
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 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)

MAJOR TRANSACTION: DISPOSAL OF THE ENTIRE INTEREST IN BAA JET MANAGEMENT LIMITED

A notice convening a special general meeting of the Company to be held at Annapurna Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on January 9, 2008, at 2:30 p.m. is set out on page 22 of this circular. If you are not able to attend and/or vote at the meeting, you are strongly urged to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

December 24, 2007

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DEFINITIONS

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

| | |
|-----------------------|--|
| “Agreement” | conditional sale and purchase agreement dated December 5, 2007 signed between the Vendors as vendors and the Purchaser as purchaser in relation to the sale and purchase of the entire issued share capital of BAA |
| “BAA” | BAA Jet Management Limited, a company incorporated in Hong Kong with limited liability |
| “BAA Group” | BAA and its subsidiary |
| “Board” | board of Directors |
| “Business Aviation” | Business Aviation Asia Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company |
| “Business Day” | a day (other than Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong |
| “Company” | Mongolia Energy Corporation Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 276) |
| “Completion” | completion of the Disposal |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | HK\$6,015,401, being the consideration for the sale of the Sale Shares |
| “Director(s)” | director(s) of the Company |
| “Disposal” | proposed disposal of the Sale Shares by Business Aviation to the Purchaser in accordance with the terms and conditions of the Agreement and the performance of the transactions contemplated under the Agreement |

DEFINITIONS

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|--------------------------------|--|
| “Group” | Company and its subsidiaries |
| “HKFRS” | Hong Kong Financial Reporting Standards |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | (a) party(ies) who is/are person(s) independent of the Company and its connected persons |
| “Latest Practicable Date” | December 21, 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” | Rules Governing the Listing of Securities on the Stock Exchange |
| “MMHL” | Marilyn Marine Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and owned 30% of the entire issued share capital of BAA as at the date of the Agreement |
| “National Trust” | 國民信託投資有限公司 (The National Trust & Investments Ltd.), a company incorporated in the PRC with limited liability, authorised and regulated by the China Banking Regulatory Commission |
| “Placing” | the placing of 1,100,000,000 new Shares by Taifook Securities Company Limited, details of which were set out in the circular of the Company dated March, 22 2007 |
| “PRC” | People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this circular |
| “Purchaser” | Asia United Business Aviation Ltd., a company incorporated in the PRC with limited liability and owned as to 43% by Business Aviation |
| “Sale Shares” | 6,015,401 ordinary shares of HK\$1.00 each, representing 40.1% of the entire issued share capital of BAA |
| “SFO” | Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) |

DEFINITIONS

| | |
|---------------------|--|
| “SGM” | special general meeting of the Company to be convened to consider and, if thought fit, approve, the Disposal |
| “Share(s)” | ordinary share(s) of HK\$0.02 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Shenzhen Airlines” | 深圳航空有限責任公司, a company incorporated in the PRC with limited liability and an airline operator based in Shenzhen, the PRC offering cargo and passenger services |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “STS” | Sea To Sky Investments Ltd., a company incorporated in Hong Kong with limited liability and owned 29.9% of the entire issued share capital of BAA |
| “Subscriptions” | the subscription of an aggregate of 1,180,000,000 new Shares by Chow Tai Fook Nominee Limited, Dragon Noble Group Limited and Golden Infinity Co., Ltd., details of which were set out in the circular of the Company dated March, 22 2007 |
| “Vendors” | Business Aviation, MMHL and STS |
| “HK\$” | Hong Kong dollars |
| “%” | per cent. |

Note:

The informal English translations or transliterations of Chinese formal names are for reference purposes only.

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

December 24, 2007

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION: DISPOSAL OF THE ENTIRE INTEREST IN BAA JET MANAGEMENT LIMITED

INTRODUCTION

The Board is pleased to announce that, on December 5, 2007, Business Aviation, a wholly-owned subsidiary of the Company, MMHL and STS as vendors entered into the Agreement with the Purchaser whereby the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire issued share capital of BAA for an aggregate consideration of HK\$15,001,000. The Disposal constitutes a major transaction for the Company under the Listing Rules and requires the approval of the Shareholders at the SGM.

The purpose of this circular is to provide you with further information on the Disposal and to give you the notice of the SGM.

LETTER FROM THE BOARD

THE AGREEMENT

Date: December 5, 2007

Parties:

Vendors:

- (1) Business Aviation, a wholly-owned subsidiary of the Company;
- (2) MMHL, an Independent Third Party; and
- (3) STS, an Independent Third Party.

