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.

MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 276)

VERY SUBSTANTIAL DISPOSAL

DISPOSAL OF REAL ESTATE INVESTMENT IN HONG KONG AT GROUND FLOOR AND BASEMENT OF BANK OF AMERICA TOWER FOR HK$540,000,000

A letter from the Board of Mongolia Energy Corporation Limited is set out on pages 3 to 9 of this circular.

A notice convening the SGM is set out on pages 112 to 113 of this circular, which is to be held at Everest Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on June 20, 2008 at 11:30 a.m.. 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.

May 30, 2008

CONTENTS

Page

DEFINITIONS		1
LETTER FROM THE BOARD		3
APPENDIX I	– **UNAUDITED INCOME STATEMENTS ON THE IDENTIFIABLE NET INCOME STREAM IN RELATION TO AND VALUATIONS OF THE PROPERTY**	10
APPENDIX II	– **FINANCIAL INFORMATION OF THE GROUP**	12
APPENDIX III	– **UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**	93
APPENDIX IV	– **PROPERTY VALUATION**	99
APPENDIX V	– **GENERAL INFORMATION**	103
NOTICE OF SGM		112

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

"Agreement"	the provisional sale and purchase agreement entered into between the Vendor and the Purchaser on April 18, 2008 as varied by and/or merged with the formal sale and purchase agreement dated May 5, 2008 in relation to the sale of and purchase of the Property
"Board"	the board of Directors of the Company
"Company" or "MEC"	Mongolia Energy Corporation Limited, a company incorporated under the laws of Bermuda and whose shares are listed on the Stock Exchange
"Completion"	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 circular
"Conditions"	the conditions under the Agreement required to be fulfilled prior to Completion
"Consideration"	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
"CTF Subscription"	the subscription by Chow Tai Fook Nominee Limited of HK$2,000,000,000 zero coupon convertible note due April 30, 2011 as announced by MEC on February 1, 2008
"Directors"	directors of the Company
"Disposal"	the disposal of the Property under the Agreement at the Consideration
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	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"	Jadesails Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of MEC
"Latest Practicable Date"	May 27, 2008 being the latest practicable date for ascertaining certain information included in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented and/or replaced
"Mongolia"	the independent sovereign nation of Mongolia
"Mr. Lo"	Mr. Lo Lin Shing, Simon, Chairman and executive director of MEC
"Party" or "Parties"	as the context requires, any or all of the parties under the Agreement
"Percentage" or "%"	percent
"Property"	the whole of the Ground Floor and Basement Floor of the Bank of America Tower
"Purchaser"	Fair Power Limited
"Quinway"	Quinway Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of MEC
"Remaining Group"	the Group immediately following Completion
"Savills"	Savills (Hong Kong) Limited
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of Company to be convened to consider and, if thought fit, approve, the Disposal under the Agreement
"Shareholders"	holders of the Shares
"Shares"	ordinary shares of HK$0.02 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	collectively Quinway and Jadesails

MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 276)

Executive Directors:
Mr. Lo Lin Shing, Simon *(Chairman)*
Mr. Liu Zhuo Wei
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

May 30, 2008

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL

DISPOSAL OF REAL ESTATE INVESTMENT IN HONG KONG AT GROUND FLOOR AND BASEMENT OF BANK OF AMERICA TOWER FOR HK$540,000,000

INTRODUCTION

On April 21, 2008, MEC announced that two of its indirect wholly-owned subsidiaries, entered into the Agreement collectively on April 18, 2008 as Vendor with an independent third party as Purchaser to dispose of MEC's real estate investment in Hong Kong located at the whole of ground floor and basement of Bank of America Tower, Harcourt Road, Central, Hong Kong for HK$540,000,000 with a latest scheduled completion date of July 15, 2008.

The purpose of this circular is to give you further information regarding the Agreement and the Disposal and to give you notice to convene the SGM to consider and, if thought fit, to approve the transactions as contemplated under the Disposal.

THE AGREEMENT

1. Date

April 18, 2008 (provisional sale and purchase agreement)

May 5, 2008 (formal sale and purchase agreement)

2. Parties

(a) **Vendor – Quinway Company Limited** & **Jadesails Investments Limited**, each a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of MEC; and

(b) **Purchaser – Fair Power Limited**, a company incorporated under the laws of Hong Kong.

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 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 has redeemed the mortgage with the principal amount standing at approximately HK$198,000,000 from internal resources. MEC shall continue to do so with related Disposal expenses.

4. Principal terms of the 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 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.

