MONGOLIA ENERGY CORPORATION LIMITED

(formerly known as New World CyberBase Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2007

The directors (the "Directors") of Mongolia Energy Corporation Limited (formerly known as New World CyberBase Limited) (the "Company") announce the consolidated results of the Company and its subsidiaries (the "Group" or "MEC") for the year ended 31 March 2007 together with the comparative figures in the previous year as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	Note	**2007**	2006
		HK$'000	*HK$'000*
Continuing operations:			
Turnover	*2*	**39,773**	24,052
Interest income		**4,351**	1,954
Dividend income		**20,442**	–
Direct aviation costs		**(12,842)**	(3,657)
Staff costs		**(23,766)**	(7,966)
Depreciation		**(8,180)**	(842)
Other operating expenses		**(20,558)**	(14,218)
Fair value loss on investment properties		**(35,000)**	–
Provision for impairment on amounts due from associated companies and an investee company		**(4,015)**	–
Fair value gain/(loss) on financial assets at fair value through profit or loss		**40,226**	(19,422)
Reversal of impairment losses on long term receivable		**11,179**	7,545
Reversal of impairment losses on amount due from a related company		**3,037**	–
Gain on disposal of financial assets at fair value through profit or loss		**5,870**	–
Gain on disposal of interest in subsidiaries		**2,703**	–

	Note	2007 HK$'000	2006 HK$'000
Operating profit/(loss)	3	**23,220**	(12,554)
Finance costs	4	**(16,145)**	(7,430)
Share of profits of associated companies		**67**	–
Share of loss of a jointly controlled entity		**(2)**	(3)
Profit/(loss) before income tax		**7,140**	(19,987)
Income tax credit/(expense)	5	**4,709**	(811)
Profit/(loss) from continuing operations		**11,849**	(20,798)
Discontinued operations:			
Profit from discontinued operations		**–**	19,407
Profit/(loss) for the year		**11,849**	(1,391)
Attributable to:			
Equity holders of the Company		**11,849**	(1,383)
Minority interests		**–**	(8)
		11,849	(1,391)
Earnings/(loss) per share for profit/(loss) from continuing operations attributable to the equity holders of the Company for the year	6		
– basic (HK cents)		**0.62**	(3.83)
– diluted (HK cents)		**1.10**	(2.84)
Earnings per share for profit from discontinued operations attributable to the equity holders of the Company for the year	6		
– basic (HK cents)		**–**	3.58
– diluted (HK cents)		**–**	2.86

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment		**139,897**	143,992
Investment properties		**350,000**	385,000
Associated companies		**9,246**	–
Jointly controlled entity		**48,567**	15,104
Long term receivable		**–**	12,668
Financial assets at fair value through profit or loss		**–**	42,524
Other asset		**1,150**	1,150
		548,860	600,438
Current assets			
Accounts receivable	7	**2,075**	4,475
Other receivables, prepayments and deposits		**46,489**	4,998
Assets held for sale – associated companies		**52,402**	–
Financial assets at fair value through profit or loss		**125,098**	27,946
Amounts due from related companies		**445**	8,717
Tax prepaid		**–**	55
Cash and cash equivalents		**67,710**	171,485
		294,219	217,676
Current liabilities			
Accounts payable	8	**7,883**	4,207
Other payables and accruals		**27,950**	11,972
Short-term bank loans		**126,800**	151,724
Tax payable		**671**	341
		163,304	168,244
Net current assets		**130,915**	49,432
Total assets less current liabilities		**679,775**	649,870
Non-current liabilities			
Convertible notes		**–**	175,528
Deferred income tax liabilities		**38,381**	47,216
		38,381	222,744
Net assets		**641,394**	427,126
Financed by:			
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital		**52,327**	29,737
Reserves		**589,010**	397,332
		641,337	427,069
Minority interests		**57**	57
Total equity		**641,394**	427,126

NOTES

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention as modified by the revaluation of investment properties, financial assets and liabilities at fair value through profit or loss.

