

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**MONGOLIA ENERGY CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 276)

**DISCLOSEABLE TRANSACTION:  
Khushuut Mine Site Facilities Construction Agreement**

---

A letter from the Board of Mongolia Energy Corporation Limited is set out on pages 4 to 11 of this circular.

July 20, 2007

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>APPENDIX – GENERAL INFORMATION</b> .....	12

---

## DEFINITIONS

---

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

“Announcement”	means the announcement of the Company dated February 7, 2007 in relation to the Coal Mine Acquisition.
“Base Area”	means an area in the vicinity of the former Soviet military base of the Coal Mine and in which the offices and living amenities are or to be built as general office and co-ordination centre of the Coal Mine.
“Board”	means the board of Directors.
“CEO”	means the chief executive officer of the Company.
“Circular”	means the circular of the Company dated March 22, 2007.
“Coal Mine”	means the coal mine of over 34,000 hectares located in Khovd province in western Mongolia as referred to in the Announcement and the Circular.
“Coal Mine Acquisition”	means the acquisition of the Coal Mine as referred to in the Announcement and the Circular.
“Commercial Exploitation”	means the commercial exploitation over the Site Area.
“Company”	means 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.
“Consideration”	means an aggregate RMB39,859,315 (equivalent to HK\$41,055,000*) being the cash consideration payable by the Company under the Khushuut Mine Site Facilities Construction Agreement entered into between the Company and the Contracting Party on June 29, 2007.
“Contracting Party”	means China Airport Construction Group Corporation (中國航空港建設總公司).
“Director(s)”	means director(s) of the Company.
“Exploration”	means the exploration activities over the Coal Mine/ Further Mine Areas, as the case may be in accordance with the advice of the Technical Adviser.

---

## DEFINITIONS

---

“Exploration Expenses”	means the expenses incurred by the Company in carrying out the Exploration.
“Further Acquisition”	means the acquisition of the Further Mine Areas of around 32,000 hectares along with any mining assets by the subsidiary of the Company as announced by the Company on May 30, 2007.
“Further Mine Areas”	means the mine areas of around 32,000 hectares which are located in Khovd province of western Mongolia which is the subject of acquisition as announced by the Company on May 30, 2007.
“Group”	means the Company and its subsidiaries.
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China.
“Inferred Resources”	means in accordance with International Standards, the prospecting based on site inferred resources of the Coal Mine as advised by the Technical Adviser.
“Khushuut Mine Site Facilities Construction Agreement”	means the agreement entered into between the Company and the Contracting Party on June 29, 2007 for the construction and setting up of facilities in the Base Area.
“International Standards”	means the Guidelines to the United Nation International Framework Classification for Reserves/Resources adopted by UN ECE Committee on Sustainable Energy, Eleventh session, November 21-22, 2001 as modified from time to time.
“Latest Practicable Date”	means July 13, 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”	means the Rules Governing the Listing of Securities on the Stock Exchange.
“Minerals Law”	means the revised Mineral Law of Mongolia adopted on July 8, 2006 as amended, modified or replaced, from time to time.
“Mongolia”	means the independent sovereign nation of Mongolia.

---

## DEFINITIONS

---

“PRC”	means the People’s Republic of China.
“Reconnaissance Resources”	means in accordance with International Standards, the reconnaissance based on site reconnaissance resources of the Coal Mine as advised by the Technical Adviser.
“Resources”	means the Inferred Resources and the Reconnaissance Resources.
“Shareholder(s)”	means holder(s) of ordinary share(s) of HK\$0.02 each in the share capital of the Company.
“Shares”	means ordinary shares of HK\$0.02 each in the share capital of the Company.
“SGM”	means the special general meeting of Company convened on April 18, 2007 for sanctioning, among others, the Coal Mine Acquisition.
“Stock Exchange”	means the Stock Exchange of Hong Kong Limited.
“Site Area”	means a limited area of the Coal Mine containing the Inferred Resources of about 30 million tonnes which will support a scale of approximately 2 million tonnes of coal mining operation.
“Technical Adviser”	means John T. Boyd Company, the technical adviser to the Company.
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong.
“RMB”	means Renminbi, the lawful currency of the PRC.

