

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



PEACE MAP HOLDING LIMITED

天下圖控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 402)

CONTINUING CONNECTED TRANSACTION

The Board announces that on 15 May 2014 (after trading hour), Beijing Peace Map as tenant entered into the Tenancy Agreement with CATIC Siwei as landlord in relation to the tenancy of the Property.

CATIC Siwei has a 18.15% equity interest in Beijing Peace Map, which is treated as a 81.85%-owned subsidiary of the Company. Since CATIC Siwei is a substantial shareholder of Beijing Peace Map, CATIC Siwei is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (other than the profits ratio) in respect of the Maximum Annual Cap are more than 0.1% but less than 5% under Rule 14A.34 of the Listing Rules, the Tenancy Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules, the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules but are exempted from the approval of the independent shareholders of the Company. No Director is considered to have material interest in the Tenancy Agreement and therefore no Director was required to abstain from voting at the Board meeting approving the Tenancy Agreement and the transactions contemplated thereunder.

As the term of the Tenancy Agreement exceeds three years, pursuant to Rule 14A.35(1) of the Listing Rules, the Company has engaged Goldin Financial as the independent financial adviser to explain the reasons for requiring a duration longer than three years and to confirm whether this is normal business practice for similar types of agreements.

THE TENANCY AGREEMENT

The Board announces that on 15 May 2014 (after trading hour), Beijing Peace Map as tenant entered into the Tenancy Agreement with CATIC Siwei as landlord in relation to the tenancy of the Property.

The principal terms of the Tenancy Agreement are summarised as follows:

Date:	15 May 2014
Landlord:	CATIC Siwei
Tenant:	Beijing Peace Map

Property: 5B-1, National Geographic Science and Technology Industrial Park, South of Longtang Road, Touerying Village, Liqiao Town, Shunyi District, Beijing. A nine storey building with a basement with a total gross floor area of approximately 12,254 square meter

Usage: for office and operation

Term: Commencing from 16 August 2014 to 15 August 2019 (both days inclusive), whereby the period from the date of the Tenancy Agreement to 15 August 2014 being the rent-free period

Rental fee: RMB1,340,000 (equivalent to approximately HK\$1,675,000) per quarter, exclusive of management fee, maintenance fee, insurance fee, and all other outgoings charges, payable quarterly in advance.

Deposit: RMB446,667 (equivalent to approximately HK\$558,333) which is equivalent to one month's rental fee, payable by 16 August 2014

Tenant renovation: Both parties agreed that the period from the date of the Tenancy Agreement to 15 August 2014 shall be the rent-free period and Beijing Peace Map shall commence renovation of the Property. The renovation amount (the "Renovation Amount") to be incurred by Beijing Peace Map on the Property will be fully financed by the loan from CATIC Siwei (the "Loan") equivalent to the Renovation Amount. The Renovation Amount is currently expected to be approximately RMB19.5 million (equivalent to approximately HK\$24.4 million).

Both parties agreed that Beijing Peace Map shall repay the principal amount and the underlying interests of the Loan to CATIC Siwei in the following manner:

- (1) Beijing Peace Map is required to repay not less than 20% of the principal amount of the Loan annually;
- (2) Interest per annum is equal to the outstanding balance of the Loan plus any accrued interest times the prevailing benchmark interest rate from financial institutions in the PRC for a 5 years RMB term loan; and
- (3) Beijing Peace Map shall repay the relevant principal amount and interest of the Loan in accordance with paragraph (1) and (2) above by 15 August annually.

The principal amount and the underlying interests of the Loan shall be fully repaid on or before the expiry date of the Tenancy Agreement.

Given that the Loan granted to Beijing Peace Map under the Tenancy Agreement is for the benefit of the Group on normal commercial terms where no security over the assets of the Group will be granted in respect of the Loan, such arrangement will be exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

ANNUAL CAPS OF THE TENANCY AGREEMENT

The annual caps in respect of the Tenancy Agreement based on the annual rental fee payable set out therein for each of the years ending 31 December 2014, 2015, 2016, 2017, 2018 and 2019 are estimated as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ended 31 December 2018	For the year ended 31 December 2019
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Annual caps	2,010,000	5,360,000	5,360,000	5,360,000	5,360,000	3,350,000
	(equivalent to approximately HK\$2,512,500)	(equivalent to approximately HK\$6,700,000)	(equivalent to approximately HK\$6,700,000)	(equivalent to approximately HK\$6,700,000)	(equivalent to approximately HK\$6,700,000)	(equivalent to approximately HK\$4,187,500)

The Directors (including the independent non-executive Directors) are of the view that the above annual caps in respect of the Tenancy Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS AND BENEFITS FOR THE TENANCY AGREEMENT

The Group is principally engaged in geographical information data extraction and data processing, software application, sales of cameras and manufacture and sales of unmanned aerial vehicles, as well as mining and exploration of mineral resources.

Beijing Peace Map is treated as a 81.85%-owned subsidiary of the Company and is principally engaged in data processing of geographical data, research and development geographical information system.

CATIC Siwei is holding an investment in the PRC which operates in aero-technology business.