During the year, the Group has announced to acquire new mining concession/rights and consequently subject to the completion of the acquisition, the Group's principal business is coal energy and mining activities. The Directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis. This assumes that the acquisitions mentioned in Note 9 are successful and a profitable mining operation can be attained in future. The financial statements do not include any adjustments that would result if the acquisitions are not successful or a profitable mining operation cannot be attained.

(a) Standards, amendments and interpretations effective for the year ended 31 March 2007

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 and are relevant to the Group's operations:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The adoption of HKAS 19 Amendment, HKAS 39 and HKFRS 4 Amendment and HK(IFRIC)-Int 4 above did not result in significant impact to the Group's consolidated financial statements. Upon the adoption of HKAS 39 (Amendment), The Fair Value Option, the Group reassessed the investments designated at financial assets in the fair value through profit or loss category and reclassified of certain financial assets from non-current assets to current assets in the consolidated financial statements for the year ended 31 March 2007.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 April 2006 but are not relevant or do not have significant impact to the Group:

HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKFRS 1 & HKFRS 6 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

(b) Standards, amendment and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2007 or later periods:

HKFRS 7, Financial instruments: Disclosures, and the complementary Amendment to HKAS 1, Presentation of Financial Statements – Capital Disclosures, are effective for accounting periods beginning on or after 1 January 2007. HKFRS 7 introduces new disclosures relating to financial instruments. The Group will apply HKFRS 7 from 1 April 2007, but it is not expected to have any impact on the classification and valuation of the Group's financial instruments;

HKFRS 8, Operating Segments, is effective for accounting periods beginning on or after 1 January 2009. Under HKFRS 8, segments are components of an entity regularly reviewed by an entity's chief operating decision-maker. Items are reported based on the internal reporting. The Group will apply HKFRS 8 from 1 April 2009;

HK(IFRIC)-Int 8, Scope of HKFRS 2, is effective for accounting periods beginning on or after 1 May 2006. HK(IFRIC)-Int 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of HKFRS 2. The Group will apply HK(IFRIC)-Int 8 from 1 April 2007, but it is not expected to have any impact on the Group's consolidated financial statements;

HK(IFRIC)-Int 10, Interim financial reporting and impairment, is effective for accounting periods beginning on or after 1 November 2006. HK(IFRIC)-Int 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC)-Int 10 from 1 April 2007, but it is not expected to have any impact on the Group's financial statements; and

HK(IFRIC)-Int 11, HKFRS 2 – Group and treasury share transactions, is effective for accounting periods beginning on or after 1 March 2007. HK(IFRIC)-Int 11 requires that certain types of transactions are accounted for as equity-settled or cash-settled transactions under HKFRS 2. It also addresses the accounting for share-based payment transactions involving two or more entities within one group. The Group will apply HK(IFRIC)-Int 11 from 1 April 2007, but it is not expected to have any impact to the Group's consolidated financial statements.

(c) Interpretations to existing standards that are not yet effective and not relevant to the Group's operations

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2007 or later periods but are not relevant to the Group's operations:

HK(IFRIC)-Int 7, Applying the restatement approach under HKAS 29, Financial Reporting in Hyperinflationary Economies, is effective for accounting periods beginning on or after 1 March 2006. HK(IFRIC)-Int 7 provides guidance on how to apply requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, HK(IFRIC)-Int 7 is not relevant to the Group's operations;

HK(IFRIC)-Int 9, Reassessment of embedded derivatives, is effective for accounting periods beginning on or after 1 June 2006. HK(IFRIC)-Int 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment if required. As none of the group entities have changed the terms of their contracts, HK(IFRIC)-Int 9 is not relevant to the Group's operations; and

HK(IFRIC)-Int 12, Service concession arrangements, is effective for accounting periods beginning on or after 1 January 2008. HK(IFRIC)-Int 12 provides guidance on the accounting by operators in public-to-private service concession arrangements. As none of the group entities have service concession arrangements, HK(IFRIC)-Int 12 is not relevant to the Group's operations.

2. Turnover and segment information

The Group is principally engaged in property investments and provision of charter flight services. The Group ceased the provision of technology related services following the disposal of certain subsidiaries in 2006.