Payment of items b (i) and (ii) above have been paid by the Purchaser's solicitors to the Vendor's solicitors pursuant to the term of the Agreement.

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 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.

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.

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. As announced on May 5, 2008, the Group entered into an acquisition agreement with Mr. Liu Cheng Lin and his group companies to acquire further 263,008 hectares of exploration and mining concessions in western Mongolia, making the total concession areas in western Mongolia for coal, ferrous and non-ferrous resources up to approximately 329,008 hectares. 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 tonnes of coal resources of which 181 million tonnes 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. On March 5, 2008, the Group announced that it entered into agreement to acquire 20% benefit of the resources under an exploration concession area located in Ruoqiang County, Xinjiang Province, PRC. The preliminary exploration work in 2007 over this exploration concession area has demonstrated 235,600 tons of tungsten trioxide (WO_3) resources and 49,000 tons of tin (Sn) resources. The completion is expected to take place prior to September 1, 2008.

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, 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.

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. For completeness, from the actual exploration work by MEC during June 2007 to October 2007, MEC was only able to drill out 600 hectares out of 34,000 hectares of the mine areas in Khushuut under the Initial Acquisition (as announced on February 7, 2007). This is out of a physical limitation. MEC will be drilling out further areas over time under the Initial Acquisition and thus, the 300 million tonnes of reserves comprising 200 million tonnes proved reserves and 100 million tonnes probable reserves will require time to demonstrate. The guarantor under the Initial Acquisition has kindly agreed to extend his undertaking annually until such time as MEC is able to explore a sufficient area.

In view of the sale proceeds under the Disposal, the JORC standard in-place resources and the HK$2 billion from the CTF Subscription which was completed on April 30, 2008, 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 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.

For more details of exploration and mining concessions of the Group, please refer to paragraph 10 under Appendix V of this circular.

FINANCIAL EFFECTS OF THE DISPOSAL

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 gain of HK$190,000,000 from the carrying value. The recurrent income relating to the Property for the past two financial years ending March 31, 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.

The unaudited consolidated net asset value of the Group as at September 30, 2007 was approximately HK$649 million, as per the interim report for the six months period ended September 30, 2007 of the Group. The Disposal will reduce the Group's non-current asset by approximately HK$350 million with reference to the book value of the Property as at September 30, 2007 while reduce the Group's liability by approximately HK$198 million. The cash flow position of the Group will also be improved as a result of the Disposal. The cash position of the Group after Completion will be increased by HK$318 million compared to that as at September 30, 2007. Assuming the Disposal had been completed as at September 30, 2007, the unaudited pro forma consolidated net asset value of the Group would be approximately HK$860 million.

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.

SGM

A notice convening the SGM is set out on pages 112 to 113 of this circular, which is to be held at Everest Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on June 20, 2008 at 11:30 a.m.. 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

(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 Disposal under 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.

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, 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 19.53% shareholding in MEC, personally and through their investment vehicle, Golden Infinity Limited.

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

The following are the unaudited income statements on the identifiable net income stream ("**Identifiable Net Income Stream**") in relation to the Property for each of the three years ended March 31, 2006, 2007 and 2008 which are compiled and derived from the underlying books and records of the Property.

		Year ended March 31,		
		2006	**2007**	**2008**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Turnover				
Rental income	*(a)*	15,237	19,131	22,383
Building management fee income		4,022	4,397	4,525
Other income		82	134	109
Administrative expenses	*(b)*	(4,240)	(6,485)	(4,431)
Fair value changes on investment properties		–	(35,000)	190,000
Bank loan interest		(6,542)	(6,771)	(9,528)
Income tax (expense)/credit		(1,073)	4,709	(34,062)
Identifiable Net Income Stream		7,486	(19,885)	168,996

Notes:

a. Property was leased to Independent Third Parties.

b. Administrative expenses mainly comprised of building management fee and repairs and maintenance.

In accordance with paragraph 14.68(2)(b)(i) of the Listing Rules, the Directors engaged Simon Y.P. Chan & Co, the reporting accountants of the Company, to perform certain factual finding procedures on the compilation of the Identifiable Net Income Stream of the Property in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed Upon Procedures Regarding Financial Information" issued by Hong Kong Institute of Certified Public Accountants. The reporting accountants has agreed the Identifiable Net Income Stream to the underlying books and records of the Property in accordance with the agreed-upon procedures set out in the relevant engagement letter between the Company and the reporting accountants and reported its factual findings based on the agreed-upon procedures to the Directors. Pursuant to the terms of the relevant engagement letter between the Company and the reporting accountants, the reported factual findings should not be used or relied upon by any other parties for any purposes. In the opinion of the reporting accountants, the Identifiable Net Income Stream has been properly compiled and derived from the underlying books and records of the Property.

