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AVIC International Holding (HK) Limited **中國航空工業國際控股(香港)有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 232)

MAJOR TRANSACTION AND RESUMPTION OF TRADING

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 8 April 2013, the Vendors and the Management Shareholders entered into the Sale and Purchase Agreement with the Purchaser and MIG, pursuant to which the Vendors conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares for a total consideration of HK\$1,500,000,000 (subject to adjustment), which shall be satisfied as to (i) HK\$600,000,000 by way of cash; (ii) HK\$520,000,000 by the issue of the Tranche A Convertible Notes; (iii) HK\$300,000,000 by the issue of the Tranche B Convertible Notes; and (iv) HK\$80,000,000 (subject to adjustment) by the issue of the Deferred Convertible Notes.

Kingspot, a direct wholly-owned subsidiary of the Company, being one of the Vendors, will receive an aggregate consideration of HK\$339,900,000 from the Disposal (subject to adjustment), which shall be satisfied as to (i) HK\$135,960,000 by way of cash; (ii) HK\$117,832,000 by the issue of the Tranche A Convertible Notes; (iii) HK\$67,980,000 by the issue of the Tranche B Convertible Notes; and (iv) HK\$18,128,000 (subject to adjustment) by the issue of the Deferred Convertible Notes. It is the current intention of Kingspot that it may exercise part or all of the conversion right attached to the Convertible Notes held by it from time to time, to the extent that such conversion will constitute a major transaction or a lower category of notifiable transaction of the Company.

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of (a) the disposal by Kingspot of its entire interests in the Sale Shares (representing approximately 22.66% of the issued share capital of the Target Company) exceed 25% but less than 75%, and (b) the Possible Conversion exceed 25% but less than 100%, the transactions contemplated under the Sale and Purchase Agreement (including the Possible Conversion) constitute a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. A circular containing, among other things, details of the Sale and Purchase Agreement and the notice of the SGM will be despatched to the Shareholders on or before 2 May 2013.

Should Kingspot intends to exercise conversion rights attached to its portion of the Convertible Notes in the future which, when aggregated any MIG Shares acquired by the Group within the 12 month period prior to such conversion, would constitute a higher category of notifiable transaction of the Company, the Company would comply with relevant reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules accordingly.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shares are held by the Purchaser and its associates as at the date of this announcement. As such, no Shareholders are required to abstain from voting on the resolution approving the Disposal and the Possible Conversion at the SGM.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 9 April 2013 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 11 April 2013.

INTRODUCTION

The Board is pleased to announce that on 8 April 2013, the Vendors and the Management Shareholders entered into the Sale and Purchase Agreement with the Purchaser and MIG, pursuant to which the Vendors conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares for a total consideration of HK\$1,500,000,000 (subject to adjustment). Kingspot, being one of the Vendors, will receive an aggregate consideration of HK\$339,900,000 from the Disposal (subject to adjustment).

THE SALE AND PURCHASE AGREEMENT

Date: 8 April 2013

Parties:

- (i) the Vendors;
- (ii) the Management Shareholders;
- (iii) the Purchaser; and
- (iv) MIG

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors (save and except for Kingspot which is a direct wholly-owned subsidiary of the Company), the Management Shareholders, the Purchaser, MIG and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons as at the date of this announcement.

Assets to be disposed of

The Sale Shares (whereas Kingspot, being one of the Vendors will dispose of its entire interests in the Sale Shares, representing approximately 22.66% of the issued share capital of the Target Company).

Consideration

The total consideration for the Sale Shares is HK\$1,500,000,000 (subject to adjustment), which shall be satisfied as to (i) HK\$600,000,000 by way of cash (of which HK\$150,000,000 shall be paid to Broadlink as deposit (the “**Deposit**”) on the first Business Day following the MIG Shares resume trading on the Main Board of the Stock Exchange and the balance of HK\$450,000,000 will be settled at Completion); (ii) HK\$520,000,000 by the issue of the Tranche A Convertible Notes at Completion; (iii) HK\$300,000,000 by the issue of the Tranche B Convertible Notes at Completion; and (iv) HK\$80,000,000 (subject to adjustment) by the issue of the Deferred Convertible Notes in the manner as set out in the paragraphs headed “Adjustment to the consideration” below.