Revenues recognised during the year are as follows:

	2007	2006
	HK$'000	*HK$'000*
Turnover		
Rental income from investment properties	**19,132**	15,471
Management fee from investment properties	**4,397**	4,022
Gross rental income and management fee	**23,529**	19,493
Charter flight income	**16,244**	4,559
	39,773	24,052

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Primary reporting format – business segments

In 2007, the Group is organised into two main business segments, namely property investments and charter flight services. In previous year, in addition to the existing business segments, the Group had a technology related services operation which was ceased in 2006.

There are no sales or other transactions between business segments.

Primary reporting format – business segments

The segment results for the year ended 31 March 2007 are as follows:

	Continuing		Total
	Property investments	Charter flight services	Continuing
	HK$'000	*HK$'000*	*HK$'000*
Turnover	23,529	16,244	39,773
Segment results	(17,015)	(14,634)	(31,649)
Unallocated corporate expenses			(28,924)
Unallocated operating income/(expenses)			
– Interest income			4,351
– Dividend income			20,442
– Fair value gain on financial assets at fair value through profit or loss			40,226
– Reversal of impairment losses on long term receivable			11,179
– Gain on disposal of subsidiaries			2,703
– Gain on disposal of financial assets at fair value through profit or loss			5,870
– Reversal of impairment loss of amount due from a related company			3,037
– Provision for impairment on amounts due from associated companies and an investee company			(4,015)
Operating profit			23,220
Finance costs			(16,145)
Share of profits of associated companies (unallocated)			67
Share of loss of a jointly controlled entity	–	(2)	(2)
Profit before income tax			7,140
Income tax credit			4,709
Profit for the year			11,849
Depreciation	–	7,927	7,927
Unallocated depreciation			253
			8,180
Unallocated capital expenditure			5,221

The segment results for the year ended 31 March 2006 are as follows:

	Continuing		Discontinued		Total	
	Property investments	**Charter flight services**	**Property investments**	**Technology related services**	**Continuing**	**Discontinued**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	19,493	4,559	197	14,351	24,052	14,548
Segment results	14,165	(2,739)	164	(7,849)	11,426	(7,685)
Unallocated corporate (expenses)/income					(14,057)	1,249
Unallocated operating income/(expenses)						
– Interest income					1,954	26
– Fair value loss on financial assets at fair value through profit or loss					(19,422)	–
– Reversal of impairment losses on long term receivable					7,545	–
– Provision for amounts due from associated companies					–	(1,112)
– Gain on disposal of subsidiaries					–	26,929
Operating (loss)/profit					(12,554)	19,407
Finance costs					(7,430)	–
Share of loss of a jointly controlled entity	–	(3)	–	–	(3)	–
(Loss)/profit before income tax					(19,987)	19,407
Income tax expense					(811)	–
(Loss)/profit for the year					(20,798)	19,407
Depreciation	–	667	–	611	667	611
Unallocated depreciation					175	–
					842	611
Capital expenditure	–	144,399	–	1,188	144,399	1,188
Unallocated capital expenditure					53	–
					144,452	1,188

Segment assets consist primarily of property, plant and equipment, investment properties, operating cash and other current assets and exclude certain investments, cash and bank balances and certain other current assets. Segment liabilities comprise operating liabilities and exclude items such as short term loans, convertible notes and deferred income tax liabilities.

Capital expenditure represents additions to plant and equipment, including additions resulting from acquisitions through business combinations.

The segment assets and liabilities at 31 March 2007 are as follows:

	Property investments	**Charter flight services**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets	**362,099**	**198,056**	**282,924**	**843,079**
Liabilities	**6,046**	**2,834**	**192,805**	**201,685**

The segment assets and liabilities at 31 March 2006 are as follows:

	Property investments	**Charter flight services**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets	389,235	168,049	260,830	818,114
Liabilities	4,389	4,097	382,502	390,988

Secondary reporting format – geographical segments

The Group operates in two main geographical areas:

Hong Kong:	Property investments and charter flight services
The Mainland China:	Technology related services (discontinued in 2006) and property investments

There are no sales between geographical segments.

