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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 276)

VERY SUBSTANTIAL DISPOSAL

ENTRY INTO PROVISIONAL AGREEMENT TO DISPOSE OF REAL ESTATE INVESTMENT IN HONG KONG AT GROUND FLOOR AND BASEMENT OF BANK OF AMERICA TOWER FOR HK\$540,000,000

RESUMPTION OF TRADING

THE PROVISIONAL AGREEMENT

The Company (“MEC”) is pleased to announce that on April 18, 2008, two of its indirect wholly-owned subsidiaries, entered into a provisional sale and purchase agreement (the “**Provisional Agreement**”) collectively as vendor with an independent third party as purchaser, to dispose of MEC’s real estate investment in Hong Kong (the “**Disposal**”) located at the whole of ground floor and basement of Bank of America Tower, Harcourt Road, Central, Hong Kong (the “**Property**”) for HK\$540,000,000 with a latest scheduled completion date of July 15, 2008 as set out below.

REASONS AND BENEFITS OF THE DISPOSAL

The Property is an investment property of MEC which has been held for a number of years. The Board of Directors is of the view that the sale price of HK\$540,000,000, based on commercial negotiations, is attractive especially in view of earlier and lower tender price for the Property, at the beginning of 2007, and based on the advice of a reputable and independent estate agency firm, Savills (Hong Kong) Limited, involved in the Disposal. Further, the proceeds will assist MEC in building up a cash reserve for its energy and related resources projects and for general working capital purpose. Based on the above, the Board is of the view that the Disposal including the Consideration is fair and reasonable and in the interest of the Shareholders and Company as a whole. Any further real estate acquisition is likely to be on a need basis for MEC’s operations.

GENERAL

The Disposal constitutes a very substantial disposal to MEC pursuant to Rule 14.06 of the Listing Rules and is conditional upon approval from the Shareholders. No Shareholder is required to abstain from voting in respect of the Disposal at the SGM. A circular containing, among others, further details of the Disposal and an independent valuation report on the Property and notice of the SGM, will be despatched to the Shareholders as soon as reasonably practicable.

CAUTION WHEN DEALING IN THE SHARES

As the Disposal is subject to conditions, including but not limited to proof of good title to the Property and the passing of resolutions of the Shareholders at the SGM, the Disposal may or may not complete and Shareholders and investors should exercise caution when dealing in the securities of MEC.

RESUMPTION OF TRADING

At the request of MEC, trading in the Shares of MEC was suspended with effect from 9.30 a.m. on April 21, 2008. An application has been made by MEC to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on April 22, 2008.

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A. THE PROVISIONAL AGREEMENT

1. Date

April 18, 2008

2. Parties

- (a) **Quinway Company Limited & Jadesails Investments Limited**, each a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of MEC (collectively the “**Vendor**”); and
- (b) **Fair Power Limited**, a company incorporated under the laws of Hong Kong (the “**Purchaser**”).

To the best of Directors' knowledge, information and belief, the Purchaser is an investment holding company and its beneficial owner is an Independent Third Party to MEC as at the date of the Provisional Agreement.

3. Information of the Property

The Property comprises the whole of the Ground Floor and Basement Floor at the Bank of America Tower, Harcourt Road, Central, Hong Kong and is primarily a shopping arcade. Independent of the Disposal, MEC is scheduled to redeem the mortgage, with a current outstanding principal amount of approximately HK\$199,000,000, from internal resources, which MEC shall continue to do so with related Disposal expenses.

4. Principal terms of the Provisional Agreement

a. Consideration

The purchase price of the Property is HK\$540,000,000 (Hong Kong Dollars Five Hundred and Forty Million).

b. Terms of Payment

- (i) An initial deposit in the sum of HK\$20,000,000 shall be paid to the Vendor's solicitors as stakeholder upon signing of this Provisional Agreement;
- (ii) A further deposit in the sum of HK\$34,000,000 shall be paid to the Vendor's solicitors as stakeholder on or before April 30, 2008;
- (iii) the balance of the Consideration in the sum of HK\$486,000,000 shall be paid to the Vendor upon Completion.

c. Conditions for Completion

Completion for the sale and purchase of the Property is subject to, among others, the following conditions:–

- (i) the Vendor having good title to the Property pursuant to the Conveyancing and Property Ordinance;
- (ii) the rentals being at certain parameters; and
- (iii) the passing of the necessary resolution(s) by the Shareholders in general meeting approving the sale of the Property and the performance of the transactions contemplated under the Disposal by the Vendor in accordance with the requirements of the Listing Rules.