The consideration shall be payable by the Purchaser and MIG to the Vendors as follows:

- (1) in respect of Kingspot, as to (i) HK\$135,960,000 by way of cash; (ii) HK\$117,832,000 by the issue of the Tranche A Convertible Notes; (iii) HK\$67,980,000 by the issue of the Tranche B Convertible Notes; and (iv) HK\$18,128,000 (subject to adjustment) by the issue of the Deferred Convertible Notes; and
- (2) in respect of other Vendors, as to (i) HK\$464,040,000 in aggregate by way of cash; (ii) HK\$402,168,000 by the issue of the Tranche A Convertible Notes; (iii) HK\$232,020,000 by the issue of the Tranche B Convertible Notes; and (iv) HK\$61,872,000 (subject to adjustment) by the issue of the Deferred Convertible Notes.

In the event that the MIG Placing is not completed in full and upon waiver of such condition precedent given by the Vendors, the Purchaser and MIG may elect (but are not obliged) to (i) request Broadlink to fully or partially return the Deposit; and/or (ii) irrespective of whether the request in (i) above has been made, settle all or any part of the cash consideration by the issue by MIG of additional Tranche A Convertible Notes in the corresponding aggregate principal amount to the relevant Vendors (the principal amount of the additional Tranche A Convertible Notes to be issued to each relevant Vendor would be pro rata to the respective numbers of the Sale Shares legally and beneficially owned by them bear to each other.

The consideration under the Sale and Purchase Agreement is subject to adjustment, details of which are set out in the paragraphs headed “Profit guarantee” and “Adjustment to consideration” below.

Application will be made by MIG for the listing of and permission to deal in the Conversion Shares. The Conversion Shares shall be issued on terms that they will rank *pari passu* in all respects with the ordinary shares of MIG 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 MIG; or (b) any other form of shareholder’s rights or benefits against MIG by reference to a record date which is prior to the actual date of issue and allotment of the relevant Conversion Shares.

Kingspot, being one of the Vendors, will receive an aggregate consideration of HK\$339,900,000 from the Disposal (subject to adjustment), which was determined after arm’s length negotiations between the Company and MIG and with reference to the price to earnings multiple as represented by the Disposal, which is calculated based on the PAT as guaranteed by the Vendors and the consideration of the Disposal, as compared to that of other listed companies engaged in similar business.

Profit guarantee

The Purchaser and the Vendors agreed that where the PAT is less than HK\$80,000,000, the consideration of the Disposal shall be adjusted by deducting the sum equivalent to the shortfall between HK\$80,000,000 and the amount representing the PAT (the “**Reduced Amount**”) subject to a maximum deduction of the sum of HK\$80,000,000.

Adjustment to consideration

In the event the PAT is less than HK\$80,000,000, the Vendors shall be severally responsible to settle the Reduced Amount pro rata to the respective principal amount of the Convertible Notes legally and beneficially owned by them bear to each other. MIG shall, within 5 Business Days after the relevant PAT Certificate has been delivered to the Purchaser, issue the Deferred Convertible Notes to each relevant Vendor for the principal amount less the respective pro rata portions of the Reduced Amount attributable to each relevant Vendor.

Kingspot shall be responsible to settle the Reduced Amount by reducing the principal amount of the Deferred Convertible Notes in the sum equal to the Reduced Amount multiplied by its 22.66% interests in the Target Company.

In the event the PAT is equal to or more than HK\$80,000,000, there shall be no adjustment to the consideration of the Disposal. The Deferred Convertible Notes in the aggregate principal amount of HK\$80,000,000 shall be issued to each relevant Vendor within 5 Business Days after the relevant PAT Certificate has been delivered to the Purchaser and shall become freely transferable and convertible for Conversion Shares by each relevant Vendor.

Conditions Precedent

Completion is conditional upon:

- (a) (if required) the passing of the necessary resolutions by the Shareholders (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 the Company) at a special general meeting of the Company approving the execution, delivery and performance of the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (b) all Vendors' warranties under the Sale and Purchase Agreement being true and correct in all material respects and remaining so from the date thereof up to the Completion;
- (c) 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;
- (d) the transactions contemplated under the Sale and Purchase 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 MIG pursuant to the Takeovers Code;
- (e) 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;
- (f) all necessary consents as defined in the Sale and Purchase Agreement in relation to the transactions contemplated under the Sale and Purchase 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 Sale and Purchase Agreement having been made and/or obtained;