	For the year ended 31 March			
	Turnover		**Capital expenditure**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong – Continuing	**39,773**	24,052	**5,221**	144,452
Mainland China – Discontinued	**–**	14,548	**–**	1,188
	39,773	38,600	**5,221**	145,640

	31 March 2007	31 March 2006
	HK$'000	*HK$'000*
Total assets		
Hong Kong	**781,950**	818,061
Mainland China	**61,129**	53
	843,079	818,114

Turnover is allocated based on the countries or locations in which the customers are located. Total assets and capital expenditure are allocated based on where the assets are located. The total assets located in Mainland China comprised investments in associated companies.

3. Operating profit/(loss)

Operating profit/(loss) is stated after crediting and charging the following:

	2007	2006
	HK$'000	*HK$'000*
Crediting		
Dividend income from listed investments	**20,442**	–
Charging		
Auditor's remuneration	**867**	650
Operating lease rental in respect of land and buildings	**1,332**	499
Direct operating expenses arising from investment properties that generate rental income	**5,418**	3,177
Direct operating expenses arising from investment properties that did not generate rental income	**126**	127

4. Finance costs

	2007	2006
	HK$'000	*HK$'000*
Interest expense:		
– short-term bank loans	**6,771**	6,542
– convertible notes wholly repayable within five years	**9,374**	1,496
	16,145	8,038
Less: Write-back of interest payable for other loan, net	**–**	(608)
	16,145	7,430

5. Income tax (credit)/expense

Hong Kong profits tax has been provided for at the rate of 17.5% on the estimated assessable profit for the year (2006: Nil). Taxation on overseas profits has not been provided for as the Group has no estimated assessable profit for the year (2006: Nil).

The amount of tax (credited)/charged to the consolidated income statement represents:

	2007	2006
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	**616**	286
– Under provision for Hong Kong profits tax in prior year	**15**	–
Deferred income tax	**(5,340)**	525
	(4,709)	811

6. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the year attributable to the equity holders of the Company (net of minority interests) and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings/(loss) per share is based on profit/(loss) attributable to the equity holders of the Company (net of minority interests), interest expense on convertible notes and the weighted average number of ordinary shares in issue during the year, as used in the calculation of basic earnings/(loss) per share and the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings/(loss) per share is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) from continuing operations attributable to the equity holders of the Company (net of minority interests), as used in the calculation of basic earnings/(loss) per share	**11,849**	(20,790)
Interest expense on convertible notes	**9,374**	1,496
Profit/(loss) from continuing operations attributable to the equity holders of the Company, as used in the calculation of diluted earnings/(loss) per share	**21,223**	(19,294)
Profit from discontinued operations attributable to equity holders of the Company	**–**	19,407

	Number of shares	
	2007	2006
	(thousand)	*(thousand)*
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue for calculation of basic earnings/(loss) per share	**1,924,389**	542,316
Effect of dilutive potential ordinary shares:		
Convertible notes	**–**	130,898
Share options	**9,381**	6,098
Weighted average number of ordinary shares in issue for diluted earnings/(loss) per share	**1,933,770**	679,312

7. Accounts receivable

The Group's credit terms on the provision of services mainly range from 30 to 90 days. The ageing analysis of accounts receivable of the Group is as follows:

	2007	2006
	HK$'000	*HK$'000*
Current to 30 days	**618**	3,609
31 to 60 days	**174**	205
61 to 90 days	**442**	228
Over 90 days	**841**	433
	2,075	4,475
Denominated in:		
HK$	**858**	1,226
US$	**1,217**	3,249
	2,075	4,475

The carrying value of accounts receivable approximates their fair values due to the short term maturity.

8. Accounts payable

The aging analysis of accounts payable is as follows:

	2007	2006
	HK$'000	*HK$'000*
Current to 30 days	**1,848**	2,520
31 to 60 days	**720**	645
61 to 90 days	**374**	890
Over 90 days	**4,941**	152
	7,883	4,207

The carrying value of accounts payable approximates their fair values due to the short term maturity and are denominated in Hong Kong dollars.