THE VALUATIONS OF THE PROPERTY ARE LISTED AS FOLLOWS

	Year ended March 31,		
	2006	**2007**	**2008**
	HK$ million	*HK$ million*	*HK$ million*
	(Audited)	(Audited)	
Valuations	385	350	540

The valuation of the Property as at March 31, 2006 is based on the valuation report issued by Messrs. RHL Appraisal Limited. The valuation as at March 31, 2007 is based on the valuation report issued by Messrs. Vigers Appraisal and Consulting Limited. The valuation as at March 31, 2008 is based on the valuation report issued by Messrs. Jones Lane LaSalle Sallmanns Limited. All of them are independent professional property valuers.

A. FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated income statement and financial position for the year ended March 31, 2005 as extracted from the annual report of the Group for the year ended March 31, 2006, and that for the years ended March 31, 2006 and 2007 as extracted from the annual report of the Group for the year ended March 31, 2007. The summary of the unaudited condensed consolidated income statement of the Group for the six months ended September 30, 2006 and the six months ended September 30, 2007 as well as the financial position of the Group as at September 30, 2007 as extracted from the interim report for the six months ended September 30, 2007 are also set out below.

Results of the Group

	For the year ended March 31,			For the six months ended September 30,	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)				
Turnover	18,776	24,052	39,773	19,790	15,406
Income tax (expenses)/credit	(5,876)	(811)	4,709	673	(393)
Profit/(loss) for the year/period	9,009	(1,391)	11,849	(2,717)	4,392
Minority interests	91	8	–	–	–
Profit/(loss) attributable to shareholders	9,100	(1,383)	11,849	(2,717)	4,392
Dividends	–	–	–	–	–
Earnings/(loss) per share					
Basic	HK cents 3.11	HK cents (0.25)	HK cents 0.62	HK cents (0.16)	HK cents 0.17
Diluted	HK cents 3.11	HK cents 0.02	HK cents 1.10	HK cents 0.11	HK cents 0.17
Dividend per share	–	–	–	–	–

	As at March 31,			As at September 30,
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)			
Non-current assets				
Property, plant and equipment	2,415	143,992	139,897	235,834
Investment properties	388,900	385,000	350,000	350,000
Intangible assets	–	–	–	53,928
Associated companies	–	–	9,246	40,717
Jointly controlled entity	–	15,104	48,567	–
Other investments	22,314	–	–	–
Long term receivable	5,123	12,668	–	–
Financial assets at fair value through profit or loss	–	42,524	–	–
Other asset	–	1,150	1,150	1,150
	418,752	600,438	548,860	681,629
Current assets				
Accounts receivable	5,186	4,475	2,075	2,567
Other receivables, prepayments and deposits	3,567	4,998	46,489	133,546
Assets held for sale – associated companies	–	–	52,402	–
Financial assets at fair value through profit or loss	–	27,946	125,098	74,864
Amounts due from related companies	8,468	8,717	445	470
Tax prepaid	73	55	–	245
Pledged bank deposits	540	–	–	
Cash and cash equivalents	41,208	171,485	67,710	357,559
	59,042	217,676	294,219	569,251

	As at March 31,			As at September 30,
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)			
Current liabilities				
Accounts payable	2,532	4,207	7,883	6,934
Other payables and accruals	22,880	11,972	27,950	17,946
Short-term bank loans	183,202	151,724	126,800	537,900
Tax payable	–	341	671	671
	208,614	168,244	163,304	563,451
Net current assets	(149,572)	49,432	130,915	5,800
Total assets less current liabilities	269,180	649,870	679,775	687,429
Non-current liabilities				
Convertible notes	–	175,528	–	–
Deferred income tax liabilities	42,934	47,216	38,381	38,774
	42,934	222,744	38,381	38,774
Net assets	226,246	427,126	641,394	648,655
Financed by:				
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	8,737	29,737	52,327	52,327
Reserves	217,444	397,332	589,010	596,271
	226,181	427,069	641,337	648,598
Minority interests	65	57	57	57
Total equity	226,246	427,126	641,394	648,655

B. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED MARCH 31, 2007

The following is a reproduction of the text of the audited consolidated financial statements of the Group together with the accompanying notes contained on pages 39 to 96 of the annual report of the Company for the year ended March 31, 2007:

