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If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Mongolia Energy Corporation Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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**

A letter from the Board of Mongolia Energy Corporation Limited is set out on pages 3 to 8 of this circular.

October 10, 2007

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DEFINITIONS

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

“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 assignment of the 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 the details of which were more particularly set out in the circular of the Company of December 23, 2005
“Beaubourg”	Beaubourg Holdings Inc., a limited liability company incorporated under the laws of BVI and an indirect 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 (i) the Sale Share at HK\$11,700,008; and (ii) the Sale Loan at HK\$122,967,536 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

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third Party(ies) who, to the best of the Directors’ knowledge and information and having made all reasonable enquiries, is/are not connected person(s) (as defined under the Listing Rules) of the Company
“Latest Practicable Date”	October 3, 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“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 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
“SFO”	Securities and Future Ordinance
“Shares”	ordinary shares of HK\$0.02 each in the share capital of the Company
“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
“RMB”	Renminbi, the lawful currency of the PRC

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

MEC

MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 276)

Executive Directors:

Mr. Lo Lin Shing, Simon (*Chairman*)

Ms. Yvette Ong

Non-executive Director:

Mr. To Hin Tsun, Gerald

Independent non-executive Directors:

Mr. Peter Pun, *OBE, JP*

Mr. Tsui Hing Chuen, *William, JP*

Mr. Lau Wai Piu

Registered office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

Head office and principal place

of business in Hong Kong:

Rooms 1502-5

New World Tower 1

16-18 Queen's Road Central

Hong Kong

October 10, 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

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

INTRODUCTION

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.

LETTER FROM THE BOARD

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 Purchase 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.

LETTER FROM THE BOARD

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 associate 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 under the Agreement 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

LETTER FROM THE BOARD

- (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

Completion was taken place on September 28, 2007

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.

LETTER FROM THE BOARD

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	<u>-</u>	<u>-</u>
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. Apart from the above, there is no material effect on earnings, assets and liabilities of the Group upon completion the Agreement.

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.

LETTER FROM THE BOARD

GENERAL

The Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

Yours faithfully,
By Order of the Board
Mongolia Energy Corporation Limited
Tang Chi Kei
Company Secretary

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares (within the meaning of Part XV of the SFO) or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of Shares interested	Approximate percentage of shareholding
Mr. Lo Lin Shing, Simon ("Mr. Lo")	Beneficial owner/ Interest of a controlled corporation/ Interest of spouse	1,174,522,301 (Note)	44.89%
Ms. Yvette Ong	Beneficial owner	1,790,000	0.06%
Mr. To Hin Tsun, Gerald	Beneficial owner	3,000,000	0.11%
Mr. Tsui Hing Chuen, William	Beneficial owner	500,000	0.01%
Mr. Lau Wai Piu	Beneficial owner	601,200	0.02%

Note: Among the 1,174,522,301 Shares, 4,960,000 Shares represent interest of Mr. Lo on an individual basis; while 1,167,812,301 Shares represent interest of Golden Infinity Co., Ltd (“Golden”). The balancing of 1,750,000 Shares represent interest of Mrs. Ku Ming Mei, Rouisa (“Mrs. Lo”). Accordingly, Mr. Lo is deemed to be interested in the Shares in which Golden and Mrs. Lo are interested by virtue of the SFO. The 1,167,812,301 Shares which Golden is interested comprise, 387,812,301 Shares held by Golden and 780,000,000 Shares which will be issued to Golden upon completion of a subscription agreement dated January 30, 2007 entered into between the Company and Golden.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had an interest or short position in the Shares or/and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name	Long Position in Shares/Underlying Shares	Short Position in Shares/Underlying Shares	Capacity	Approximate percentage of the Company's total issued share capital
Mr. Liu Cheng Lin ("Mr. Liu")	1,625,000,000 (Note 1)	–	Interest of a controlled corporation	62.10%
Puraway Holdings Limited ("Puraway")	1,625,000,000 (Note 1)	–	Corporate	62.10%
Madam Ku Ming Mei, Rouisa	1,174,522,301 (Note 2)	–	Interest of spouse	44.89%
Golden Infinity Co., Ltd.	1,167,812,301	–	Corporate	44.63%
Taifook (BVI) Limited	1,100,000,000 (Note 3)	1,100,000,000 (Note 3)	Interest of a controlled corporation	42.04%(L) 42.04%(S)
Taifook Finance Company Limited	1,100,000,000 (Note 3)	1,100,000,000 (Note 3)	Interest of a controlled corporation	42.04%(L) 42.04%(S)
Taifook Securities Company Limited	1,100,000,000 (Note 3)	1,100,000,000 (Note 3)	Corporate	42.04%(L) 42.04%(S)
Taifook Securities Group Limited	1,100,000,000 (Note 3)	1,100,000,000 (Note 3)	Interest of a controlled corporation	42.04%(L) 42.04%(S)
Dr. Cheng Kar Shun	371,110,000 (Note 4)	–	Interest of a controlled corporation/ Interest of spouse	14.18%