\* *For the purpose of illustration only, amount quoted in RMB have been converted into Hong Kong dollars at the rate of RMB1 to HK\$1.03. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any rates or at all.*

---

LETTER FROM THE BOARD

---

**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

July 20, 2007

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION:  
Khushuut Mine Site Facilities Construction Agreement**

**INTRODUCTION**

On July 3, 2007, the Board announced that the Company has, on June 29, 2007, entered into the Khushuut Mine Site Facilities Construction Agreement upon which the Company agrees to pay the Consideration and the Contracting Party agrees to construct and set up the facilities at the Coal Mine more particularly detailed below.

**THE KHUSHUUT MINE SITE FACILITIES CONSTRUCTION AGREEMENT**

**The Parties and the Date**

Date : June 29, 2007

Parties : the Company and  
the Contracting Party – China Airport Construction Group Corporation

---

## LETTER FROM THE BOARD

---

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Contracting Party and their ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

### **Consideration**

The consideration under the Khushuut Mine Site Facilities Construction Agreement is an aggregate of RMB39,859,315 (equivalent to HK\$41,055,000\*). The Company is required to pay RMB14,000,000 of the contract sum within 7 days from the date of the Khushuut Mine Site Facilities Construction Agreement. Balance of the Consideration is to be paid by the Company in cash upon completion of the construction of the facilities to the satisfaction of the Company.

The Company will fund the Consideration by internal resources. The Directors confirm that the Consideration was determined after arm's length negotiations between the Contracting Party and the Company. Completion of the facilities is required to be delivered to the Company on or before October 30, 2007. The CEO, being experienced in international mining operations and having been consultant to various projects, including technical analysis and financial modeling, has advised the amount of the Consideration is reasonable based on experience with other projects he has involved in, which projects may not be disclosed to the Company by reasons of contractual confidentiality. Accordingly, the Board is of the view that the Consideration fair and reasonable and in the interest of the Shareholders and the Group as a whole.

### **Facilities to be constructed and/or set up**

#### *(a) The power distribution room and the ancillary facilities*

The Contracting Party is required to build a power distribution room to house the diesel power generator set for generating power for the Base Area. For power distribution, the Contracting Party is also required to set up a power distribution network of 10 kilovolt for the length of 5 kilometers together with the illuminating system for the Base Area.

#### *(b) Water supply facilities*

The Contracting Party is required to locate the sources of water at the Base Area and to build water supply facilities including filtering system to provide water for living use for the workers who are working at the Site Area. The Contracting Party is also required to construct a water supply tower and to set up a water pipe network within the Base Area.

#### *(c) Road construction*

The Contracting Party is required to lay asphalt for the roads within 3 kilometers of the Base Area for transportation purpose.

---

## LETTER FROM THE BOARD

---

(d) *Communication facilities*

There is currently no communicating network within the Coal Mine. The working parties use satellite telephones for communication but the areas of coverage are limited and expensive. There is also no internet access or other means of communication. To improve the channel and efficiency of communication, the Contracting Party is required to set up a satellite receiving station for wireless and fixed line communication and also for internet access.

(e) *Oil tank and oil filling system*

The Contracting Party is required to construct an oil tank with the storage capacity of 500 tonnes. The Contracting Party is also required to install an oil filling station within the Base Area.

(f) *Heating system*

The Contracting Party is required to install a heating system for the office and workers' quarters in the Base Area.

### INFORMATION OF THE GROUP AND THE CONTRACTING PARTY

#### **The Group**

The Company, formerly known as New World Cyberbase Limited, was established in August 1999 and headquartered in Hong Kong. Through the purchase of Coal Mine in western Mongolia as announced in the Announcement, 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.