Consolidated Income Statement

For the year ended March 31, 2007

		2007	2006
	Note	*HK$'000*	*HK$'000*
Continuing operations:			
Turnover	*5*	39,773	24,052
Interest income		4,351	1,954
Dividend income	*7*	20,442	–
Direct aviation costs		(12,842)	(3,657)
Staff costs	*8*	(23,766)	(7,966)
Depreciation		(8,180)	(842)
Other operating expenses		(20,558)	(14,218)
Fair value loss on investment properties	*15*	(35,000)	–
Provision for impairment on amounts due from associated companies and an investee company		(4,015)	–
Fair value gain/(loss) on financial assets at fair value through profit or loss		40,226	(19,422)
Reversal of impairment losses on long term receivable		11,179	7,545
Reversal of impairment losses on amount due from a related company		3,037	–
Gain on disposal of financial assets at fair value through profit or loss		5,870	–
Gain on disposal of interest in subsidiaries		2,703	–
Operating profit/(loss)	*7*	23,220	(12,554)
Finance costs	*10*	(16,145)	(7,430)
Share of profits of associated companies		67	–
Share of loss of a jointly controlled entity		(2)	(3)
Profit/(loss) before income tax		7,140	(19,987)
Income tax credit/(expense)	*11*	4,709	(811)

	Note	2007 HK$'000	2006 HK$'000
Profit/(loss) from continuing operations		11,849	(20,798)
Discontinued operations:			
Profit from discontinued operations	6	–	19,407
Profit/(loss) for the year		11,849	(1,391)
Attributable to:			
Equity holders of the Company		11,849	(1,383)
Minority interests		–	(8)
		11,849	(1,391)
Earnings/(loss) per share for profit/(loss) from continuing operations attributable to the equity holders of the Company for the year	13		
– basic (HK cents)		0.62	(3.83)
– diluted (HK cents)		1.10	(2.84)
Earnings per share for profit from discontinued operations attributable to the equity holders of the Company for the year	13		
– basic (HK cents)		–	3.58
– diluted (HK cents)		–	2.86

Consolidated Balance Sheet

As at March 31, 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	14	139,897	143,992
Investment properties	15	350,000	385,000
Associated companies	17	9,246	–
Jointly controlled entity	19	48,567	15,104
Long term receivable	20	–	12,668
Financial assets at fair value through profit or loss	21	–	42,524
Other asset	22	1,150	1,150
		548,860	600,438
Current assets			
Accounts receivable	23	2,075	4,475
Other receivables, prepayments and deposits		46,489	4,998
Assets held for sale – associated companies	18	52,402	–
Financial assets at fair value through profit or loss	21	125,098	27,946
Amounts due from related companies	34(d)	445	8,717
Tax prepaid		–	55
Cash and cash equivalents	24	67,710	171,485
		294,219	217,676
Current liabilities			
Accounts payable	25	7,883	4,207
Other payables and accruals		27,950	11,972
Short-term bank loans	26	126,800	151,724
Tax payable		671	341
		163,304	168,244
Net current assets		130,915	49,432
Total assets less current liabilities		679,775	649,870

	Note	2007 HK$'000	2006 HK$'000
Non-current liabilities			
Convertible notes	27	–	175,528
Deferred income tax liabilities	28	38,381	47,216
		38,381	222,744
Net assets		641,394	427,126
Financed by:			
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	29	52,327	29,737
Reserves	30	589,010	397,332
		641,337	427,069
Minority interests		57	57
Total equity		641,394	427,126

Balance Sheet
As at March 31, 2007

	Note	2007 HK$'000	2006 HK$'000
ASSETS			
Non-current assets			
Subsidiaries	16	166,668	166,668
Current assets			
Amounts due from subsidiaries	16	269,703	215,972
Other receivables		37,964	1,482
Financial assets at fair value through profit or loss	21	26,229	27,946
Cash and cash equivalents	24	55,923	162,749
		389,819	408,149
Current liabilities			
Amounts due to subsidiaries	16	44,740	48,414
Other payables and accruals		23,573	3,977
		68,313	52,391
Net current assets		321,506	355,758
Total assets less current liabilities		488,174	522,426
Non-current liabilities			
Convertible notes	27	–	175,528
Deferred income tax liabilities	28	–	3,495
		–	179,023
Net assets		488,174	343,403
Financed by:			
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	29	52,327	29,737
Reserves	30	435,847	313,666
		488,174	343,403

