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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

DISCLOSEABLE TRANSACTION

DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF BEAUBOURG HOLDINGS INC. AND THE SALE LOAN

THE DISPOSAL

The Board is pleased to announce that, on September 20, 2007, the Vendor (being the Company's indirect wholly-owned subsidiary) and the Purchaser entered into the Agreement pursuant to which (i) the Purchaser agreed to purchase and the Vendor agreed to sell the entire issued share capital in Beaubourg Holdings Inc.; and (ii) the Vendor agreed to assign the Sale Loan to the Purchaser for a total consideration of HK\$134,667,544. Beaubourg Holdings Inc. holds a 50% interest in Everbest Business. The sole asset of Everbest Business is a Gulf Stream G450 model private jet.

The consideration shall be satisfied by way of cash. The Group intends to apply the net proceeds from the Disposal for general working capital purpose.

GENERAL

The Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. A circular containing details of the Disposal will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

THE AGREEMENT

Date: September 20, 2007

Parties:

Vendor: Asia Business Aviation Limited, an indirect wholly-owned subsidiary of the Company, being the vendor of the Sale Share and the Sale Loan.

Purchaser: C Jet Limited, a company incorporated under the laws of BVI with limited liability.
The Purchaser and its ultimate beneficial owner are Independent Third Parties.

Pursuant to the Agreement, the Purchaser agreed to purchase and the Vendor agreed to sell the Sale Share and assignment of the Sale Loan at the Consideration.

THE DISPOSAL

The Sale Share

The Sale Share represents the entire issued share capital of Beaubourg as at the date of the Agreement. Beaubourg is an investment holding company incorporated under the laws of BVI with limited liability and its sole asset is 50% interest in Everbest Business.

Everbest Business is a company incorporated under the laws of BVI on October 18, 2005. The incorporation of Everbest Business was for the purpose of entering into the Aircraft Purchase Agreement as a buyer to purchase the Gulf Stream G450 model private jet for a consideration of US\$31.18 million (equivalent to approximately HK\$243.2 million*). Beaubourg was required to contribute 50% of the consideration under the Aircraft Agreement.

The current sole asset of Everbest Business is the Gulf Stream G450 model private jet. It was delivered to the Company in July 2007 for the aircraft charter business of Everbest Business which the aircraft charter business has yet to commence.

The Sale Loan

The Sale Loan represents the entire shareholder's loan due from Beaubourg to the Vendor.

The sale and purchase of the Sale Share and assignment of the Sale Loan are inter-conditional and shall be completed simultaneously upon Completion under the terms of the Agreement.

The Company and/or the Vendor will not advance further loan to Beaubourg after the date of this Agreement.

Consideration

The aggregate consideration for the Sale Share and assignment of the Sale Loan is HK\$134,667,544 of which:–

- (a) HK\$11,700,008 are for the Sale Share and
- (b) HK\$122,967,536 are for the assignment of the Sale Loan.

The Purchaser has paid HK\$13,466,754.40 upon signing of the Agreement as deposit and part payment of the Consideration. The remaining balance of the Consideration shall be paid by way of cheque(s) or cashier order(s) to the Vendor upon Completion.

The Consideration was determined after arm's length negotiations between the parties and with reference to the unaudited net liabilities value of Everbest Business of approximately HK\$1.4 million as at July 31, 2007 and the principal amount of the shareholder loan of HK\$122,967,536 due from Beaubourg to the Vendor (as of September 20, 2007).

As of the date of the Agreement, Everbest Business is an associated company of Beaubourg and is equity accounted for in Beaubourg's account. The board of Everbest Business consists of two directors, one of them is nominated by Beaubourg and the other is nominated by the Purchaser and Beaubourg has no control over the board of Everbest Business. Upon Completion, Beaubourg will cease to be a subsidiary of the Vendor.

Conditions Precedent

Completion shall be conditional upon:

- (a) if necessary, the passing of an ordinary resolution by the Shareholders (other than those who are required to abstain from voting under the Listing Rules) at a general meeting of the Company approving the entering into of this Agreement and the performance of the transactions contemplated hereunder by the Company and/or the Vendor;
- (b) the Purchaser having received legal opinions relating to Beaubourg and Everbest Business and other matters as the Purchaser may reasonably require from a qualified lawyer in the relevant place of its incorporation (as the case may be) to be approved by the Purchaser and at the sole costs and expenses of the Purchaser and such legal opinions shall be in such form and substance reasonably acceptable to the Purchaser;
- (c) all necessary governmental and regulatory (including the Stock Exchange) approvals or consents (or waivers) or compliance required by the parties or any of them for the consummation of the transactions contemplated under the Agreement having been obtained and complied with; and
- (d) all necessary third party approvals or consents (or waivers) required by the parties or any of them for the consummation of the transactions contemplated under the Agreement having been obtained.

