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**MONGOLIA ENERGY CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 276)**

**ANNOUNCEMENT**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF PROPERTY**

On 4 June 2013, the Beijing representative office of Mongolia Energy Corporation Limited entered into the Agreement with the Purchaser for the disposal of the Property at the Consideration of RMB100,000,000.

As the applicable percentage ratios of the Disposal calculated under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

**THE AGREEMENT**

On 4 June 2013, the Vendor entered into two agreements with the Purchaser for the disposal of the Property.

Date: 4 June 2013

Vendor: The Beijing representative office of Mongolia Energy Corporation Limited

Purchaser: The Purchaser is an individual through the introduction of a property agent in Beijing. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

**Asset to be disposed of**

The property is a residential building situated at 北京順義區麗來花園一區 80 號樓 (No. 80, Zone 1, Niceline Garden, Shunyi District, Beijing) in the People's Republic of China.

The Property is an investment property of the Group. The Property is a three-storey building with a basement with a total gross floor area of approximately 1,601 square meters. The Group acquired the Property in 2008 for investment purpose and it has not generated any revenue for the Group. The Property is currently vacant.

The book value of the Property as at 30 September 2012 was HK\$124,584,000. The Group will expect a gain of approximately HK\$1,044,141 before deducting the necessary expenses in relation to the Disposal.

The Vendor is required to deliver vacant possession of the Property to the Purchaser upon receipt of the full purchase price.

### **Consideration**

The Consideration of the Property is RMB100,000,000 (approximately HK\$125,628,141) which comprises the following:-

- (a) the consideration for the property namely, 北京順義區麗來花園一區80號樓 (No. 80, Zone 1, Niceline Garden, Shunyi District, Beijing), is RMB89,000,000; and
- (b) the consideration for the renovation, furniture and the associated club facilities belonging to the property is RMB11,000,000.

The Consideration shall be settled by the Purchaser in the following manner:-

- (i) RMB10,000,000 shall be paid by the Purchaser to the Vendor or its nominee(s) as part of the purchase price upon signing of the Agreement.
- (ii) The remaining RMB90,000,000 shall be paid to a Vendor or its nominee(s) by the Purchaser in three working days upon the Purchaser's settlement of all the taxes and duties arising from these transactions.

Upon receipt of the balance of the purchase price of RMB90,000,000 by the Vendor or its nominee(s) and the settlement of all requisite taxes and duties including the taxes arising out of the current transactions in full, the Vendor shall attend transferring the title of the Property to the Purchaser with the relevant Beijing land authority in accordance with the applicable laws of the People's Republic of China; to deliver vacant possession of the property and to transfer the associated facilities of the property to the Purchaser forthwith.

### **Other Conditions**

Apart from the above, the Agreement contains, among others, the following major terms:-

- (a) The Property is sold on an "as is" basis;
- (b) All taxes of the Property not relating to the current transactions shall be borne by the Vendor. The Purchaser is responsible for all the deeds, stamp duties and taxes arising out of these transactions. Apart from the above, if there are any unanticipated new taxes imposed, it shall be borne by the Purchaser;
- (c) If either party is in breach of the Agreement, for example, fails to make the requisite payment by the Purchaser or to deliver vacant possession of the property by the Vendor, as the case may be, on the agreed time frames specified under the Agreement, the default party shall pay the innocent party a fine of RMB50,000 per day, and if such default is not rectified within fifteen days by the default party, the innocent party can terminate the Agreement and in such scenario, the default party is required to pay a fine of RMB10,000,000 to the innocent party. In the case of termination by reason of default of

the Vendor, any purchase price of the Property received by the Vendor shall be refunded to the Purchaser. In the case of termination by reason of default of the Purchaser, any purchase price of the Property received by the Vendor shall be refunded to the Purchaser less the amount of the fines; and

- (d) The two agreements for the acquisition of the property and the associated facilities must be completed at the same time.

The Company has provided a guarantee to the Purchaser to guarantee due performance of the Agreement by the Vendor.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in energy and related resources business.

The Board considers that the current market condition in the People's Republic of China represents a good opportunity for the Group to dispose its non-core assets. The proceeds of HK\$125,628,141 from the Disposal will be applied towards repayment of existing loans and for use as general working capital of the Group.

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser by reference to the prevailing property market value as advised by the property agent.

The Board is of the view that the terms of the Agreement including the Consideration are in normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **GENERAL**

As the applicable percentage ratios of the Disposal calculated under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

## **DEFINITIONS**

In this announcement, the following terms have the same meanings as set out below:

- “Agreement” (i) an agreement entered into on 4 June 2013 between the Vendor and the Purchaser for the disposal of the property by the Vendor at an amount of RMB89,000,000; and  
(ii) an agreement entered into on 4 June 2013 between the Vendor and the Purchaser for the transfer of the renovation and the associated facilities, etc. of the property by the Vendor to the Purchaser at an amount of RMB11,000,000
- “Board” the board of Directors
- “Company” Mongolia Energy Corporation Limited, a company incorporated in Bermuda and the shares of which are listed on the main board of the Stock Exchange

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|--------------------------------|---|
| “Consideration”                | The total sum of RMB100,000,000, being RMB89,000,000 for the property and RMB11,000,000 for the renovation and the associated facilities, etc.  |
| “Directors”                    | the directors of the Company  |
| “Disposal”                     | disposal of the Property by the Vendor pursuant to the terms of the Agreement   |
| “Group”                        | the Company and its subsidiaries  |
| “Independent Third Party(ies)” | party(ies) who is/are third party(ies) independent of the Company and connected persons (as defined in the Listing Rules) of the Company  |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Property”                     | 北京順義區麗來花園一區 80 號樓 (No. 80, Zone 1, Niceline Garden, Shunyi District, Beijing in the People’s Republic of China), including its renovation, furniture and the associated club facilities |
| “Purchaser”                    | an individual, an Independent Third Party   |
| “Stock Exchange”               | The Stock Exchange of Hong Kong Limited   |
| “Vendor”                       | the Beijing Representative Office of the Company  |

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

Hong Kong, 5 June 2013

*As at the date hereof, the Board comprises seven Directors, of which Mr. Lo Lin Shing, Simon, Ms. Yvette Ong and Mr. Liu Zhuo Wei 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.*