Consolidated Statement of Changes in Equity
For the year ended March 31, 2007

	Attributable to equity holders of the company				
	Share capital	Other reserves	Retained profits	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at April 1, 2005	8,737	222,944	20,824	65	252,570
Convertible notes – equity component *(Note 27)*	–	21,468	–	–	21,468
Deferred tax on equity component of convertible notes *(Note 28)*	–	(3,757)	–	–	(3,757)
Share-based compensation expenses	–	1,760	–	–	1,760
Issue of shares *(Notes 29 and 30)*	21,000	141,761	–	–	162,761
Share issue expenses	–	(6,285)	–	–	(6,285)
Lapse of share options	–	(23)	23	–	–
Loss for the year	–	–	(1,383)	(8)	(1,391)
Balance at March 31, 2006	29,737	377,868	19,464	57	427,126
Balance at April 1, 2006	29,737	377,868	19,464	57	427,126
Share-based compensation expenses	–	12,289	–	–	12,289
Issue of shares *(Notes 29 and 30)*	22,590	167,540	–	–	190,130
Profit for the year	–	–	11,849	–	11,849
Balance at March 31, 2007	52,327	557,697	31,313	57	641,394

Consolidated Cash Flow Statement
For the year ended March 31, 2007

	Note	2007 HK$'000	2006 HK$'000
Cash flow from operating activities			
Cash used in operations	33(a)	(741)	(13,979)
Interest paid		(10,415)	(5,934)
Interest received		4,351	1,954
Hong Kong profits tax refund/(paid)		40	(268)
Net cash used in operating activities	40	(6,765)	(18,227)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		180	–
Purchase of property, plant and equipment		(5,221)	(145,640)
Acquisitions of associated companies		(8,729)	–
Advances to associated companies		(58,348)	(1,112)
Advance to a jointly controlled entity		(33,467)	(15,107)
Dividend received		20,442	–
Repayment received from long term receivable		23,877	–
Purchase of financial assets at fair value through profit or loss		(32,409)	–
Proceeds from disposals of financial assets at fair value through profit or loss		23,847	–
Net cash outflows on disposal of subsidiaries	33(b)	(7,635)	(10,675)
Net cash used in investing activities		(77,463)	(172,534)
Cash flows from financing activities			
Proceeds from issuance of shares		5,377	162,761
Share issue expenses		–	(6,285)
Drawdown of short-term loans		–	22,285
Repayment of short-term loans		(24,924)	(53,763)
Release of restricted bank balances and cash deposits		–	540
Issue of convertible notes		–	195,500
Net cash (used in)/generated from financing activities	33(c)	(19,547)	321,038
Net (decrease)/increase in cash and cash equivalents		(103,775)	130,277
Cash and cash equivalents at beginning of year		171,485	41,208
Cash and cash equivalents at end of year	24	67,710	171,485

Notes to the Financial Statements

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda. The address of its principal place of business is Room 1502-5, New World Tower 1, 16-18 Queen's Road Central, Hong Kong. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Pursuant to a special resolution passed at a special general meeting held on April 18, 2007, the name of the Company was changed from New World Cyberbase Limited to Mongolia Energy Corporation Limited. The Company and its subsidiaries (together the "Group") are principally engaged in property investments and provision of charter flight services. The Group has discontinued the provision of technology related services in 2006 upon disposal of certain subsidiaries as set out in Note 6.

On January 30, 2007, the Company entered into an agreement ("Acquisition Agreement") relating to the acquisition of a coal mine in western Mongolia with at least 300 million tonnes of reserves. The acquisition agreement was approved by the shareholders on April 18, 2007 and the transaction is expected, subject to certain conditions, to be completed within 12 months from the date of the Acquisition Agreement by January 2008. The proposed acquisition signifies the Group's new venture into coal energy business. Details of the acquisition are disclosed in note 36.

The consolidated financial statements have been approved for issue by the Board of Directors on July 9, 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention as modified by the revaluation of investment properties, financial assets and liabilities at fair value through profit or loss.

During the year, the Group has announced to acquire new mining concession/rights and consequently subject to the completion of the Acquisition Agreement, the Group's principal business is coal energy and mining activities. The Directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis. This assumes that the acquisitions mentioned in Note 36 are successful and a profitable mining operation can be attained in future. The financial statements do not include any adjustments that would result if the acquisitions are not successful or a profitable mining operation cannot be attained.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 to the financial statements.