Completion

Subject to the fulfillment or waiver (as applicable) of the conditions precedent, Completion shall take place on September 28, 2007 or such other time as may be agreed by the Vendor and the Purchaser.

INFORMATION OF THE PARTIES

The Group

Through the purchase of concessions in western Mongolia, the Group is in a strong position to capitalize on the demands of China, including for coal, coal products and energy along with other resources (including ferrous and non-ferrous metal resources). The Group has already acquired the exploration concessions of around 32,000 hectares (around 1/3rd the size of Hong Kong SAR) as detailed under the Company's circular of June 25, 2007 for coal, ferrous and non-ferrous metal resources. The Group is in the process of acquiring further exploration and mining concessions of around 34,000 hectares (around 1/3rd the size of Hong Kong SAR) as detailed under the Company's circulars of March 22, 2007 and June 25, 2007.

In addition, the Group is also engaged in property investments in Hong Kong and aircraft charter services.

The Vendor

The Vendor is an indirect wholly-owned subsidiary of the Company. It was incorporated on October 17, 2005 under the laws of BVI with limited liability. It is an investment holding company and its principal asset is an entire issued share capital of Beaubourg. Apart from this, the Vendor has no other business activity and asset.

The Purchaser

The Purchaser is a company incorporated under the laws of the BVI with limited liability which is the holder of the remaining 50% interest of Everbest Business.

The following is a summary of the unaudited consolidated results of Beaubourg for the period/year ended March 31, 2006 and 2007 respectively:

	For the period/year ended March 31	
	2007	2006
	HK\$'000	HK\$'000
Operations		
Loss before taxation	(7)	(55)
Taxation	—	—
Loss attributable to shareholders	<u>(7)</u>	<u>(55)</u>
Net Liabilities Value	<u>(62)</u>	<u>(55)</u>

REASONS FOR AND BENEFITS OF THE DISPOSAL

As the Company only has an indirect 50% interest in Everbest Business through the Vendor, the Group cannot secure control of the operation of the private jet business under Everbest Business. The offer to purchase the 50% interest of Everbest Business by the Purchaser represents a good realization opportunity by reaping an unaudited gain of approximately HK\$12.5 million and the Company could concentrate more resources in its coal and energy business.

After the Disposal, the Group still wholly owns a G200 private jet for its aircraft charter business.

Based on the above, the Board is of the view that the Disposal is fair and reasonable and in the interests of the Shareholders and the Company as a whole.

USE OF PROCEEDS

As a result of the Disposal, based on the consideration of HK\$134,667,544, the Group is expected to record an unaudited gain on disposal of approximately HK\$12.5 million. The Group intends to use the net proceeds as general working capital.

GENERAL

The Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. A circular containing details of the Disposal will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement dated September 20, 2007 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Share and Sale Loan.
“Aircraft Purchase Agreement”	the agreement dated November 9, 2005 entered into between Everbest Business as purchaser and Gulfstream Aerospace Corporation as seller in relation to the sale and purchase of a Gulfstream G450 model private jet which was more particularly set out in the circular of the Company of December 23, 2005
“Beaubourg”	Beaubourg Holdings Inc., a limited liability incorporated under the laws of BVI and an indirectly wholly owned subsidiary of the company as at the date of the Agreement
“Board”	the board of Directors

“BVI”	British Virgins Islands
“Company”	Mongolia Energy Corporation Limited (stock code: 276), a company incorporated in Bermuda with limited liability and whose issued shares are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Share and the assignment of the Sale Loan under the Agreement
“Consideration”	HK\$134,667,544, being the aggregate cash consideration for the Sale Share and the Sale Loan under the Disposal
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement
“Everbest Business”	Everbest Business Limited, a company incorporated under the laws of BVI with limited liability on October 18, 2007 which is owned as to 50% by Beaubourg as at the date of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party who, to the best of the Director’s knowledge and information and having made all reasonable enquiries, is not connected person (as defined under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	C Jet Limited, a company incorporated under the laws of BVI, an Independent Third Party
“Sale Loan”	the entire shareholder’s loan due from Beaubourg Holdings Inc to the Vendor
“Sale Share”	the entire issued share capital of Beaubourg which are wholly owned by the Vendor as at the date of the Agreement
“Shareholders”	holders of the ordinary shares of HK\$0.02 each in the share capital of the Company.

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Asia Business Aviation Limited, an indirect wholly-owned subsidiary of the Company, being the vendor of the Sale Share and the Sale Loan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	US dollars, the lawful currency of the United States of America

By the order of the Board of
Mongolia Energy Corporation Limited
Tang Chi Kei
Company Secretary

Hong Kong, September, 20 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 a 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.

* *For illustration purpose only at the exchange rate of US\$1 to HK\$7.8*