The Company also announced on May 30, 2007 in connection with the acquisition of the Further Mine Areas of around 32,000 hectares located also in Khovd province of western Mongolia. The Further Acquisition was sanctioned by the Shareholders at the special general meeting held on July 16, 2006. Closing of the Further Acquisition also took place on the same date and the Company acquired all titles and possession to the Further Mine Areas, through MoEnCo LLC, a wholly owned subsidiary established in Mongolia. The Company is the owner of four exploration licences and related resources over the Further Mine Areas which can eventually be converted into 70-year mining concessions in accordance with the Minerals Law. Subject to the completion of the Coal Mine Acquisition, the aggregate mine areas acquired by the Group will be around 66,000 hectares (around 2/3rd the size of Hong Kong SAR).

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

#### **The Contracting Party**

The Contracting Party principally engages in the infrastructure construction projects including airports, tunnels, roads, bridges and oil tanks in the PRC.



---

## LETTER FROM THE BOARD

---

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE KHUSHUUT MINE SITE FACILITIES CONSTRUCTION AGREEMENT**

It has been disclosed in the Announcement and the Circular that the Group is authorised to conduct Commercial Exploitation over a limited area of the Coal Mine containing the Inferred Resources of about 30 million tonnes and after deducting the costs of such Commercial Exploitation, to retain any net profits to recoup part of the Exploration Expenses. It has further been disclosed that the Group intends to set up initially a 2 million tonnes mining operation within the Site Area prior to the completion of the Coal Mine Acquisition.

The Technical Adviser, based on the available geological information over 180 hectares of the Coal Mine and a site visit to this area, advised that this area as extended could have Resources of about 180 million tonnes comprising Inferred Resources of about 30 million tonnes and Reconnaissance Resources of about 150 million tonnes.

The Shenyang Design Institute has indicated that such mining operations over the Site Area can be supported and will design an interphase for a 10 million tonnes mining operation upon further resources being demonstrated under the Exploration.

The Group has built a general office and living amenity centre in the Base Area which is for the general and coordination centre for all working parties in the Site Area. The Exploration is currently underway.

To commence Commercial Exploitation within the timeframe as previously disclosed, the Group is required to set up the facilities as stipulated under the Khushuut Mine Site Facilities Construction Agreement which are necessary for the Commercial Exploitation to take place. Depending on, among others, the setting up of the requisite operating facilities in the Site Area and the result of the Exploration, the Company expects to commence the Commercial Exploitation as soon as practicable.

Based on the advice of the CEO and the relevant facilities are necessary for the Commercial Exploitation, the Board is of the view that the entering into the Khushuut Mine Site Facilities Construction Agreement is fair and reasonable and in the interest of the Shareholders and the Group as a whole.

### **GENERAL INFORMATION OF THE COAL MINE ACQUISITION AND THE FURTHER ACQUISITION**

#### **The Coal Mine Acquisition**

The geology of the Coal Mine (as with the Further Mine Areas) sits on Permian rock formation of some 240 million years of age. According to the Russian geologists' geological assessment over the Coal Mine conducted in the 1960s, the Coal Mine has coal resources of 2.4 billion tonnes. This is subject to Exploration.

---

## LETTER FROM THE BOARD

---

The Technical Adviser has based on the available geological information over 180 hectares of the Initial Mine Areas and a site visit to this area, advised that this area as extended could have resources of about 180 million tonnes comprising Inferred Resources of about 30 million tonnes and Reconnaissance Resources of about 150 million tonnes.

The Coal Mine Acquisition is by way of acquiring from the seller (as detailed in the Circular) 8 mining licences and 1 exploration licence along with any mining assets. The mining licences are for an initial period of 30 years from their respective dates of grant and extendable by two successive 20-year periods in accordance with the Mineral Laws. That is, 70 years in total. The exploration licence is initially granted for 3 years and extendable by two successive 3-year period in accordance with the Mineral Law. That is, 9 years in total.