(a) Standards, amendments and interpretations effective for the year ended March 31, 2007

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after January 1, 2006 and are relevant to the Group's operations:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The adoption of HKAS 19 Amendment, HKAS 39 and HKFRS 4 Amendment and HK(IFRIC)- Int 4 above did not result in significant impact to the Group's consolidated financial statements. Upon the adoption of HKAS 39 (Amendment), The Fair Value Option, the Group reassessed the investments designated in the financial assets at fair value through profit or loss category and re-classified certain financial assets from non-current assets to current assets in the consolidated financial statements for the year ended March 31, 2007.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after April 1, 2006 but are not relevant or do not have significant impact to the Group:

HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKFRS 1 & HKFRS 6 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

(b) Standards, amendment and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after April 1, 2007 or later periods:

HKFRS 7, Financial instruments: Disclosures, and the complementary Amendment to HKAS 1, Presentation of Financial Statements – Capital Disclosures, are effective for accounting periods beginning on or after January 1, 2007. HKFRS 7 introduces new disclosures relating to financial instruments. The Group will apply HKFRS 7 from April 1, 2007, but it is not expected to have any impact on the classification and valuation of the Group's financial instruments;

HKFRS 8, Operating Segments, is effective for accounting periods beginning on or after January 1, 2009. Under HKFRS 8, segments are components of an entity regularly reviewed by an entity's chief operating decision-maker. Items are reported based on the internal reporting. The Group will apply HKFRS 8 from April 1, 2009;

HK(IFRIC)-Int 8, Scope of HKFRS 2, is effective for accounting periods beginning on or after May 1, 2006. HK (IFRIC)-Int 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of HKFRS 2. The Group will apply HK(IFRIC)-Int 8 from April 1, 2007, but it is not expected to have any impact on the Group's consolidated financial statements;

HK(IFRIC)-Int 10, Interim financial reporting and impairment, is effective for accounting periods beginning on or after November 1, 2006. HK(IFRIC)-Int 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC)-Int 10 from April 1, 2007, but it is not expected to have any impact on the Group's financial statements; and

HK(IFRIC)-Int 11, HKFRS 2 – Group and treasury share transactions, is effective for accounting periods beginning on or after March 1, 2007. HK(IFRIC)-Int 11 requires that certain types of transactions are accounted for as equity-settled or cash-settled transactions under HKFRS 2. It also addresses the accounting for share-based payment transactions involving two or more entities within one group. The Group will apply HK(IFRIC)-Int 11 from April 1, 2007, but it is not expected to have any impact to the Group's consolidated financial statements.

(c) Interpretations to existing standards that are not yet effective and not relevant to the Group's operations

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after April 1, 2007 or later periods but are not relevant to the Group's operations:

HK(IFRIC)-Int 7, Applying the restatement approach under HKAS 29, Financial Reporting in Hyperinflationary Economies, is effective for accounting periods beginning on or after March 1, 2006. HK(IFRIC)-Int 7 provides guidance on how to apply requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, HK(IFRIC)-Int 7 is not relevant to the Group's operations;

HK(IFRIC)-Int 9, Reassessment of embedded derivatives, is effective for accounting periods beginning on or after June 1, 2006. HK(IFRIC)-Int 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment if required. As none of the group entities have changed the terms of their contracts, HK(IFRIC)-Int 9 is not relevant to the Group's operations; and

HK(IFRIC)-Int 12, Service concession arrangements, is effective for accounting periods beginning on or after January 1, 2008. HK(IFRIC)-Int 12 provides guidance on the accounting by operators in public-to-private service concession arrangements. As none of the group entities have service concession arrangements, HK(IFRIC)-Int 12 is not relevant to the Group's operations.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to March 31.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) Joint ventures

A jointly controlled entity is a joint venture in which the Group and other parties undertake an economic activity which is subject to jointly control and none of the participating parties has unilateral control over the economic activity. The Group's investments in jointly controlled entity are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's share of its jointly controlled entity's post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at rates prevailing the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and borrowings are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over the estimated useful lives, as follows:

Leasehold improvements	over unexpired lease terms
Computer equipment	3 years
Furniture, fixtures and office equipment	5 – 10 years
Motor vehicles	5 years
Aircraft and engines	12 – 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

2.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out at least annually by external valuers. Changes in fair values are recognised in the income statement.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

The Group classifies its investments other than subsidiaries, associated companies and jointly controlled entities, in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, if the maturities of the assets are less than 12 months after the balance sheet date. For items with the maturities greater than 12 months after balance sheet date, they are classified as non-current assets. Loans and receivables are included in "accounts and other receivables" in the balance sheet.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category (including interest and dividend income) are included in the income statement in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in the income statement, and other changes in carrying amount are recognised in equity. Changes in the fair value of monetary securities and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on current quoted bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.9 Accounts and other receivables

Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and cash investments with a maturity of three months or less from the date of investment.