9. Subsequent events

(a) Pursuant to special resolutions passed at a special general meeting held on 18 April 2007, the following transactions (the "Transactions") were approved by the shareholders of the Company:

(i) proposed very substantial acquisition of a coal mine in western Mongolia by a subsidiary of the Company, which is to be settled by (a) the issue of 1,125,000,000 new shares of the Company; (b) convertible bond of HK$142.5 million of the Company; and (c) loan note of HK$787.5 million of the Company;
(ii) proposed subscriptions of 1,180,000,000 new shares; and
(iii) proposed placing of 1,100,000,000 new shares.

The Transactions are subject to fulfillments of certain conditions and therefore, have not been completed as at the date of this results announcement.

(b) On 30 May 2007, the Company announced that on 29 May 2007, a subsidiary of the Company has entered into an acquisition agreement to acquire further mine areas in western Mongolia with coal resources estimated between 1 to 2 billion tonnes along with other ferrous and non-ferrous resources subject to exploration for eventual commercial exploitation. The proposed acquisition has been communicated to shareholders in a circular dated 25 June 2007 for shareholders' approval.

(c) On 31 May 2007, the Group completed the disposals of equity interests in and assignments of shareholders' loan to Modern Sparkles Investment Ltd. and Peak Elite Holdings Corp. which were wholly owned subsidiaries of the Company as at 31 March 2007, to Mr. Simon Lo. Modern Sparkles Investment Ltd. and Peak Elite Holdings Corp. hold equity interests in associated companies, Crown Frame Properties Limited (formerly known as Crestbright Properties Ltd.) and Moral Known Investments Limited which, in turn hold equity interests in sino-foreign joint venture enterprises which hold two pieces of land located at Hangzhou, Mainland China.

(d) On 23 May 2007 and 13 June 2007 respectively, the Company announced the disposals of 12,320,000 shares in New World Mobile Holdings Limited at open market value.

(e) On 29 June 2007, the Company entered into construction agreement with independent third party for the construction and setting up of facilities for commercial exploitation in the coal mine at consideration of RMB39.9 million.

MODIFIED AUDITOR'S REPORT

The report of the independent auditor on the financial statements of the Group for the year ended 31 March 2007 has been modified and is extracted as follows:–

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion we draw attention to Note 2.1 to the financial statements which explains that the Company's and the Group's ability to continue as a going concern depends on the success of the acquisitions of mines and its ability to attain a profitable mining operation in future. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's and the Group's ability to continue as a going concern."

Note 2.1 to the financial statements (Extracted from annual report to be despatched to the shareholders)

"During the year, the Group has announced to acquire new mining concession/rights and consequently subject to the completion of the Acquisition Agreement, the Group's principal business is coal energy and mining activities. The Directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis. This assumes that the acquisitions mentioned in Note 36 are successful and a profitable mining operation can be attained in future. The financial statements do not include any adjustments that would result if the acquisitions are not successful or a profitable mining operation cannot be attained."

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 March 2007 have been agreed by the Group's independent auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

DIVIDEND

No interim dividend was declared (2006: Nil) during the year and the directors do not recommend the payment of a final dividend for the year ended 31 March 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the reporting year, the Group was principally engaged in property investments and in the aircraft charter business.

In the property sector, the Group continued to own the basement and ground floor of Bank of America Tower ("BOA Tower") in Central, Hong Kong. During the year, the Group successfully secured a prestigious company to be one of our anchor tenants. Following this lease the occupancy ratio of BOA Tower improved to 96% as at 31 March 2007 (2006: 86%). During the same period, the Group appointed an independent property agency company as the sole sales agent to dispose of its assets at BOA Tower by public tender. However, the Group did not proceed with the disposal as the biddings failed to meet the management's expectation.