- (g) 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 and the Peace Map Group to be conducted under the Sale and Purchase Agreement or otherwise;
- (h) the shareholders of MIG (other than those who are required to abstain from voting under the Listing Rules and the Takeovers Code) passing at an extraordinary general meeting of MIG resolutions approving the execution, delivery and performance of the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the purchase of the Sale Shares, the creation and issue of the Convertible Notes and the allotment and issue of the Conversion Shares;
- (i) (if required) MIG having obtained the approval of the authority under all applicable laws in respect of the increase in the authorised share capital of MIG, the creation and issue of the Convertible Notes and the allotment and issue of the Conversion Shares to each of the relevant Vendors;
- (j) MIG having obtained an approval at its own cost from the Stock Exchange for the listing of and permission to deal in the Conversion Shares and such listing and permission not being subsequently revoked prior to the allotment and issue of the Conversion Shares;
- (k) all MIG warranties under the Sale and Purchase Agreement being true and correct in all material respects and remaining so from the date thereof up to Completion;
- (l) the Stock Exchange not having indicated that it will treat (I) the transactions contemplated under the Sale and Purchase Agreement as a “reverse takeover” under Rule 14.06(6) of the Listing Rules and/or (II) MIG as a new listing applicant under Rule 14.54 of the Listing Rules;
- (m) the MIG Shares remaining listed and traded on the Stock Exchange at all times from the date thereof up to Completion, save for (i) any temporary suspension not exceeding 15 (fifteen) consecutive trading days or (ii) suspension resulting from compliance with the Listing Rules for the purposes of consummation of the transactions contemplated under the Sale and Purchase Agreement, or such longer period as the Vendors may accept in writing, and no indication being received by MIG on or before Completion from the Stock Exchange to the effect that the listing of the MIG Shares on the Stock Exchange will or may be withdrawn or objected to as a result of Completion or in connection with the terms of the Sale and Purchase Agreement or any documents contemplated thereunder; and
- (n) all necessary consents as defined in the Sale and Purchase Agreement in relation to the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Purchaser and MIG, 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 Sale and Purchase Agreement having been made and/or obtained; and
- (o) MIG having completed the MIG placing.

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 (f) above as soon as practicable after the signing of the Sale and Purchase Agreement and in any event before the Long Stop Date. The Purchaser may waive in writing the conditions set out in (b) and (e) above at its own discretion.

Each of the Purchaser and MIG 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 (g) to (o) above as soon as practicable after the signing of the Sale and Purchase Agreement and in any event before the Long Stop Date. The Vendors may waive in writing the conditions set out in (k) to (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, Broadlink shall refund the Deposit (without any accrued interests whatsoever) in full to the Purchaser and the Sale and Purchase Agreement shall cease and determine. No party to the Sale and Purchase Agreement shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

Completion

Subject to the terms and provisions of the Sale and Purchase Agreement, the Completion shall take place on the Completion Date. Upon Completion, the Group will cease to have any equity interest in the Target Company.

Undertaking

Each of the Vendors irrevocably and unconditionally undertakes to the Purchaser and MIG that, during the period of 12 months after the Completion Date, if any of the Vendors exercise any conversion rights under the Convertible Notes, the relevant Vendor shall not sell or dispose of any Conversion Shares convertible thereunder or otherwise enter into any agreement or commitment to give or create any of the foregoing.

THE CONVERTIBLE NOTES

Pursuant to the Sale and Purchase Agreement, MIG will issue the Convertible Notes in an aggregate principal amount of HK\$900,000,000 (subject to adjustment), comprising (a) the Tranche A Convertible Notes and the Tranche B Convertible Notes in an aggregate principal amount of HK\$520,000,000 and HK\$300,000,000, respectively, to be issued at Completion; and (b) the Deferred Convertible Notes in an aggregate principal amount of HK\$80,000,000 (subject to adjustment) to be issued in the manner as set out in the paragraphs headed "Adjustment to the consideration" above to the relevant Vendors as part payment of the consideration of the Disposal.