Purchaser: Asia United Business Aviation Ltd., a company incorporated in the PRC with limited liability. The Purchaser is owned as to 43% by Business Aviation, 46% by Shenzhen Airlines and 11% by National Trust. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shenzhen Airlines and National Trust, together with their ultimate beneficial owners, are Independent Third Parties. The Purchaser is principally engaged in the business of aircraft management and provision of charter flight services in the PRC.

Assets to be disposed of by Business Aviation:

The Sale Shares, representing 40.1% of the entire issued share capital of BAA.

Consideration:

Pursuant to the Agreement, the Consideration in respect of the Sale Shares of HK\$6,015,401 shall be paid by the Purchaser to Business Aviation in the following manner:

- (1) a deposit of HK\$601,540 will be paid in cash within 21 days after the signing of the Agreement, which deposit will be applied as part payment of the Consideration upon Completion; and
- (2) the remaining balance of HK\$5,413,861 will be paid in cash upon Completion.

The Purchaser will also pay deposits of HK\$450,000 and HK\$448,500 to MMHL and STS respectively simultaneously with payment of the aforesaid deposit to Business Aviation, and the remaining balance of the consideration to them upon Completion.

The consideration for the entire issued share capital of BAA was determined between the Vendors and the Purchaser after arm's length negotiations having taken into account the amount invested by the Vendors in BAA. As BAA recorded a net deficit and a net loss for each of the two years ended March 31, 2006 and 2007, the Company considers it inappropriate to make reference to the market value of assets owned by BAA or price earning ratio when determining the Consideration. The Consideration in respect of the Sale Shares is equal to their book value of HK\$6,015,401 as at March 31, 2007.

LETTER FROM THE BOARD

Conditions precedent:

Completion shall be conditional upon:

- (a) the passing of the necessary resolution(s) by the Shareholders (other than those who are required to abstain from voting under the Listing Rules and the applicable laws) at the SGM to approve the Disposal; and
- (b) all necessary consents and approvals (or waivers) having been obtained by the parties to the Agreement for completion of the transactions contemplated under the Agreement, including but not limited to:
 - (i) the approval or consent from the Ministry of Commerce of the PRC, all other relevant authorities in the PRC and the shareholders of the Purchaser in respect of its purchase of the entire issued share capital of BAA; and
 - (ii) the approval or consent from the State Administration of Foreign Exchange of the PRC or its local branch on the payment of the aggregate consideration by the Purchaser to the Vendors pursuant to the terms of the Agreement.

If the above conditions are not fulfilled by March 31, 2008, all rights, obligations and liabilities of the parties to the Agreement shall cease and terminate provided that the Vendors shall refund the deposits to the Purchaser without compensation, interest and cost if the refund is made within seven (7) days and none of the parties to the Agreement shall have any claim against the others (without prejudice to the rights of the parties thereto in respect of any antecedent breaches).

Completion:

Completion shall take place on the third Business Day after the fulfilment of the conditions precedent to the Agreement or such other date as the parties to the Agreement may agree in writing.

INFORMATION ON BAA

BAA is principally engaged in the business of aircraft management and provision of charter flight services. It has a wholly-owned subsidiary, BAA Flight Services Limited, which is principally engaged in the provision of flight services.

Upon Completion, Business Aviation will cease to own 40.1% of BAA directly but will own indirectly 43% of BAA through the Purchaser. BAA is an associated company of the Company, and is and will be accounted in the accounting books of the Company by equity method of accounting before and after the Disposal.

LETTER FROM THE BOARD

Set out below is the unaudited consolidated financial information of the BAA Group for each of the two years ended March 31, 2006 and 2007 prepared in accordance with the HKFRS:

| | Year ended March 31, | |
|----------------------|----------------------|---------------------|
| | 2007 | 2006 |
| | <i>HK\$'million</i> | <i>HK\$'million</i> |
| Turnover | 40.4 | 4.6 |
| Loss before taxation | (5.3) | (2.3) |
| Loss after taxation | (5.3) | (2.3) |

| | As at March 31, | |
|-------------------|---------------------|---------------------|
| | 2007 | 2006 |
| | <i>HK\$'million</i> | <i>HK\$'million</i> |
| Total assets | 29.4 ¹ | 23.7 |
| Total liabilities | (37.1) ² | (26.0) |
| Net liabilities | (7.7) | (2.3) |

Notes:

1. The total assets as at March 31, 2007 comprised trade and other receivables of approximately HK\$27.2 million and fixed assets of approximately HK\$2.2 million.
2. The total liabilities as at March 31, 2007 mainly comprised accruals, trade payables and shareholders' loan.