In this reporting year, the Group continued to strengthen its private jet services operations. The aircraft charter business built momentum steadily during the year. The Group currently owns a Gulf Stream G200 model private jet for the aircraft charter services. Another brand new Gulf Stream G450 model private jet (50% beneficially owned by the Group) will be delivered on schedule in the third quarter of 2007. With the additional new private jet, the Group will be able to provide more flexible aircraft charter options to potential customers. The joint venture, Asia United Business Aviation Limited ("AUBA"), with inter alia Shenzhen Airlines as joint venture partner, was duly established after 31 March 2007. AUBA obtained an air operation certificate from the Civil Aviation Authority of China and final approval for a business aviation facility at Shenzhen's Baoan International Airport in May 2007. The private jet industry in the PRC is currently under-developed and as a pioneer in the industry, the Group is well positioned to capture this rapidly growing market.

On 30 January 2007, the Company entered into an agreement to acquire a coal mine of over 34,000 hectares in western Mongolia with at least 300 million tonnes of reserves. The acquisition was approved by the shareholders on 18 April 2007 and it signifies the Group's new venture into coal and energy-related businesses. The mining business requires continuous and significant capital investment. The Directors will exercise extreme caution in maintaining sufficient working capital for the Group's requirements over the course of time.

On 30 May 2007, the Company made a public announcement disclosing a subsidiary of the Company had entered into an acquisition agreement to acquire further mine areas in western Mongolia with coal resources estimated between 1 to 2 billion tonnes along with other ferrous and non-ferrous resources subject to exploration for eventual commercial exploitation.

The coal and energy related business will be the focus of the Group's activities in the coming years. Accordingly, the Group divested some non-core investments during the year. On 26 January 2007, the Group disposed of its entire interests in two associated companies holding property development projects in Hangzhou, PRC (the "Disposal") to Mr. Lo Lin Shing, Simon (Chairman and executive director of the Company) at an aggregate consideration of HK$38.2 million. The Disposal was approved by the shareholders on 5 March 2007 and completed in May 2007 with an approximate gain of HK$14.8 million.

Financial Review

1. *Result Analysis*

   A growth of 65% in overall turnover was recorded in 2006/07 when compared to the last corresponding year. Turnover from property investments and aircraft charter increased 20.7% and 256.3% respectively. A full-year effect accounted for more than 2-fold increase in turnover from the aircraft charter business.

   Both business segments recorded an operating loss for the year. For the property investments segment, the operating loss resulted from the fair value loss of HK$35 million of the investment properties on an open-market value basis by an independent qualified valuation firm as at the 31 March 2007. By eliminating this factor, this business segment did record an operating profit of HK$18.0 million (2006: HK$14.2 million). For the aircraft charter segment, the financial performance was dragged down by the annual depreciation charge of approximately HK$7.9 million on the G200 aircraft.

   Despite the operating loss in our business segments, the Group's investment portfolio in both listed and unlisted investments helped to turnaround this financial year's result. A total dividend income of HK$20.4 million was received and a fair value gain of HK$40.2 million was recorded. Consequently, profit attributable to shareholders of the Company for the year ended 31 March 2007 was HK$11.8 million (2006: loss of HK$1.4 million).

2. *Liquidity and financial resources*

   As at 31 March 2007, the equity holders' fund of the Group amounted to HK$641.3 million (2006: 427.1 million) and the net asset value per share was HK$0.25 (2006: HK$0.29). In February 2006, the Company issued 2.5% convertible notes at a nominal value of HK$200,000,000. These convertible notes have a maturity period of three years from the issue date at their nominal value and can be converted to one ordinary share of the Company of HK$0.02 each for every HK$0.18 convertible note at the holders' option. The convertible notes were fully converted into 1,111,111,102 new ordinary shares during the year which was the key contributor to the sharp increase in equity holders' fund.

