,309,375,326	28.29
Total	9,197,980,000	100.00	1,839,596,000	100.00	2,658,144,000	100.00	7,486,196,000	100.00	8,163,959,635	100.00

Note:

1. Such scenarios are theoretical in nature and it is a term of the Convertible Notes that no conversion shall be made (i) if upon conversion, all the Consolidated Shares (including the Conversion Shares issued or to be issued) held by the Noteholder, its associates (as defined under the Listing Rules) and persons acting in concert (as defined under the Takeovers Code) on the relevant date of conversion will reach the Maximum Limit; or (ii) if there will not be sufficient public float of the Share as required under the Listing Rules. Subject to their respective then shareholdings before exercise of conversion rights attached to the outstanding convertible bonds of the Company, none of the holders of the said outstanding convertible bonds, (based on the current record of the Company) will, upon allotment and issue of the Consideration Shares, the Conversion Shares (assuming the exercise of the Conversion Rights in full), the exercise of the outstanding share options and conversion rights attached to the outstanding convertible bonds of the Company, hold more 10% of the issued share capital of the Company and thus expected to remain as public Shareholders.
2. Including person who was a Director within the preceding 12 months.

SHARE CONSOLIDATION

The Board proposes that every five Shares of HK\$0.05 each in the issued and unissued share capital of the Company be consolidated into one Consolidated Share of HK\$0.25 each in the issued and unissued share capital of the Company. As at the date of this announcement, there were 9,197,980,000 Shares of HK\$0.05 each in issue and fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased by the Company from the date of this announcement and up to the date of when the Share Consolidation becoming effective, the authorised share capital of the Company will be HK\$2,500,000,000 divided into 10,000,000,000 Consolidated Shares of HK\$0.25 each, of which 1,839,596,000 Consolidated Shares will have been issued and fully paid.

Conditions of the Share Consolidation

An ordinary resolution will be put forward at the EGM for the proposed Share Consolidation. The implementation of the Share Consolidation is conditional upon:

- (i) the passing of the necessary ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation; and
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

No Shareholder is required to abstain from voting on the resolution to be proposed at the EGM regarding the Share Consolidation.

Status of Consolidated Shares

The Consolidated Shares will rank *pari passu* in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares. All necessary arrangements will be made for the Consolidated Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

Change of board lot size

As at the date of this announcement, Shares were traded in board lots of 2,000 Shares. Following the Share Consolidation having become effective, the Consolidated Shares shall be traded in board lots of 10,000 Consolidated Shares. Based on the closing price of HK\$0.039 per Share on the Last Trading Day, the value of each board lot of the Consolidated Shares, assuming the Share Consolidation had already become effective, would be HK\$1,950.

Exchange of certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, Shareholders can submit their share certificates for Shares to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, for exchange for share certificates for the Consolidated Shares at the expense of the Company. Thereafter, certificates for existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for existing Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for Consolidated Shares at any time.

Arrangement on odd lot trading

Fractional Consolidated Shares will not be issued by the Company to Shareholders. Any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company. In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be dispatched to the Shareholders in relation to the Share Consolidation.

Outstanding share options and convertible bonds

As at the date of this announcement, there are outstanding options granted under the Share Option Scheme to subscribe for 332,000,000 Shares and convertible bonds which are convertible into 3,056,818,182 Shares upon exercise of the relevant conversion rights by the noteholders. The Board will determine according to the rules of the Share Option Scheme and the terms of the convertible bonds the adjustments (if any) required to be made in respect of the outstanding options and convertible bonds as a result of the Share Consolidation. The Company will make further announcements about the adjustments in due course.

Save as aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

Reasons for the Share Consolidation

The proposed Share Consolidation will increase the nominal value of the Shares and reduce the total number of shares of the Company currently in issue. As such, it is expected to bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. Accordingly, the Board is of the view that the Share Consolidation is beneficial to the Company and Shareholders as a whole. Other than the expenses to be incurred by the Company in relation to the Share Consolidation, the implementation thereof will not, by itself, affect the underlying assets, business operations, management or financial position of the Group or the interests of Shareholders as a whole.