INFORMATION ON THE GROUP

Through the purchase of concessions in western Mongolia, the Group is in a strong position to capitalise on the demands of the PRC, 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) (the “**Further Mine Areas**”) as detailed under the Company’s circular dated June 25, 2007 for coal, ferrous and non-ferrous metal resources. The concessions are under 4 exploration licenses (details of which can be found in the circular dated June 25, 2007). The exploration licenses have a 9-year duration from their respective license dates. Mongolian legal counsel has advised that there is no legal impediment to converting such exploration licenses to 70-year mining licenses with a corresponding 70-year mining period subject to compliance with the Minerals Law. In terms of resources under the Further Mine Areas, the old Russian estimated that there are between 1 billion to 2 billion tonnes of coal resources. This is subject to exploration.

LETTER FROM THE BOARD

The Group is in the process of acquiring further exploration and mining concessions of around 34,000 hectares (another around 1/3rd the size of Hong Kong) (the “**Initial Mine Areas**”) as detailed under the Company’s circulars dated March 22 and June 25, 2007. Such acquisition is by way of acquiring from the seller 8 mining licenses and 1 exploration license (details of which can be found in the circulars dated March 22 and June 25, 2007). The mining licenses 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 Minerals Law. In terms of resources under the Initial Mine Areas, the old Russian estimated that there are 2.4 billion tonnes of coal resources. This is subject to exploration. In June, 2007, the Group, with the help of Team 129 of the China Coal Geology Bureau, as exploration company, John T. Boyd Company, as overall technical advisers, and along with the Company’s own in-house team of geologists and mining engineers, commenced exploration work at Khushuut, Khovd Province, western Mongolia. In August 2007, the Group was provided with the initial work progress report of Team 129 of China Coal Geology Bureau where it was stated that there were approximately 340 million tonnes of coal resources with some coking coal characteristics over the explored areas of around 3 sq. km. The final report of over 5.8 sq. km. of the concession areas is being prepared for the purpose of closing the acquisition on the Initial Mine Areas on or prior to January 30, 2008.

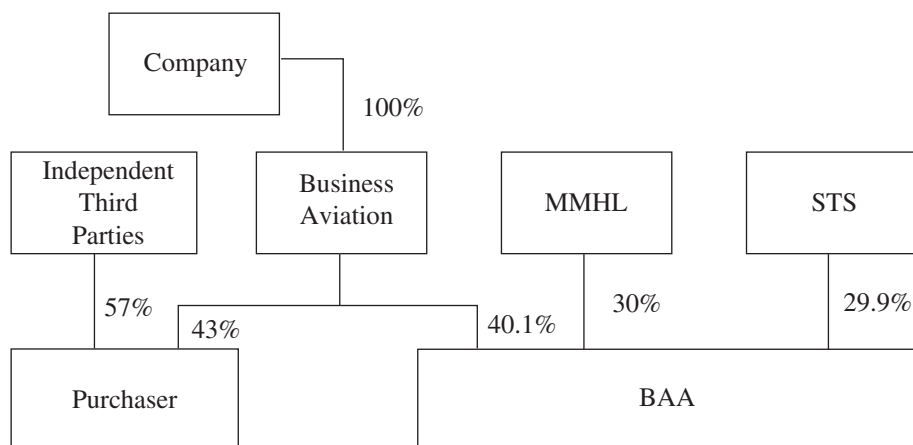
The Group is at feasibility/planning stage for its initial 2 to 3 million tonnes coal mining operations scheduled for by the end of the second quarter of 2008 and for its 2×600 megawatts power plants scheduled for by the end of the second quarter of 2010. The Group will also commence further exploration work at Khushuut, Khovd Province, western Mongolia from the end of the first quarter of 2008.