The terms and conditions of the Tranche A Convertible Notes and the Tranche B Convertible Notes are identical to each other in all material aspects except that the holder of the Tranche B Convertible Notes could, subject to the consent of MIG, request MIG to redeem all or any part of the Tranche B Convertible Notes on one or more occasions at any time prior to the Maturity Date and they have been negotiated on an arm's length basis. The principal terms of the Convertible Notes are summarised as follows:

Issuer	:	MIG
Aggregate principal amount	:	HK\$900,000,000
Maturity date	:	the 5th anniversary of the date of issue of the Convertible Notes, if such date is not a Business Day, the Business Day next following such date.
Interest	:	The Convertible Notes will not bear any interest.
Conversion price	:	HK\$0.25 per Conversion Share (subject to adjustment), representing <ol style="list-style-type: none">(i) a discount of approximately 1.96% over the closing price of HK\$0.255 per MIG Share as quoted on the Stock Exchange on the Last Trading Day;(ii) a discount of approximately 0.64% over the average closing price of HK\$0.2516 per MIG Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading day;(iii) a premium of approximately 99.84% to the unaudited net asset value of HK\$0.1251 per MIG Share on the basis of 1,839,596,000 MIG Shares in issue as at 31 March 2013 and taking into account the unaudited consolidated net asset value attributable to owners of MIG of HK\$230,225,000 as at 30 September 2012.
Adjustment to conversion price	:	The adjustments for the conversion price, among others, include the follows: <ol style="list-style-type: none">(i) an alteration of the nominal amount of the MIG Shares by reason of any consolidation or subdivision or reclassification;

- (ii) an issue (other than in lieu of a cash dividend) by MIG credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution being made by MIG, save and except any normal cash dividend paid out of the aggregate net profits of MIG distributable to holders (in their capacity as such) of the MIG Shares (whether on a reduction of capital or otherwise), or a grant to such holders rights to acquire for cash assets of MIG or any of its subsidiaries;
- (iv) an offer to holders of MIG Shares for subscription by way of rights, or shall grant to holders of MIG Shares any options or warrants to subscribe for new MIG Shares, at a price which is less than 90 per cent of the market price at the date of the announcement of the terms of the offer or grant;
- (v) an issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new MIG Shares, and the total effective consideration per MIG Share initially receivable for such securities is less than 90 per cent of the market price at the date of the announcement of the terms of issue of such securities;
- (vi) a modification of the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (v) above so that the total effective consideration per MIG Share initially receivable for such securities shall be less than 90 per cent of the market price at the date of announcement of the proposal for such modification;
- (vii) any issue wholly for cash any MIG Shares at a price per MIG Share which is less than 90 per cent of the market price at the date of the announcement of the terms of such issue;
- (viii) any issue of MIG Shares for the acquisition of asset at a total effective consideration per MIG Share which is less than 90 per cent of the market price at the date of the announcement of the terms of such issue; or

- (ix) where MIG or the Noteholder determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances (whether or not referred to in (i) to (viii) above) or that an adjustment should not be made or should be made on a different basis (even if the relevant event or circumstance is specifically provided for in (i) to (viii) above), or that the effective date for the relevant adjustment should be a date other than that mentioned in (i) to (viii) above.

Transferability : The Convertible Notes shall be freely transferable provided that the principal amount to be assigned or transferred is at least HK\$1,000,000 unless the amount of the outstanding Convertible Notes is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be assigned and transferred. The Convertible Notes may be assigned or transferred with the prior consent (if required) of the Stock Exchange to any party other than any connected person of MIG.

Conversion : Subject to the undertaking stated in the paragraph headed “Undertaking” above and the conversion restrictions stated below, the Noteholders can convert the whole or part of the principal amount of the Convertible Notes into Conversion 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. If the whole principal outstanding amount is less than HK\$1,000,000, the whole (but not part only) amount of the Convertible Note may be converted.

No fraction of a Conversion Share will be issued on conversion but an equivalent payment in Hong Kong dollars will be made to the Noteholders in respect of such fraction in such manner as MIG shall in its absolute discretion think fit (except in cases where any such cash payment would amount to less than HK\$1).

- Conversion restrictions : The Noteholders shall not have the right to convert the whole or part of the principal amount of the Convertible Notes into Conversion Shares:
- (a) to the extent that immediately after such conversion the Noteholder, whether alone or together with parties acting in concert (as defined in the Takeovers Code) 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 MIG; or
 - (b) to the extent that immediately after such conversion there will not be sufficient public float of the MIG Shares as required under the Listing Rules.
- Voting : The Noteholders will not be entitled to attend or vote at any general meetings of MIG.
- Listing : The Convertible Notes will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

POSSIBLE CONVERSION

It is the current intention of Kingspot that it may exercise part of or all of the conversion right attached to the Convertible Notes held by it from time to time, to the extent that such conversion will constitute a major transaction or a lower category of notifiable transaction of the Company.