If these Conditions are not satisfied by July 15, 2008, the Disposal will be terminated and the Vendor will not re-sell the Property within 6 months from July 15, 2008. The Vendor does not currently anticipate any issue with complying with these Conditions.

d. Completion

Completion is scheduled to take place on or before the July 15, 2008 (the “**Completion Date**”) provided that the Vendor or their solicitors may by not less than 10 days’ notice in writing to the Purchaser or its solicitors to request an early Completion to a date not earlier than June 30, 2008 following satisfaction of the Conditions.

B. USE OF PROCEEDS

The proceeds will assist MEC in building up a cash reserve for its energy and related resources projects and for general working capital purpose. There is no exact apportionment as this depends of the needs of MEC at the relevant time in applying the use of the sale proceeds.

By way of background, the Property was acquired in 1988 for HK\$119,080,000. It was revalued in the accounts from time to time and in September 2007, the carrying value of the Property, that is, the then expected market price of the Property, was HK\$350,000,000. The sales price of HK\$540,000,000 represents a HK\$190,000,000 gain from the carrying value. The recurrent income relating to the Property for the past two financial years ending 31 March 2006 and 2007 were HK\$19,493,000 and HK\$23,529,000 respectively with net profits (not taking into account any Property revaluation item) at HK\$14,165,000 and HK\$17,985,000 respectively.

C. PRINCIPAL ACTIVITIES OF THE GROUP

The Group is focused on building its energy and related resources business. Throughout 2007, the Group has explored for coal resources. The Group has acquired some 66,000 hectares of exploration and mining concessions in western Mongolia for coal, ferrous and non-ferrous metal resources. During exploration work in the later half of 2007 over an area of 600 hectares out of the 66,000 hectares of concession areas, MEC demonstrated in excess of 460 million tones of coal resources of which 181 million tones comprise of premium coking coal resources. Please refer to the announcement of MEC of January 9, 2008.

Throughout 2008, the Group will continue to explore for coal, ferrous and non-ferrous metal resources and to work towards its initial commercial exploitation in western Mongolia, as well as to identify further business opportunities in the energy and related resources sector in Mongolia and China, initially in Xinjiang, PRC. In addition, as the Group has acquired an interest and control of certain oil and gas exploration concessions in western Mongolia and CNPC Daqing Petroleum (中國石油大慶石油管理局), will assist MEC to determine the feasibility and, where feasible, explore for oil and gas, aside from commencement of co-operation with CNPC Daqing Petroleum. Please refer to the announcement of MEC of December 17, 2007.

D. REASONS AND BENEFITS OF THE DISPOSAL

The Property is an investment property of MEC which has been held for a number of years. The Board of Directors is of the view that the sale price of HK\$540,000,000, based on commercial negotiations, is attractive especially in view of earlier and lower tender price for the Property, at the beginning of 2007, and based on the advice of a reputable and independent estate agency firm, Savills (Hong Kong) Limited, involved in the Disposal. Further, the proceeds will assist MEC in building up a cash reserves for its energy and related resources projects and for general working capital purpose. Based on the above, the Board is of the view that the Disposal including the Consideration is fair and reasonable and in the interest of the Shareholders and Company as a whole. Any further real estate acquisition is likely to be on a need basis for MEC's operations.

E. UPDATE ON MINING OPERATIONS

MEC is finalizing its initial mine plan with The Shenyang Design Institute and John T. Boyd Company, for MEC's initial mining operations. This is anticipated to be for a 3 million tonnes mining operations based substantially on coking coal resources. MEC will set aside around 100 million tonnes of coal reserves from the 136 million tonnes of joint ore resources code ("JORC") compliant in-place resources already demonstrated by MEC from initial analytical work to support the initial mining operations.

In view of the sales proceeds under the Disposal, the JORC standard in-place resources and the HK\$2 billion from the scheduled completion of the CTF Subscription on or before April 30, 2008, over which the listing application has been made to The Exchange, MEC sees no difficulty, in funding the initial 3 million tonnes mining operations for commencement of mining operations within either the end of 2008 or mid-2009 depending on the mine plan.

MEC has to date incurred approximately HK\$411,087,000 under MEC's energy and related resources business. The main item of expenditure to be incurred is the upgrading of the Khushuut Road as referred to under the announcement of March 25, 2008. MEC is currently contemplating a figure of approximately RMB1,470,000,000, by staged payments and further announcements will be made if any agreement is reached in this regard with contractors. MEC wishes to upgrade the Khushuut Road as soon as possible given the premium associated with coking coal which has been demonstrated and the transport need from western Mongolia to Xinjiang, PRC.