Detailed timetable for the Share Consolidation and the change in board lot size will be announced by a separate announcement in due course.

GENERAL

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company and is subject to approval by the Shareholders by way of poll pursuant to Chapter 14 of the Listing Rules at the EGM.

Subject to the Matters being resolved satisfactorily, the EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among others, the Share Consolidation, the Acquisition Agreement and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares and the issue of the Convertible Notes together with the allotment and issue of the Conversion Shares pursuant to the exercise of the Conversion Rights. The Company has confirmed with the Vendors that as at the date of this announcement, none of the Vendors nor any of their respective associates is holding any Shares. As such, no Shareholder is required to abstain from voting in favour of the resolutions to approve the aforesaid transactions at the EGM.

A circular containing, among others, (i) further details of the Acquisition and the Share Consolidation; (ii) financial and other information on the Group; (iii) financial and other information on the Peace Map Group and the Target Group; (iv) pro forma financial information of the enlarged Group upon Acquisition Completion; and (v) the notice of the EGM, will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 31 December 2012, subject to the Matters being resolved satisfactorily on or before the Long Stop Date.

As Acquisition Completion is subject to the Matters being resolved satisfactorily and the conditions precedent set out in the Acquisition Agreement, the Acquisition may or may not proceed. Shareholders and investors should exercise caution when dealing in securities of the Company.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on 28 May 2012 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 8 August 2012.

This announcement is made by the order of the Board, the Directors of which individually and jointly accept responsibility for the accuracy of this announcement.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 26 May 2012 entered into among Broadlink, Yuan Tu, Lucky Treasure, Wei Hang, Grandest, the Management Shareholders, the Purchaser and the Company in relation to the Acquisition (as amended and supplemented by the Acquisition Supplemental Agreement)
“Acquisition Completion”	completion of the Acquisition

“Acquisition Supplemental Agreement”	the agreement entered into among Yuan Tu, Wei Hang, Lucky Treasure, the Vendors, the Management Shareholders, the Purchaser and the Company dated 1 June 2012 to vary and amend certain terms and conditions of the Acquisition Agreement
“Alliance Elegant”	Alliance Elegant Limited, a company incorporated in BVI with limited liability and one of the shareholders of the Target Company upon completion of the Subscription
“Authority”	any government or quasi-governmental authority or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, or any supervisory or regulatory body, in each case having competent jurisdiction, and “Authorities” shall be construed accordingly
“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
“AVIC Siwei”	中航四維(北京)航空遙感技術有限公司 (AVIC Siwei (Beijing) Aviation Remote Sensing Technology Limited*), a subsidiary of Peace Map incorporated in the PRC
“Beijing Haicheng Huatu”	北京海澄華圖科技有限公司 (Beijing Haicheng Huatu Technology Limited*), a subsidiary of Peace Map incorporated in the PRC
“Beijing Langtian Botai”	北京朗天博泰科技有限公司 (Beijing Langtian Botai Technology Limited*), a subsidiary of AVIC Siwei incorporated in the PRC
“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 incorporated in the PRC, which, upon establishment, an indirectly wholly-owned by the Target Company through Peace Map HK
“Beijing Shenghezhuang”	北京勝和幢科技有限責任公司 (Beijing Shenghezhuang Technology Limited*), a subsidiary of Peace Map incorporated in the PRC
“Bidfast”	Bidfast Investment Limited, a company incorporated in the BVI and one of the shareholders of the Target Company upon completion of the Subscription
“Board”	the board of Directors
“Broadlink”	Broadlink Enterprises Limited, a company incorporated in the BVI with limited liability and wholly-owned by the Management Shareholders
“Business Day”	a day (excluding a Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business during their normal business hours