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

REASONS FOR THE DISPOSAL

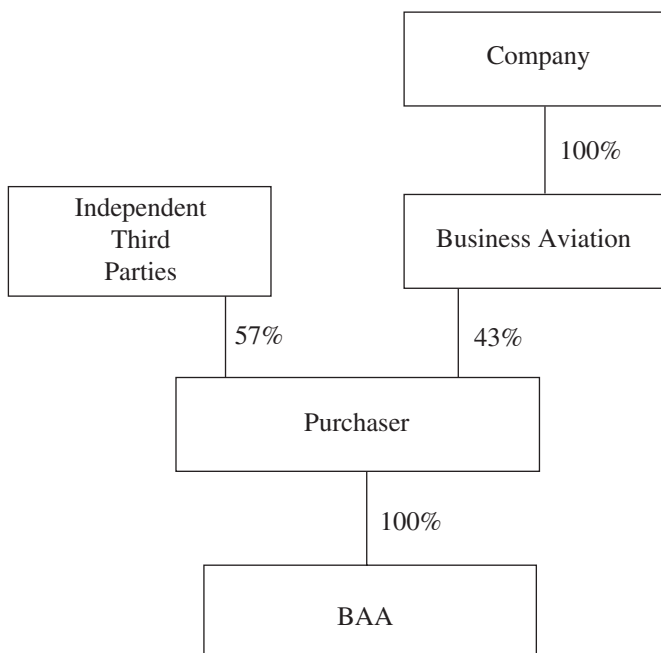
The following is the simplified group structure of BAA and the Company immediately prior to, and after the Disposal:

Prior to the Disposal



LETTER FROM THE BOARD

After the Disposal



The Disposal is in fact a rationalisation exercise with a view to achieving a better defined strategic direction for the Company. Upon Completion, all the Group's interest in the aircraft management and provision of flight charter business will be grouped under the Purchaser. This would enable the Purchaser and BAA to enjoy synergy in management and resources sharing.

Besides, the Disposal also represents a good realisation opportunity for the Company by reaping an unaudited gain of approximately HK\$3 million (which is the difference between the Consideration and the carrying value of the Sale Shares as at March 31, 2007).

In light of the above, the Directors consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

As there will only be a minor increase in the shareholding of the Group in BAA from 40.1% to 43% as a result of the Disposal, the Directors do not expect that there will be any material impact on the assets, liabilities and earnings of the Group as a result of the Disposal.

LETTER FROM THE BOARD

USE OF PROCEEDS

The sale proceeds from the Disposal will be applied as general working capital of the Group.

LISTING RULES IMPLICATION

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval by the Shareholders at the SGM. Save that the Purchaser is owned as to 43% by Business Aviation, the Purchaser and its other shareholders are Independent Third Parties and no Shareholder has a material interest in the Disposal which is different from the other Shareholders. Accordingly, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Disposal at the SGM under the Listing Rules.

SGM

The SGM will be held at Annapurna Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on January 9, 2008 at 2:30 p.m. to consider and, if thought fit, approve the Disposal.

A notice convening the SGM is set out on page 22 of this circular. If you are not able to attend and/or vote at the meeting, you are strongly urged to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

PROCEDURES TO DEMAND A POLL AT GENERAL MEETING

Under the bye-laws of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the rights to vote at the meeting; or

LETTER FROM THE BOARD

- (iv) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

RECOMMENDATION

The Directors consider that the terms of the Agreement are fair and reasonable to the Company and in the interest of the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Disposal.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Disposal is in fact a rationalisation exercise by grouping all the Group's interest in the aircraft management and provision of flight charter business under the Purchaser which enables the Purchaser and BAA to enjoy synergy in management and resources sharing. Apart from it, the Directors expect the Disposal will have a neutral impact on the performance and returns to Shareholders except for the unaudited gain of HK\$3 million on disposal.

In relation to the Group's mining operation, the Group is at feasibility/planning stage for its initial 2 to 3 million tonnes of coal mining operations scheduled for by the end of the second quarter of 2008 and for its 2×600 megawatts power plants scheduled for by the end of the second quarter of 2010. The Group will commence further exploration work at Khushuut, Khovd Province, western Mongolian from the end of first quarter of 2008.

The Group has broadened its strategic energy focus by acquiring control of certain exploration concessions for oil and gas in western Mongolia and commenced co-operation with CNPC Daqing Petroleum in December 2007.

The Group will continue its property investment and aircraft charter business and to look for new business.

2. INDEBTEDNESS STATEMENT

At the close of business on October 31, 2007, being the latest practicable date for ascertaining certain information relating to this indebtedness statement prior to the printing of this Circular, the Group had following borrowings:

- (i) short term secured bank borrowings of approximately HK\$197.9 million which were secured by: (a) legal charges on investment properties with a book value of HK\$350 million as at October 31, 2007; (b) a corporate guarantee given by the Company; and (c) a Director's personal guarantee to the extent of all outstanding interest in connection with the bank borrowings;
- (ii) short term secured loan of HK\$200 million from New World Finance Co. Ltd which is secured by a G200 aircraft with a book value of HK\$132 million; and
- (iii) short term unsecured loan of HK\$40 million from Mr. Lo Lin Shing, Simon, the Chairman and executive Director of the Company.