According to the latest published information on the website of the Stock Exchange, MIG had 1,839,596,000 MIG Shares as at 31 March 2013. Assuming (a) there were and will be no further issue or repurchase of MIG Shares and no exercise of any outstanding option or conversion rights attaching to any convertible note of MIG after 31 March 2013, (b) the MIG Placing has been completed in full and (c) the conversion rights attaching to the Convertible Notes have been exercised in full by the Vendors, Kingspot will be allotted and issued 815,760,000 Conversion Shares, representing approximately 10.41% of the issued share capital of MIG as enlarged by the MIG Shares issued under the MIG Placing and the Conversion Shares.

INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in the aero-technology related business, including the share of profit from the development, manufacture and distribution of helicopters, as well as knitting and textile business.

INFORMATION ON THE TARGET COMPANY

The Target Company is an investment holding company incorporated in the BVI with limited liability on 15 August 2011 and is held as to approximately 63.39%, 22.66%, 7.59%, 4.51% and 1.85% by Broadlink, Kingspot, Alliance, Bidfast and Grandest, respectively.

Beijing Peace Map Information, Peace Map and/or certain shareholders of Peace Map have entered into the Structural Agreements in October 2012 to provide Beijing Peace Map Information with effective control over the business and affairs of the Peace Map Group and from which substantial economic benefits and risks arising from the principal activities of the Peace Map Group Business have been transferred to the Beijing Peace Map Information and thus the financial results of Peace Map have been consolidated into the results of the Target Group.

A substantial amount of the revenue of the Target Group were generated from the Structural Agreements for the year ended 31 December 2012. As at 31 December 2012, the unaudited consolidated net asset value of the Target Group amounted to approximately HK\$287.88 million.

INFORMATION ON PEACE MAP

Peace Map is a company duly incorporated in the PRC which (together with its subsidiaries) is principally engaged in aerial photography, aviation and aerospace remote sensing image data processing, provision of GIS 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.

Set out below is the consolidated financial information of the Peace Map Group as extracted from the PRC audited financial statements for the year ended 31 December 2011, and the updated management accounts for the year ended 31 December 2012 of Peace Map:

	For the year ended 31 December 2011 (audited) RMB'000	For the year ended 31 December 2012 (unaudited) RMB'000
Turnover	156,536	200,913
Profit before taxation and extraordinary items	37,875	38,248
Profit after taxation and extraordinary items	32,781	35,223

As at 31 December 2012, the unaudited consolidated net asset value of the Peace Map Group amounted to approximately RMB162.65 million.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the BVI and is a direct wholly-owned subsidiary of MIG. MIG is a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 402). MIG is an investment holding company and its subsidiaries are principally engaged in the provision of maintenance and construction works on civil engineering contract in respect of waterwork engineering, road work and drainage and slope upgrading in Hong Kong, the provision of water supply services in the PRC as well as mining and exploration of mineral resources in Mongolia.

According to the annual report of MIG for the year ended 31 March 2012, revenue of the group of MIG was approximately HK\$935.57 million (2011: HK\$874.96 million), loss before income tax was approximately HK\$1,799.09 million (2011: loss before income tax of approximately HK\$458.39 million) and loss for the year was approximately HK\$1,388.05 million (2011: loss of approximately HK\$370.59 million). According to the interim report of MIG for the six months ended 30 September 2012, the unaudited net asset value of the group of MIG was approximately HK\$229.60 million as at 30 September 2012.