“BVI”	the British Virgin Islands
“CATIC Siwei”	四維航空遙感有限公司 (CATIC Siwei Co., Ltd. *), a company incorporated in the PRC
“Company”	Mongolia Investment Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion Date”	the third Business Day after the fulfilment (or waiver, as the case may be) of the conditions precedent for Acquisition Completion or such other date as may be agreed by the Vendors and the Purchaser in writing
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the sale and purchase of the Sale Shares pursuant to the Acquisition Agreement
“Consideration Share(s)”	the 818,548,000 new Consolidated Share(s) to be allotted and issued by the Company to the Vendors or their nominee at the Issue Price as part payment of the Consideration pursuant to the Acquisition Agreement
“Consolidated Share(s)”	the ordinary share(s) of HK\$0.25 each in the capital of the Company immediately after the Share Consolidation
“Conversion Price”	HK\$0.25, being the initial conversion price per Conversion Share upon the exercise of the Conversion Rights attaching to the Convertible Notes, subject to adjustment under the terms and conditions of the Convertible Notes
“Conversion Right(s)”	the right(s) of the Noteholder(s) to convert the whole or part of the outstanding principal amount of the Convertible Notes into Conversion Shares subject to the terms and conditions of the Convertible Notes
“Conversion Shares”	the new Consolidated Shares to be allotted and issued by the Company to the Noteholder(s) upon the exercise of the Conversion Rights attaching to the Convertible Notes
“Convertible Notes”	Tranche A Convertible Notes and Tranche B Convertible Notes
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting(s) of the Company to be convened to consider and approve, among other things, the Share Consolidation, the Acquisition Agreement and the transactions contemplated thereunder
“Escrow Agent”	such party as may be agreed in writing by and between the Vendors and the Purchaser, acting as escrow agent to be jointly appointed by the Vendors and the Purchaser, the terms of appointment of whom shall have been approved by the Vendors and the Purchaser

“Grandest”	Grandest International Limited, a company incorporated in Hong Kong with limited liability and one of the shareholders of the Target Company upon completion of the Subscription
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Issue Date”	the date of issue of the relevant Convertible Notes
“Issue Price”	the issue price of HK\$0.25 per Consideration Share
“Kingspot”	Kingspot Investment Limited, a company incorporated in the BVI and an indirectly wholly-owned subsidiary of AVIC, and one of the Shareholders of the Target Company upon Completion of the Subscription
“Last Trading Day”	25 May 2012, being the last trading day prior to the signing of the Acquisition Agreement
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	20 August 2012 or such other date as the Vendors and the Purchaser may agree in writing
“Lucky Treasure”	Lucky Treasure Holdings Limited, a company incorporated in BVI with limited liability
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange (“GEM”), and for the avoidance of doubt, the Main Board excludes GEM
“Management Shareholders”	nine individuals, namely, Mr. Guan Hongliang, Mr. Qin Chun, Mr. Wang Jianchang, Ms. Kang Xiujuan, Mr. Zhang Weimin, Ms. Fan Yi, Mr. Yuan Guanglin, Mr. Zhang Zhenshan and Mr. Deng Hui who are the existing ultimate shareholders of Broadlink which owns all the issued shares of the Target Company as at the date of the Acquisition Agreement, and who are also the majority of the existing ultimate shareholders and management of Peace Map
“Maturity Date”	the fifth anniversary of the Issue Date (and, in the case such date is not a Business Day, the Business Day next following such date), or in case extended by the Company pursuant to the terms of the Convertible Notes, the 10th anniversary of the Issue Date (and, in the case such date is not a Business Day, the Business Day next following such date)