2.11 Borrowings

Bank and other loans are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effect.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.12 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associated companies and the jointly controlled entity, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.13 Employee benefits

(a) Retirement benefits

For employees in Hong Kong, a mandatory provident fund scheme ("MPF Scheme") has been established pursuant to the Hong Kong Mandatory Provident Fund Scheme Ordinance under which the Group's Hong Kong employees are compulsorily required to join the MPF Scheme. Employer's mandatory contributions are 100% vested in the employees as soon as they are paid to the MPF Scheme.

Contributions made by the Group under the MPF Scheme are charged to the income statement as they become payable in accordance with the rules of the scheme. The assets of the MPF Scheme are held separately from those of the Group and managed by independent professional fund managers.

(b) Leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.14 Provisions

Provisions are recognised when the Group has a present or constructive obligation as a result of past events; it is probable an outflow or resources will be required to settle that obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.15 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made or received under operating leases are charged or credited to the income statement on a straight-line basis over the period of the lease.

2.16 Borrowings costs

All borrowing costs are charged to the income statement in the year in which they are incurred.

2.17 Revenue recognition

(a) Rental and management fee income

Operating lease rental income and management fee income are recognised on a straight-line basis over the lease periods.

(b) Charter flight income

Charter flight income is recognised when transportation services are rendered.

(c) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Non-current asset held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

2.20 insurance contracts

The Group regards its financial guarantees provided for banking facilities granted to subsidiaries and associated companies as insurance contracts. The Group assesses at each balance sheet date the liabilities under its insurance contracts in respect financial guarantees provided to subsidiaries and associated companies using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the income statement.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, price risk, credit risk, liquidity risk and interest-rate risk. The use of financial derivatives to hedge certain risk exposures is governed by the Group's financial management policies. The Group does not use derivative financial instruments for speculative purposes.

(a) Foreign exchange risk

The Group mainly operates in Hong Kong with most of its transactions settled in HK$ and United States dollar ("US$"). The Group also has certain investments in associated companies in Mainland China. The Group's assets and liabilities, and transactions arising from its operations that are exposed to foreign exchange risk are primarily with respect to Renminbi ("RMB") and US$. The Group has not used any forward contracts or currency borrowings to hedge its exposure as foreign exchange risk is considered minimal.

(b) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet either as available-for-sale financial assets or financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

(c) Credit risk

The Group has no significant concentrations of credit risk. The Group regularly reviews the credit terms and credit limits granted to individual customer, and it has policies in place to ensure that sales are made to customers with an appropriate credit history.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through its operations and an adequate amount of committed credit facilities. The management aims to maintain flexibility in funding by keeping committed credit lines available.

(e) Interest rate risk

The Group's income and operating cash flow are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for the cash and cash equivalents, details of which have been disclosed in Note 24. The Group's exposure to changes in interest rates is mainly attributable to its short-term loans and convertible notes, details of which have been disclosed in Notes 26 and 27 respectively. Short-term loans bearing interest at floating rates expose the Group to cash flow interest rate risk. Convertible notes issued at fixed rate expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying amounts less any estimated impairment provision (as appropriate) of the Group's current financial assets (other than financial instruments), including cash and cash equivalents, accounts receivable, other receivables, prepayments and deposits, and current financial liabilities, including creditors, deposits and accruals and short-term loans, approximate their fair values due to their short maturities.

The fair value of other financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

4.1 Investment properties

The fair values of investment properties are determined annually by independent qualified valuers on an open market existing use basis. In making the judgement, consideration has been given to assumptions that are mainly on market conditions existing at the balance sheet date and appropriate capitalisation rates of rental income.

4.2 Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations.

The estimated useful life of the engines for the aircraft is determined by independent qualified valuers assuming the engines have normal utilisation of the same or similar type of engines and good maintenance program. Different judgements or estimates could significantly affect the estimated useful life and impact the results of operations.

Management reviews useful lives at each balance sheet date, and will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4.3 Convertible notes

The fair value of the liability component of the convertible notes is estimated by independent professional valuer based on transactions of similar financial instruments in the market which generally represent the best estimate of the market value.

4.4 Share-based payment

The fair values of options at the date of granting the options are estimated by independent professional valuer based on the assumptions on volatility, life of options, dividend yield and annual risk-free interest rate, excluding the impact of non-market vesting conditions.