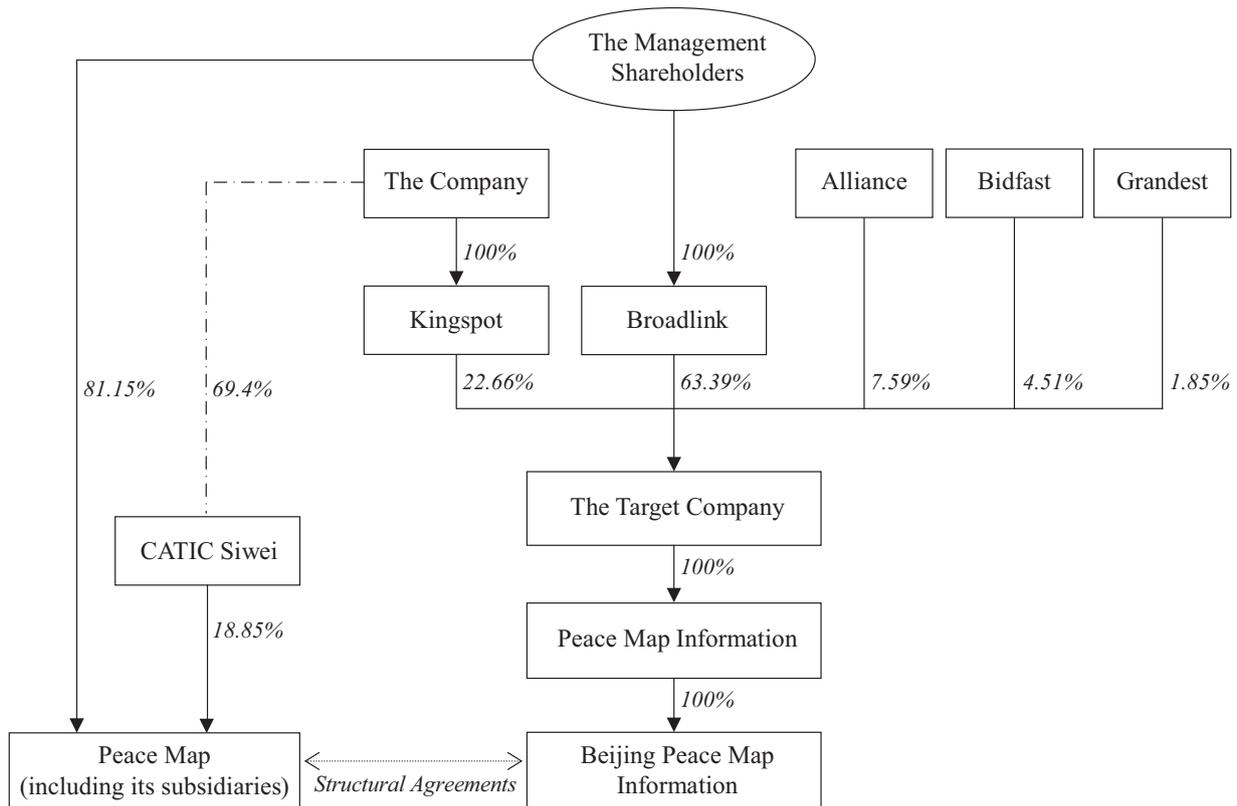
FINANCIAL EFFECTS OF DISPOSAL

Based on the audited financial information of the Group as at 31 December 2012, it is expected that a gain before tax of approximately HK\$257.47 million, being the consideration under the Disposal of approximately HK\$335.60 million received from the sale of Kingspot's entire interests in the Sale Shares (after payment of professional fees and other related expenses) net of (i) the net carrying value of Kingspot's portion of the Sale Shares in aggregate of HK\$60 million as at 31 December 2012, and (ii) if the Reduced Amount reaches its maximum of HK\$80 million, the pro rata portion of the Reduced Amount of approximately HK\$18.13 million as guaranteed by Kingspot, would have been recognized in the consolidated financial statements of the Company had the Disposal been completed on 31 December 2012. The Group intends to apply the proceeds from the Disposal for the Group's future investment should there be any opportunity in the future and/or for the general working capital of the Group. As at the date of this announcement, the Group does not have any investment target that have been identified.