The Property is rented for office and operation of Beijing Peace Map and is in the ordinary course of business of the Group. The terms of the Tenancy Agreement are arrived at after arm's length negotiation between Beijing Peace Map and CATIC Siwei based on normal commercial terms. The rental fees of the Tenancy Agreement were determined with reference to the prevailing market rent of similar properties in the nearby locations. The Directors consider that the Loan granted by CATIC Siwei for financing the Renovation Amount will ease the Group from immediate cash flow requirement and allow the Group to preserve its funds for development of business of the Group.

Having considered the foregoing and the view of Goldin Financial as set out in the section headed "Opinion from the independent financial adviser" below in this announcement, the Directors (including the independent non-executive Directors) consider that the terms of the Tenancy Agreement (including the duration) are on normal commercial terms, fair and reasonable and that the entering into the Tenancy Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

CATIC Siwei has a 18.15% equity interest in Beijing Peace Map, which is treated as a 81.85%-owned subsidiary of the Company. Since CATIC Siwei is a substantial shareholder of Beijing Peace Map, CATIC Siwei is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (other than the profits ratio) in respect of the Maximum Annual Cap are more than 0.1% but less than 5% under Rule 14A.34 of the Listing Rules, the Tenancy Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules, the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules but are exempted from the approval of the independent shareholders of the Company. No Director is considered to have material interest in the Tenancy Agreement and therefore no Director was required to abstain from voting at the Board meeting approving the Tenancy Agreement and the transactions contemplated thereunder.

OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

Rule 14A.35(1) of the Listing Rules requires that the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances. As the lease term of the Tenancy Agreement will exceed three years, the Company has appointed Goldin Financial to explain why a longer period is required and to confirm that it is normal business practice for contracts of the same type as the Tenancy Agreement to be of such duration.

Goldin Financial has discussed with the management of the Company regarding the Tenancy Agreement and has taken into account the reasons as follows:

- (i) the longer duration of the Tenancy Agreement will enable the Group to prevent the recurrence of expensive renovation costs in the short term, including initial set up cost and interior decoration;
- (ii) the longer duration of the Tenancy Agreement will enable the Group to secure a strategic and prime location in the National Geographic Information Technology Industrial Park to develop the Group's geographic information technology business; and
- (iii) the longer duration of the Tenancy Agreement will insulate the Group from the potential increase in the rent considering the rising trend of the rent of industrial property in Beijing in the past five years.

In considering whether it is normal business practice for tenancy agreements of a similar nature to the Tenancy Agreement to have a term of such duration, Goldin Financial reviewed relevant comparable transactions which are selected based on the following criteria: (i) one of the parties to such transaction is listed on the Stock Exchange; (ii) such transactions are publicly announced by way of announcements made pursuant to the Listing Rules in the past three months from the date of the Tenancy Agreement; and (iii) such transaction involving leasing of property for business operation (the "Comparable Transactions"). Goldin Financial noted that the lease duration of the Comparable Transactions ranges from 1 year to 20 years with a mean of 3.71 years. Accordingly, Goldin Financial considers that the lease duration of the Tenancy Agreement falls within the range of that of the Comparable Transactions.

Having considered the above, Goldin Financial is of the view that the lease duration of five years under the Tenancy Agreement is required for the operation of the Group and is normal business practice for tenancy agreement of this type to be of such duration.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Beijing 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 with limited liability and treated as a 81.85%-owned subsidiary of the Company
“Board”	the board of Directors
“CATIC Siwei”	四維航空遙感有限公司 (CATIC Siwei Co., Ltd.*), a company incorporated in the PRC with limited liability
“Company”	Peace Map Holding Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on Main Board of Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Goldin Financial”	Goldin Financial Limited, a licensed corporation to conduct type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Company in respect of the duration of the Tenancy Agreement
“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)”	party(ies) who is/are not connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Annual Cap”	the maximum amount of annual rental fee payable by the Group under the Tenancy Agreement amongst the years ending 31 December 2014, 2015, 2016, 2017, 2018 and 2019
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	5B-1, National Geographic Science and Technology Industrial Park, South of Longtang Road, Touerying Village, Liqiao Town, Shunyi District, Beijing. A nine storey building with a basement with a total gross floor area of approximately 12,254 square meter

“RMB”	renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Tenancy Agreement”	the tenancy agreement dated 15 May 2014 entered into between Beijing Peace Map as tenant and CATIC Siwei as landlord in relation to the tenancy of the Property
“%”	per cent

In this announcement, the amounts in RMB are converted into HK\$ at a conversion price of RMB1 = HK\$1.25 for illustration purposes. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates at all.

By order of the Board of
Peace Map Holding Limited
ZHU Dong
Acting Chairman

Hong Kong, 15 May 2014

As at the date of this announcement, the executive Directors are Mr. ZHU Dong (Acting Chairman), Mr. ZHANG Chuanjun, Mr. ZHANG, Jack Jiyei and Mr. FENG Tao (Chief Financial Officer) and the independent non-executive Directors are Mr. TAM Sun Wing, Mr. HUI, Yat On and Mr. ZHANG Songlin.

** For identification purpose only*