The details of the mining licences and the exploration licence under the Coal Mine Acquisition are summaries in the table below:–

<b>Mining and Exploration Licenses</b>			
<b>License/ License No.</b>	<b>Area Hectares</b>	<b>Issue Date</b>	<b>Valid Period</b>
<b>Mining Licenses</b>			
1640A	40	28 Dec 2006	70 yrs
4322A	54	28 Dec 2006	70 yrs
6525A	46	28 Dec 2006	70 yrs
11887A	203	23 Jan 2007	70 yrs
11888A	1,742	23 Jan 2007	70 yrs
1414A	28	9 Feb 2007	70 yrs
11889A	486	23 Jan 2007	70 yrs
11890A	28	23 Jan 2007	70 yrs
Subtotal Mining Licenses	2,627		
<b>Exploration License</b>			
11515X	31,638	28 Dec 2006	9 yrs
Subtotal Exploration Licenses	31,638		
<b>Total Mining/ Exploration Licenses</b>	<b>34,265</b>		

The Company intends prior to completion of the Coal Mine Acquisition to set up initially a 2 million tonnes mining operations within the area containing the Inferred Resources of about 30 million tonnes. The Shenyang Design Institute has indicated that such mining operations can be supported and will design an interphase for a 10 million tonnes mining operations upon further resources being demonstrated under the Exploration.

---

## LETTER FROM THE BOARD

---

### Progress of Exploration and Commercial Exploitation under the Coal Mine Acquisition

The Company's Mongolia office has been set up shortly after the shareholders meeting of April 18, 2007, and now has a staff of over 90 persons of whom 22 are Mongolian geologists working for the Exploration including one of whom was part of the team for the preparation of the official geological map of Mongolia.

Further, the Company, with the help of the Exploration Company, has finalized the drilling plans over an Exploration area. 22 drill rigs are now on-site at the Coal Mine and additional sets of drill rigs will be anticipated. Drilling is being carried out according to the drilling plan.

There are currently approximate 300 workers on-site, and will eventually be increased to up to 500 workers shortly.

The conceptual planning of the 2 million tonnes mining operations has taken place with the help of the Mongolian mining engineers and the Shenyang Design Institute.

The initial exploration expenses with respect to the Coal Mine under the Circular were estimated to be HK\$80 million. The Exploration expenses incurred up-to-date was approximately RMB87.5 million which was mainly due to the expenses for road repairs being accelerated prior to commencement of coal mining operations as improvements were required over a part of the road for the purpose of transporting certain exploration equipment to the Coal Mine Areas. The Company estimates further approximately RMB35 million is required for the Exploration exercise. Such expenses will be funded by the Company from internal resources.

### The Further Acquisition

The Further Mine Areas are around 32,000 hectares in size (around 1/3rd the size of Hong Kong SAR).

The details of the exploration licences are summarized in the table below:

Licence (Licence no.)	The Exploration Licences			Licence valid period#
	Location	Mine Area (Hectare)*	Licence date	
8976X	Western Mongolia	26,033	17 December 2004	9 years
8994X	Western Mongolia	39	20 December 2004	9 years
11628X	Western Mongolia	3,519	3 April 2006	9 years
11724X	Western Mongolia	<u>2,112</u>	28 April 2006	9 years
Total Hectares		<u><u>31,703</u></u>		

\* 1 Hectare = 10,000 square metres. That is an area of 100m x 100m.

# The Exploration Licences are for 3 years with two further extensions of 3 years.

---

## LETTER FROM THE BOARD

---

With the exception of exploration licence no.8994X which is located adjacent to the Coal Mine, the Further Mine Areas are located in Khovd province, western Mongolia approximately within a 100 km radius from the Coal Mine and will serve as a feeder to the Coal Mine in relation to the coal resources where coal fired generation facilities (that is, power plants) and power lines for inter-connection with the electricity grid to Xinjiang is being studied.

The Further Acquisition is by way of acquiring from the seller (as detailed in the circular of the Company dated June 25, 2007) four (4) exploration licences over the Further Mine Areas along with the mining assets, (if any).

The exploration licences have a 9-year duration from their respective licence dates. Mongolian legal counsel has advised that there is no legal impediment to converting such exploration licences to 70-year mining licences with a corresponding 70-year mining period subject to compliance with the Minerals Law.