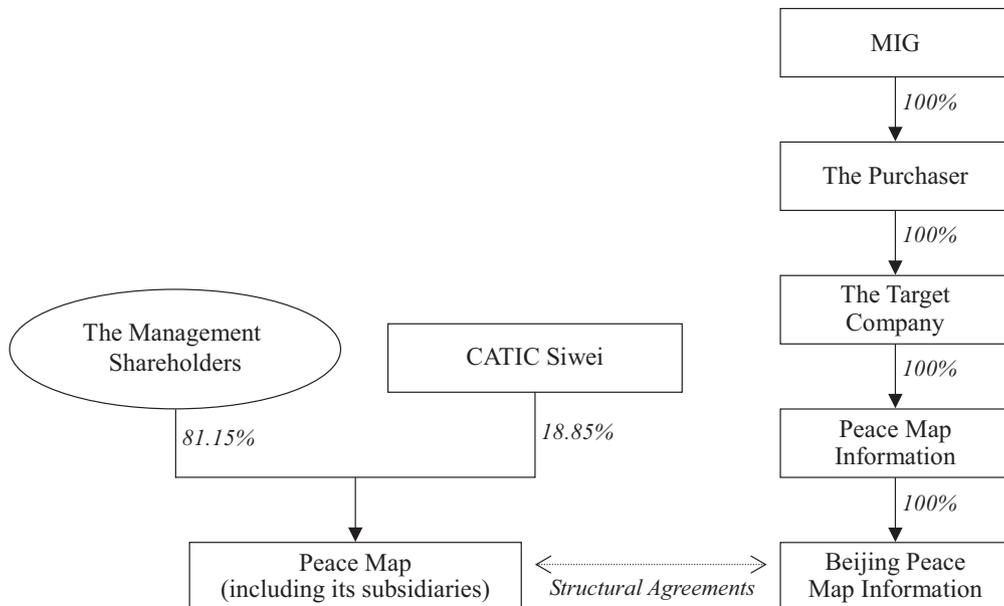
The abovementioned financial effects are shown for illustrative purpose only and the actual gain eventually to be recognized in the consolidated financial statements of the Company depends on the fair value of the Tranche A Convertible Notes, the Tranche B Convertible Notes and the Deferred Convertible Notes as at the Completion Date.

CORPORATE STRUCTURE OF THE TARGET GROUP

Set out below is the shareholding structure of the Target Group as at the date of this announcement:



Set out below is the shareholding structure of the Target Group upon completion of the Disposal:



REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that the Disposal gives the Group an opportunity to realize investment gain, and it will be in the interest of the Target Group to have a separate listing platform for its future business development. Hence, they are of the view that the transactions contemplated under the Sale and Purchase Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of (a) the disposal by Kingspot of its entire interests in the Sale Shares (representing approximately 22.66% of the issued share capital of the Target Company) exceed 25% but less than 75%, and (b) the Possible Conversion exceed 25% but less than 100%, the transactions contemplated under the Sale and Purchase Agreement (including the Possible Conversion) constitute a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. A circular containing, among other things, details of the Sale and Purchase Agreement and the notice of the SGM will be despatched to the Shareholders on or before 2 May 2013.

Should Kingspot intends to exercise conversion rights attached to its portion of the Convertible Notes in the future which, when aggregated any MIG Shares acquired by the Group within a 12 month period prior to such conversion, would constitute a higher category of notifiable transaction of the Company, the Company would comply with relevant reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules accordingly.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shares are held by the Purchaser and its associates as at the date of this announcement. As such, no Shareholders are required to abstain from voting on the resolution approving the Disposal and the Possible Conversion at the SGM.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 9 April 2013 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 11 April 2013.

DEFINITIONS

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

“Alliance”	Alliance Elegant Limited, a company incorporated in the BVI with limited liability
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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 is indirectly wholly-owned by the Target Company through Peace Map Information
“Bidfast”	Bidfast Investment Limited, a company incorporated in the BVI with limited liability
“Board”	the board of the 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, Sunday and public holiday 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”	AVIC International Holding (HK) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 232)
“Completion”	completion of the Disposal
“Completion Date”	the third Business Day after the fulfillment (or waiver, as the case may be) of the conditions precedent to the Sale and Purchase Agreement or such other date as may be agreed by the Vendors and the Purchaser in writing
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Convertible Notes”	a zero coupon convertible note in the aggregate principal amount of up to HK\$900,000,000 (comprising the Tranche A Convertible Notes, the Tranche B Convertible Notes and the Deferred Convertible Notes, initially repayable in 5 years from the date of issue, with the Conversion Price being HK\$0.25 per Conversion Share (subject to adjustment), to be issued by MIG to the Vendors as part payment of the consideration of the Disposal in accordance with the Sale and Purchase Agreement
“Conversion Price”	the initial conversion price of HK\$0.25 per Conversion Share (subject to adjustment) upon the exercise of the conversion rights attaching to the Convertible Notes
“Conversion Shares”	a total of up to 3,600,000,000 new MIG Shares with a par value of HK\$0.25 each in the capital of MIG, credited as fully paid, to be allotted and issued by MIG free from all encumbrances upon exercise of the conversion rights attaching to the Convertible Notes in full
“Deferred Convertible Notes”	the Tranche A Convertible Notes in the aggregate principal amount of up to HK\$80,000,000 (subject to adjustment) to be issued to the relevant Vendor after the PAT Certificate has been delivered to the Purchaser