“Memorandum of Understanding”	the memorandum of understanding entered into by the Company on 12 December 2011 in relation to the possible acquisition of the equity interest in the Target Company
“Noteholder(s)”	holder(s) of the Convertible Notes
“PAT”	the aggregate of the audited consolidated net profit after taxation of the Peace Map Group (net of minority interests) before the Structural Agreements becoming effective and the audited consolidated net profit after taxation of the Target Group (net of minority interests) after the Structural Agreements becoming effective for the financial year ending 31 December 2012
“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, owned as to 81.15% by the Management Shareholders and as to 18.85% by CATIC Siwei
“Peace Map Aerospace Technology”	北京天下圖航天技術有限公司 (Beijing Peace Map Aerospace Technology Limited*), a subsidiary of Peace Map incorporated in the PRC
“Peace Map Group”	Peace Map and its subsidiaries
“Peace Map HK”	Peace Map Information Limited, a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Target Company
“Post Completion Accounts”	the audited financial statements of (i) the Peace Map Group for the period commencing from 1 January 2012 to immediately before the Structural Agreements becoming effective and (ii) the Target Group for the period commencing from the Structural Agreements becoming effective to and including 31 December 2012, which shall be prepared in conformity with accounting principles generally accepted in Hong Kong or in any other form to the satisfaction of the Purchaser
“PRC”	the People’s Republic of China
“Purchaser”	Jichang Investments Limited, a company incorporated in the BVI and a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC, and the exchange rate for RMB into HK\$ for the purpose of this announcement is RMB1.00=HK\$1.22
“Sale Shares”	all the issued shares of the Target Company as at Acquisition Completion
“SFC”	the Securities and Futures Commission of Hong Kong
“Shandong Zhengyuan”	山東正元航空遙感技術有限公司 (Shandong Zhengyuan Aviation Remote Sensing Technology Limited*), a subsidiary of Peace Map incorporated in the PRC
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company

“Share Consolidation”	the proposed share consolidation of every five Shares of HK\$0.05 each in the issued and unissued share capital of the Company into one Consolidated Share of HK\$0.25 each in the issued and unissued share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 25 February 2006
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structural Agreements”	a series of contracts to be entered into between, inter alia, the members of the Peace Map Group and Beijing Peace Map Information to provide Beijing Peace Map Information with effective control over the business and affairs of the Peace Map Group and from which all economic benefits and risks arising from the business of the Peace Map Group will be transferred to Beijing Peace Map Information
“Subscription”	the proposed subscription of shares in the Target Company by the Vendors (other than Broadlink) pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 11 May 2012 entered into among Yuan Tu, Wei Hang, Grandest, Lucky Treasure, Broadlink and the Target Company in relation to the Subscription as amended and supplemented by the Subscription Supplemental Agreement
“Subscription Supplemental Agreement”	the agreement entered into among Yuan Tu, Wei Hang, the Target Company, Lucky Treasure and the Vendors on 1 June 2012 to vary and amend certain terms and conditions of the Subscription Agreement
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases
“Target Company”	Sinbo Investment Limited, a company incorporated in BVI with limited liability
“Target Group”	the Target Company, Peace Map HK, Beijing Peace Map Information and Peace Map Group
“Tranche A Convertible Notes”	the zero coupon convertible notes in the aggregate principal amount of HK\$1,132,013,000 to be issued by the Company to the relevant Vendors upon Acquisition Completion as part payment of the Consideration pursuant to the Acquisition Agreement
“Tranche B Convertible Notes”	the zero coupon convertible notes in the principal amount of HK\$75,000,000 to be issued by the Company to Kingspot upon Acquisition Completion as part payment of the Consideration pursuant to the Acquisition Agreement
“Vendors”	Bidfast, Kingspot, Grandest, Alliance Elegant and Broadlink

“Wei Hang”	Wei Hang Investment Limited, a company incorporated in Hong Kong with limited liability
“Yuan Tu”	Yuan Tu Investment Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent

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

Hong Kong, 7 August 2012

As at the date of this announcement, the board of directors of the Company comprises 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 and Mr. Leung, Chung Tak Barry as executive Directors; and Mr. Chan, Sai Kit Kevin, Mr. Liao Cheung Tin, Stephen and Mr. Tam Tsz Kan as independent non-executive Directors.