   The Group's funding was derived from internal resources and corporate financing activities. Total net borrowings of the Group (total borrowings net of bank and cash balances) as at 31 March 2007 amounted to HK$59.1 million (2006: HK$155.8 million). In respect of the secured bank loan of approximately HK$126.8 million as at the 31 March 2007, it was subject to the usual annual review by the bank. Due to this commercial arrangement, the secured bank loan is classified as current liability in the financial statements. However, it does not represent that the total bank loan amount is required to be repaid within one year from 31 March 2007. Furthermore, the Group has been able to repay principal balances plus interests on time and the carrying value of the Group's investment properties pledged to secure the bank loan amounted to HK$350 million as at 31 March 2007 is well in excess of the balance of the secured bank loan. Accordingly, the Directors consider that the Group does not face any immediate pressure to repay a large portion of the secured bank loan.

As at 31 March 2007, the cash and bank balances were HK$67.7 million (2006: HK$ 171.5 million). Undrawn facilities of the Group as at 31 March 2007 were approximately HK$71.1 million (2006: HK$12.8 million). Liquidity ratio was around 1.8 (2006: 1.29).

3. *Gearing*

At the 31 March 2007, the gearing ratio of the Group was at a healthy level of 0.15 (2006: 0.40) which was calculated based on the Group's total borrowings to total assets.

4. *Financial risk management*

Details of the financial risk management adopted by the Group during the year are set out in the annual report.

5. *Pledge of assets*

Investment properties with a carrying amount of HK$350 million (2006: HK$385 million) were pledged to a bank as collateral for banking facilities granted to the Group.

6. *Contingent liabilities*

The Group has no material contingent liabilities as at year ended date.

HUMAN RESOURCES

As at 31 March 2007, the Group employed 13 full-time employees in Hong Kong. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Structured training programs are also offered for staff training and development.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company recognises the value and importance to achieving high standards of corporate governance to enhance corporate performance and accountability.

The Company has applied the principles and has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2007 in all material aspects, except the deviations as mentioned below.

Code Provision A.4.1 and A.4.2

Under the code provision A.4.1 and A.4.2 of the Code, (a) non-executive directors should be appointed for a specific term and subject to re-election; and (b) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, they are subject to the retirement by rotation under the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Code Provision E.1.2

The code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting ("AGM") of the Company. The chairman did not attend the 2006 AGM due to other business engagement. An executive director had chaired the 2006 AGM and answered questions from shareholders. The chairman of the Audit and Remuneration Committee was also available to answer questions at the 2006 AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. The Model Code is sent to each director of the Company on his/her initial appointment. One month before the date of the Board meetings to approve the group's half-year and annual results, the Company will sent a reminder to all the directors that they cannot deal in the securities and derivatives of the Company until after such results have been published, and that all their dealings must be conducted in accordance with the Model Code. Under the Model Code, directors of the Company are required to notify the chairman and receive a dated written acknowledgement before dealing in the securities and derivatives of the Company, and in the case of the chairman himself, he must notify the designated director and receive a dated written acknowledgement before any dealing.

Upon specific enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in Model Code throughout the year ended 31 March 2007.

AUDIT COMMITTEE

The audit committee currently consists of three independent non-executive directors.

a) Composition of Audit Committee Members

Mr. Lau Wai Piu *(chairman of Audit Committee)*
Mr. Peter Pun
Mr. Tsui Hing Chuen, William (appointed on 8 September 2006)
Mr. Wei Chi Kuan, Kenny (resigned on 8 September 2006)

The audit committee has reviewed together with the management the consolidated financial statements for the year ended 31 March 2007 of the Group.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited ("HKEX") at www.hkex.com.hk under "Lastest Listed Companies Information" and the Company's website at www.mongolia-energy.com respectively. The annual report of the Company for the year ended 31 March 2007 will be dispatched to the shareholders and published on the website of the HKEX's and the Company's website in due course.

By Order of the Board
Lo Lin Shing, Simon
Chairman

Hong Kong, 9 July 2007

As at the date hereof, the Board comprises six Directors, of which Mr. Lo Lin Shing, Simon and Ms. Yvette Ong are executive Directors, Mr. To Hin Tsun, Gerald is non-executive Director and Mr. Peter Pun, OBE, JP, Mr. Tsui Hing Chuen, William JP and Mr. Lau Wai Piu are independent non-executive Directors.