In terms of coal Resources under the Further Mine Areas, the Science Academy under the Institute of Geology and Mineral Resources of Mongolia has confirmed that based on Russian expert's geological assessment of most of the Further Mine Areas conducted during the 1960's that there are between 1 billion to 2 billion tonnes of coal resources. This is subject to Exploration.

Accordingly, the combined coal Resources under the Coal Mine Acquisition and the Further Acquisition are thus between 3.4 billion to 4.4 billion tonnes of coal resources. These estimates are subject to Exploration.

The Further Acquisition was sanctioned by the Shareholders at the special general meeting held on July 16, 2006. Closing of the Further Acquisition also took place on the same date and the Company acquired all titles and possession to the Further Mine Areas, through MoEnCo LLC, a wholly owned subsidiary established in Mongolia. The Company is the owner of four exploration licences and related resources over the Further Mine Areas which can eventually be converted into 70-year mining concessions in accordance with the Minerals Law. Subject to the completion of the Coal Mine Acquisition, the aggregate mine areas acquired by the Group will be around 66,000 hectares (around 2/3rd the size of Hong Kong SAR).

Based on the experience from the exploration works over the Coal Mine, the Company is scheduled to commence Exploration over the Further Mine Areas within 60 days of the approval by the shareholders for the Further Acquisition. The timing of commencing Commercial Exploitation will depend on the outcome of the Exploration and by responding to the market demands.

### **GENERAL**

Based on the relevant percentage ratios calculated pursuant to Rule 14.06 of the Listing Rules, the entering into the Khushuut Mine Site Facilities Construction Agreement constitutes a discloseable transaction for the Company.

---

**LETTER FROM THE BOARD**

---

**ADDITIONAL INFORMATION**

Your attention is drawn to the general information set out in the appendix to this circular.

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	1,168,912,301 (Note)	44.67%
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 1,168,912,301 Shares, 4,960,000 Shares represent interest of Mr. Lo on an individual basis; while 1,163,952,301 Shares represent interest of Golden Infinity Co., Ltd (“Golden”). Accordingly, Mr. Lo is deemed to be interested in the Shares in which Golden is interested by virtue of the SFO. The 1,163,952,301 Shares which Golden is interested comprise, 383,952,301 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.

*Long positions in underlying Shares*

As at the Latest Practicable Date, the following Directors had personal interests in share options of the Company granted under the share option scheme adopted by the Company on August 28, 2002:

<b>Name of Director</b>	<b>Exercise price HK\$</b>	<b>Exercisable period</b>	<b>Number of underlying Shares interested</b>
Mr. Lo Lin Shing, Simon	0.1695	March 1, 2005 to February 28, 2012	1,157
Ms. Yvette Ong	0.1695	March 1, 2005 to February 28, 2012	41
Mr. To Hin Tsun, Gerald	0.1695	March 1, 2005 to February 28, 2012	744
Mr. Peter Pun	0.1695	March 1, 2005 to February 28, 2012	1,116
Mr. Lau Wai Piu	0.1695	March 1, 2005 to February 28, 2012	1,116

As at the Latest Practicable Date, save as disclosed above, 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	1,168,913,458 (Note 2)	–	Interest of spouse	44.67%
Golden Infinity Co., Ltd.	1,163,952,301	–	Corporate	44.48%
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	362,500,000 (Note 4)	–	Interest of a controlled corporation/ Interest of spouse	13.85%



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")	312,500,000 (Note 4)	–	Corporate	11.94%
Ms. Ip Mei Hing	362,500,000 (Note 4)	–	Interest of a controlled corporation/ Interest of spouse	13.85%
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.	575,710,000	570,000,000	Corporate	22.00%(L) 21.79%(S)
Mr. Ho Hau Chong, Norman	542,675,000 (Note 9)	360,000,000	Beneficiary of a trust	20.74%(L) 13.75%(S)
Honorway Nominees Limited	542,675,000 (Note 9)	360,000,000	Trustee	20.74%(L) 13.75%(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 1,168,913,458 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 312,500,000 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 Standard Registrars 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.