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendors to the Purchaser pursuant to the Sale and Purchase Agreement
“Grandest”	Grandest International Limited, a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kingspot”	Kingspot Investment Limited, a company incorporated in the BVI and a directly wholly-owned subsidiary of the Company
“Last Trading Day”	8 April 2013, being the last trading day on which the MIG Shares were traded on the Stock Exchange prior to date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2013 or such other date as the Vendors and the Purchaser may agree in writing
“Management Shareholders”	the existing shareholders of Broadlink
“Maturity Date”	the 5th anniversary of the date of issue of the Convertible Notes, if such date is not a Business Day, the Business Day next following such date
“MIG”	Mongolia Investment Group Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 402)
“MIG Placing”	the proposed placement of not less than 2,400,000,000 new MIG Shares by MIG at an offer price of not less than HK\$0.25 per each new MIG Share
“MIG Shares”	ordinary share(s) of HK\$0.25 each in the share capital of the MIG
“Noteholder(s)”	holder of the Convertible Notes
“PAT”	the audited consolidated net profit after taxation of the Target Group attributable to the owners of the Target Company (net of minority interests) for the financial year ending 31 December 2013

“PAT Certificate”	the relevant certificate of the amount of PAT and adjustment (if any) to the consideration of the Disposal to be issued by auditors, as engaged by the Purchaser, to the Vendors and the Purchaser
“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
“Peace Map Group”	Peace Map and its subsidiaries
“Peace Map Information”	Peace Map Information Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Target Company
“Possible Conversion”	the exercise by Kingspot of part or all the conversion right attached to the Convertible Notes held by it from time to time to the extent that such conversion, when aggregated with any MIG Share acquired by the Group within a 12 month period prior to such conversion, will constitute a major transaction or a lower category of notifiable transaction of the Company
“PRC”	The People’s Republic of China
“Purchaser”	Jichang Investments Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of MIG
“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 April 2013 entered into between the Vendors, the Management Shareholders, the Purchaser and MIG in relation to the Disposal
“Sale Shares”	all the issued shares of the Target Company at Completion
“SFC”	The Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting(s) of the Company to be convened to consider and approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Possible Conversion
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Structural Agreements”	a series of contracts dated 22 October 2012 entered into between, inter alia, Beijing Peace Map Information and Peace Map and/or its shareholders to provide Beijing Peace Map Information with effective control over the business and affairs of the Peace Map Group and from which substantial economic benefits and risks arising from the principal activities of the Peace Map Group have been transferred to the Beijing Peace Map Information
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases
“Target Company”	Sinbo Investment Limited, a company incorporated in the BVI which is held as to approximately 63.39%, 22.66%, 7.59%, 4.51% and 1.85% by Broadlink, Kingspot, Alliance, Bidfast and Grandest respectively
“Target Group”	the Target Company and its subsidiaries
“Tranche A Convertible Notes”	the Convertible Notes in the aggregate principal amount of HK\$600,000,000 (including the Deferred Convertible Notes in the aggregate principal amount of HK\$80,000,000, subject to adjustment) to be issued to the Vendors as part payment of the consideration of the Disposal
“Tranche B Convertible Notes”	the Convertible Notes in the aggregate principal amount of HK\$300,000,000 to be issued to the Vendors as part payment of the consideration of the Disposal whose terms and conditions are identical to those of the Tranche A Convertible Notes in all material aspects except that, subject to the consent from MIG, the holders of the Tranche B Convertible Notes may request MIG to redeem all or any part of the Tranche B Convertible Notes on one or more occasions at any time prior to the Maturity Date
“Vendors”	collectively, Broadlink, Kingspot, Alliance, Bidfast and Grandest
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
AVIC International Holding (HK) Limited
Wu Guangquan
Chairman

Hong Kong, 10 April 2013

As at the date of this announcement, the Board comprises Mr. Wu Guangquan, Mr. Ji Guirong, Mr. Pan Linwu, Mr. You Lei and Mr. Zhang Chuanjun as executive directors; Mr. Ip Tak Chuen, Edmond as non-executive director; Mr. Chu Yu Lin, David, Mr. Li Ka Fai, David and Mr. Li Zhaoxi as independent non-executive directors.

* For identification purpose only