At the close of business on October 31, 2007, the Company had following loan capital which were authorised and approved by the Shareholders at the special general meetings on April 18 and July 16, 2007 to be issued:

- (i) as authorised and approved by the Shareholders at the special general meeting on April 18, 2007, the Group agreed to issue convertible bond of HK\$142.5 million (with a 3% per annum coupon rate with 3-year maturity) and loan notes of HK\$787.5 million (with 5% per annum coupon rate with 3-year maturity) as deferred and partial payment of the consideration in the sum of HK\$1.2 billion upon completion of the initial acquisition of around 34,000 hectares of mining and exploration concession areas in western Mongolia (the “Initial Acquisition”). Details of the Initial Acquisition and the convertible bond and loan notes can be found in the circular of the Company dated March 22, 2007; and
- (ii) as authorized and approved by the Shareholders at the special general meeting on July 16, 2007, the Group agreed to issue loan notes (with a 3% per annum coupon rate with 5-year maturity) for payment of “pay as demonstrated” resources fees for relevant coal resources, ferrous resources and non-ferrous resources to seller, as follows:
- (a) coal resources fees: HK\$2.00 per tonne for the coal resources by way of loan note as deferred payment;
 - (b) ferrous resources fees: 0.5% of the prevailing international market price for the relevant ferrous metal of the quality and type by way of loan note as deferred payment; and
 - (c) non-ferrous resources fees: 0.5% of the prevailing international market price for the relevant non-ferrous metal of the quality and type by way of loan note as deferred payment.

Details of the “pay as demonstrated” resources fees can be found in the circular of the Company dated June 25, 2007.

As at the Latest Practicable Date, none of the above convertible bonds or loan notes had been issued.

At the close of business on October 31, 2007, the Company had capital commitments contracted for but not provided for amounting to approximately HK\$75,746,000. They are mainly related to exploration of resources in western Mongolia.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on October 31, 2007, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, material guarantees or material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, following the Completion and taking into account the present internal financial resources, the present facilities available to the Group, and the net proceeds from the Subscriptions and the Placing, the Group will have sufficient working capital for its requirements in next 12 months from the Latest Practicable Date.

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 <i>(Note)</i> | 44.89% |
| Ms. Yvette Ong | Beneficial owner | 1,090,000 | 0.04% |
| Mr. To Hin Tsun, Gerald | Beneficial owner | 3,200,000 | 0.12% |
| Mr. Tsui Hing Chuen, William | Beneficial owner | 500,000 | 0.01% |
| Mr. Lau Wai Piu | Beneficial owner | 201,200 | 0.01% |

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 Mr. Lo’s spouse, Ms. 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/other persons

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:

| 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% |

| Name | Long Position in Shares/Underlying Shares | Short Position in Shares/Underlying Shares | Capacity | Approximate percentage of the Company's total issued share capital |
|---|---|--|--|--|
| Madam Ku Ming Mei, Rouisa ("Mrs. Lo") | 1,174,522,301 (Note 2) | – | Beneficial owner/ 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 | 383,170,000 (Note 4) | – | Interest of a controlled corporation/ Interest of spouse | 14.64% |
| Dragon Noble Group Limited ("Dragon") | 328,070,000 (Note 4) | – | Corporate | 12.53% |
| Ms. Ip Mei Hing | 383,170,000 (Note 4) | – | Interest of a controlled corporation/ Interest of spouse | 14.64% |
| Mr. Law Ka Keung | 341,666,666 (Note 5) | – | Interest of a controlled corporation | 13.05% |

| Name | Long Position in Shares/Underlying Shares | Short Position in Shares/Underlying Shares | Capacity | Approximate percentage of the Company's total issued share capital |
|---|---|--|---|--|
| Keswick Agents Limited ("Keswick") | 341,666,666 (Note 5) | – | Corporate | 13.05% |
| Dato' Dr. Cheng Yu Tung | 223,000,000 (Note 6) | – | Beneficial owner/ Interest of a controlled corporation | 8.52% |
| 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% |
| Mr. Ho Hau Chong, Norman | 257,675,000 (Note 9) | – | Beneficiary of a trust | 9.84%(L) |
| Honorway Nominees Limited | 257,675,000 (Note 9) | – | Trustee | 9.84%(L) |

Notes:

1. Mr. Liu is interested in the entire issued share capital of 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 Puraway represent 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. Mrs. Lo 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 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 Taifook 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 128,070,000 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 55,100,000 Shares are owned by Ms. 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.