Name	Long Position in Shares/Underlying Shares	Short Position in Shares/Underlying Shares	Capacity	Approximate percentage of the Company's total issued share capital
Dragon Noble Group Limited ("Dragon")	321,110,000 (Note 4)	–	Corporate	12.27%
Ms. Ip Mei Hing	371,110,000 (Note 4)	–	Interest of a controlled corporation/ Interest of spouse	14.18%
Mr. Law Ka Keung	341,666,666 (Note 5)	–	Interest of a controlled corporation	13.05%
Keswick Agents Limited ("Keswick")	341,666,666 (Note 5)	–	Corporate	13.05%
Dato' Dr. Cheng Yu Tung	220,000,000 (Note 6)	–	Interest of a controlled corporation	8.40%
Chow Tai Fook Nominee Limited ("CTF")	220,000,000 (Note 6)	–	Corporate	8.40%
Mr. Han Yuanlin	210,493,478 (Note 7)	–	Interest of a controlled corporation	8.04%
Visionary Profits Limited ("Visionary Profits")	210,493,478 (Note 7)	–	Corporate	8.04%
Mr. Ng Chun Ping, Brendan	194,444,442 (Note 8)	–	Interest of a controlled corporation	7.43%
Better Year Investments Limited ("Better Year")	194,444,442 (Note 8)	–	Corporate	7.43%
The Goldman Sachs Group, Inc.	587,065,000	511,500,000	Corporate	22.44%(L) 19.55%(S)
Mr. Ho Hau Chong, Norman	512,675,000 (Note 9)	340,000,000	Beneficiary of a trust	19.59%(L) 13.00%(S)
Honorway Nominees Limited	512,675,000 (Note 9)	340,000,000	Trustee	19.59%(L) 13.00%(S)

Notes:–

1. Mr. Liu Cheng Lin is interested in the entire issued share capital of the Puraway. By virtue of the SFO, he is deemed to be interested in the 1,625,000,000 new Shares to be issued upon completion of the acquisition agreement dated January 30, 2007 entered into between the Company and inter alia Mr. Liu (the “Acquisition Agreement”). The 1,625,000,000 new Shares to be issued to the Puraway represents 1,125,000,000 new Shares and 500,000,000 underlying Shares which may be issued upon conversion of the 3% convertible bond of the Company with maturity on the third anniversary from the date of the issue of the convertible bond, as part of the consideration deferred under the Acquisition Agreement.
2. Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo and accordingly, she is deemed to be interested in 1,174,522,301 Shares under the SFO.
3. The Shares represent the number of Shares agreed to be underwritten by Taifook Securities Company Limited (“Taifook Securities”) pursuant to the placement agreement dated January 30, 2007. Taifook Securities Group Limited is interested in the entire issued share capital of Taifook (BVI) Limited. Taifook (BVI) Limited is interested in the entire issued share capital of Taifook Finance Company Limited. Taifook Finance Company Limited is interested in the entire issued share capital of the Taifook Securities. By virtue of the SFO, each of Taifook Securities Group Limited, Taifook (BVI) Limited and Taifook Finance Company Limited is deemed to be interested in the Shares Tai Fook Securities is interested in.
4. Dr. Cheng Kar Shun is interested in the entire issued share capital of Dragon. By virtue of the SFO, he is deemed to be interested in the 321,110,000 Shares held by Dragon and the 200,000,000 new Shares to be issued to Dragon upon completion of the subscription agreement dated January 30, 2007, entered into between Dragon and the Company. The 50,000,000 Shares are owned by Madam Ip Mei Hing, the spouse of Dr. Cheng Kar Chun.
5. Mr. Law Ka Keung is interested in the entire issued share capital of Keswick. By virtue of the SFO, he is deemed to be interested in the 166,666,666 Shares held by Keswick and the 175,000,000 Shares which was interested by Keswick as a sub-underwriter of the placing agreement dated January 30, 2007 entered into between Taifook Securities and the Company.
6. Dato’ Dr. Cheng Yu Tung is interested in the entire issued share capital of CTF. By virtue of the SFO, he is deemed to be interested in the 20,000,000 Shares held by CTF and the 200,000,000 new shares to be issued to CTF upon completion of the subscription agreement dated January 30, 2007 entered into between CTF and the Company by virtue of the SFO.
7. Mr. Han Yuanlin is interested in the entire issued share capital of Visionary Profits. By virtue of the SFO, Mr. Han Yuanlin is deemed to be interested in the 210,493,478 Shares held by Visionary Profits.
8. Mr. Ng Chun Ping, Brendan is interested in the entire issued share capital of Better Year. By virtue of the SFO, he is deemed to be interested in the 194,444,442 Shares held by Better Year.
9. Honorway Nominees Limited holds the long and short positions in Shares/Underlying Shares in trust for Mr. Ho Hau Chong, Norman.

Abbreviations:–

“L” stands for long position

“S” stands for short position

As at the Latest Practicable Date, save as disclosed above, so far as was known to the Directors, no other person had, or was deemed or taken to have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any member of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors and their respective associates were considered to have any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

6. GENERAL

- (i) The secretary of the Company is Mr. Tang Chi Kei, *CPA*. The qualified accountant of the Company is Mr. Kwok Ying Tung, Daniel, *ACCA*.
- (ii) The principal place of business of the Company in Hong Kong is at Rooms 1502-5, New World Tower 1, 16-18 Queen's Road Central, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong.
- (iv) The English text of this circular shall prevail over its Chinese text.