Subject to the risk factors as disclosed under the circulars of March 22, 2007 and June 25, 2007, once a coking coal operation commences within year 2009, MEC currently anticipates no issue with further expansion of MEC's mining operations in the 2010 to 2012 fiscal years, under the relevant mine plans at the time, which may include expansion into building coking facilities to manufacture coke and thermal power plants for electrical power generation, from a combination of funding, including under the CTF Subscription and the cashflow from the then mining operations.

The Board of Directors, is currently confident, with the viability and income of the mining operations.

F. GENERAL

The Disposal constitutes a very substantial disposal to MEC pursuant to Rule 14.06 of the Listing Rules and is conditional upon approval from the Shareholders. No Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Disposal at the SGM. Mr. Lo Lin Shing, Simon (“Mr. Lo”), the Chairman and executive Director of MEC, has indicated that he will vote for the Disposal. Mr. Lo and his spouse, currently has an approximately 19.44% shareholding in MEC, personally and through their investment vehicle, Golden Infinity Limited.

A circular containing, amongst other things, further details of the Disposal and the independent valuation report on the Property and notice of the SGM, will be despatched to the Shareholders as soon as reasonably practicable.

The current occupancy rate of the Property is 97%. The rental income of the Property was approximately 59% of the turnover for the year ended March 31, 2007. The rest of the turnover is mainly from MEC’s private jet management and charter business. The effect of the Disposal upon the turnover at this stage for March 31, 2009 is unknown. This depends upon the timing of the commencement of the mining business of MEC as set out above. The private jet charter business will continue to provide turnover to the Group. The Group currently has one Gulfstream G-200 aircraft. However, for the years ending March 31, 2010 to March 31, 2012, it is anticipated that the turnover from the rental income, where the Disposal has not occurred, will be insignificant to MEC, in the context of a 3 million tonnes per annum mining operations as referred above.

G. CAUTION WHEN DEALING IN THE SHARES

As the Disposal is subject to conditions, including but not limited to proof of good title to the Property and the passing of resolutions of the Shareholders at the SGM, the Disposal may or may not complete and Shareholders and investors should exercise caution when dealing in the securities of MEC.

H. RESUMPTION OF TRADING

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DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Board” means the board of Directors of the Company.

“Completion”	means completion of the Disposal upon satisfaction of the Conditions on or prior to July 15, 2008 subject to the right of the Vendor to request for an early Completion as more particularly set out in this announcement.
“Company” or “MEC”	means Mongolia Energy Corporation Limited, a company incorporated under the laws of Bermuda and whose shares are listed on The Stock Exchange.
“Conditions”	means the conditions under the Provisional Agreement required to be fulfilled prior to Completion.
“Consideration”	means HK\$540,000,000 (Hong Kong Dollars Five Hundred and Forty Million), the purchase price payable by the Purchaser to the Vendor for the purchase of the Property.
“Directors”	means directors of the Company.
“Disposal”	means the disposal of the Property under the Provisional Agreement at the Consideration.
“Group”	means the Company and its subsidiaries.
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong.
“Hong Kong”	means Hong Kong Special Administrative Region of the PRC.
“Independent Third Party(ies)”	means independent third party(ies) who, to the best of the Director’s knowledge and information and having made all reasonable enquiries, is/are not connected person(s) (as defined under the Listing Rules) of MEC.
“Jadesails”	means Jadesails Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of MEC.
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented and/or replaced.
“Mongolia”	means the independent sovereign nation of Mongolia.
“Party” or “Parties”	means, as the context requires, any or all of the parties under the Provisional Agreement.

“Percentage” and “%”	means percent.
“Property”	means the whole of the Ground Floor and Basement Floor of the Bank of America Tower.
“Purchaser”	means Fair Power Limited.
“Provisional Agreement”	means the provisional sale and purchase agreement entered into between the Vendor and the Purchaser on April 18, 2008 in relation to the sale of and purchase of the Property.
“Quinway”	means Quinway Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of MEC.
“SGM”	means the special general meeting of Company to be convened to consider and, if thought fit, approve, the Disposal under the Provisional Agreement.
“Shareholders”	means holders of the Shares.
“Shares”	means ordinary shares of HK\$0.02 each in the share capital of the Company.
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited.
“Vendor”	means collectively Quinway and Jadesails.

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

Hong Kong, April 21, 2008.

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