- (c) Since March 31, 2007 (being the date to which the latest published audited consolidated accounts of the Company were made up), none of the Directors or any proposed Director has had any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) There was no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business 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 nor 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. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular, the following are contracts (not being contracts entered into in the ordinary course of business) entered into by the members of the Group which are or may be material:

- (i) the Agreement;
- (ii) the conditional agreement dated September 20, 2007 entered into between Asia Business Aviation Limited, an indirect wholly-owned subsidiary of the Company, as vendor and C Jet Limited as purchaser for the sale and purchase of the entire issued share capital of Beaubourg Holdings Inc. and the shareholder's loan;
- (iii) the conditional acquisition agreement of May 29, 2007 entered into between the Company, Mongolia Energy Corporation (Singapore) Pte Ltd, Mr. Liu, Shine Ocean International Limited, Mega Bright Group Holdings Limited and MBGHL LLC in relation to the acquisition by Mongolia Energy Corporation (Singapore) Pte Ltd or its nominee (namely, a Mongolian company as required under the Revised Minerals Law of Mongolia adopted on July 8, 2006) of the mine areas in western Mongolia along with any mining assets;
- (iv) the Acquisition Agreement, together with the supplement in relation thereto dated May 29, 2007;
- (v) the conditional subscription agreement dated January 30, 2007 entered into between the Company and Golden for subscription of 780,000,000 new Shares by Golden;
- (vi) the conditional subscription agreement dated January 30, 2007 entered into between the Company and Dragon for the subscription of 200,000,000 new Shares by Dragon;
- (vii) the conditional subscription agreement dated January 30, 2007 entered into between the Company and CTF for the subscription of 200,000,000 new Shares by CTF;
- (viii) the conditional placing agreement dated January 30, 2007 entered into between the Company and Taifook Securities for the placing of 1,100,000,000 new Shares by Taifook Securities;
- (ix) the conditional sale and purchase agreement dated January 26, 2007 entered into between the Company and Mr. Lo, pursuant to which the Company agreed to sell and Mr. Lo agreed to purchase the entire amount of loan owing by Modern Sparkles Investment Ltd. to the Company and the entire issued capital of Modern Sparkles Investment Ltd.; and
- (x) the conditional sale and purchase agreement dated January 26, 2007 entered into between the Company and Mr. Lo, pursuant to which the Company agreed to sell and Mr. Lo agreed to purchase the entire amount of loan owing by Peak Elite Holdings Corp. to the Company and the entire issued capital of Peak Elite Holdings Corp.

7. 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (iv) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong, Rooms 1502-5, New World Tower 1, 16-18 Queen's Road Central, Hong Kong, up to and including the date of the SGM:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the annual report of the Company for the two financial years ended March 31, 2006 and 2007;
- (iii) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;
- (iv) the circular of the Company dated October 10, 2007;
- (v) the circular of the Company dated September 20, 2007;
- (vi) the circular of the Company dated July 20, 2007;
- (vii) the circular of the Company dated June 25, 2007; and
- (viii) the circular of the Company dated June 13, 2007.

MEC

MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

NOTICE IS HEREBY GIVEN that a special general meeting (the “meeting”) of Mongolia Energy Corporation Limited will be held at Annapurna Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on January 9, 2008 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the sale and purchase agreement dated December 5, 2007 (the “**Agreement**”), a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification, and entered into between (i) Business Aviation Asia Limited (a wholly-owned subsidiary of the Company), Marilyn Marine Holdings Limited and Sea To Sky Investments Ltd. as vendors and (ii) Asia United Business Aviation Ltd. as purchaser whereby the vendors have agreed to sell, and the purchaser has agreed to purchase, the entire issued share capital of BAA Jet Management Limited for an aggregate consideration of HK\$15,001,000 upon the terms and subject to the conditions therein contained, be and is hereby approved, confirmed and ratified and the transactions contemplated under the Agreement be and hereby approved; and
- (b) the directors of the Company be and are hereby authorised to do such acts and things, to sign and execute all such further documents and to take such steps as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Agreement or any transactions contemplated thereby.”

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

Hong Kong, December 24, 2007