4.5 Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision of income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5 TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in property investments and provision of charter flight services. The Group ceased the provision of technology related services following the disposal of certain subsidiaries in 2006 as set out in Note 6.

Revenues recognised during the year are as follows:

	2007	2006
	HK$'000	*HK$'000*
Turnover		
Rental income from investment properties	19,132	15,471
Management fee from investment properties	4,397	4,022
Gross rental income and management fee	23,529	19,493
Charter flight income	16,244	4,559
	39,773	24,052

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Primary reporting format – business segments

In 2007, the Group is organised into two main business segments, namely property investments and charter flight services. In previous year, in addition to the existing business segments, the Group had a technology related services operation which was ceased in 2006.

There are no sales or other transactions between business segments.

The segment results for the year ended March 31, 2007 are as follows:

	Continuing		Total
	Property investments	Charter flight services	Continuing
	HK$'000	*HK$'000*	*HK$'000*
Turnover	23,529	16,244	39,773
Segment results	(17,015)	(14,634)	(31,649)
Unallocated corporate expenses			(28,924)
Unallocated operating income/(expenses)			
– Interest income			4,351
– Dividend income			20,442
– Fair value gain on financial assets at fair value through profit or loss			40,226
– Reversal of impairment losses on long term receivable			11,179
– Gain on disposal of subsidiaries			2,703
– Gain on disposal of financial assets at fair value through profit or loss			5,870
– Reversal of impairment loss of amount due from a related company			3,037
– Provision for impairment on amounts due from associated companies and an investee company			(4,015)
Operating profit			23,220
Finance costs			(16,145)
Share of profits of associated companies (unallocated)			67
Share of loss of a jointly controlled entity	–	(2)	(2)
Profit before income tax			7,140
Income tax credit			4,709
Profit for the year			11,849
Depreciation	–	7,927	7,927
Unallocated depreciation			253
			8,180
Unallocated capital expenditure			5,221

The segment results for the year ended March 31, 2006 are as follows:

	Continuing		Discontinued		Total	
	Property investments	Charter flight services	Property investments	Technology related services	Continuing	Discontinued
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	19,493	4,559	197	14,351	24,052	14,548
Segment results	14,165	(2,739)	164	(7,849)	11,426	(7,685)
Unallocated corporate expenses)/income					(14,057)	1,249
(Unallocated operating income/(expenses)						
– Interest income					1,954	26
– Fair value loss on financial assets at fair value through profit or loss					(19,422)	–
– Reversal of impairment losses on long term receivable					7,545	–
– Provision for amounts due from associated companies					–	(1,112)
– Gain on disposal of subsidiaries					–	26,929
Operating (loss)/profit					(12,554)	19,407
Finance costs					(7,430)	–
Share of loss of a jointly controlled entity	–	(3)	–	–	(3)	–
(Loss)/profit before income tax					(19,987)	19,407
Income tax expense					(811)	–
(Loss)/profit for the year					(20,798)	19,407
Depreciation	–	667	–	611	667	611
Unallocated depreciation					175	–
					842	611
Capital expenditure	–	144,399	–	1,188	144,399	1,188
Unallocated capital expenditure					53	–
					144,452	1,188

Segment assets consist primarily of property, plant and equipment, investment properties, operating cash and other current assets and exclude certain investments, cash and bank balances and certain other current assets. Segment liabilities comprise operating liabilities and exclude items such as short term loans, convertible notes and deferred income tax liabilities.

Capital expenditure represents additions to plant and equipment, including additions resulting from acquisitions through business combinations.

The segment assets and liabilities at March 31, 2007 are as follows:

	Property investments	**Charter flight services**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets	362,099	198,056	282,924	843,079
Liabilities	6,046	2,834	192,805	201,685

The segment assets and liabilities at March 31, 2006 are as follows:

	Property investments	**Charter flight services**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets	389,235	168,049	260,830	818,114
Liabilities	4,389	4,097	382,502	390,988

Secondary reporting format – geographical segments

The Group operates in two main geographical areas:

Hong Kong:	Property investments and charter flight services
The Mainland China:	Technology related services and property investments (discontinued in 2006)

There are no sales between geographical segments.

	For the year ended March 31,			
	Turnover		**Capital expenditure**	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong – Continuing	39,773	24,052	5,221	144,452
Mainland China – Discontinued	–	14,548	–	1,188
	39,773	38,600	5,221	145,640

	March 31, 2007 HK$'000	March 31, 2006 HK$'000
Total assets		
Hong Kong	781,950	818,061
Mainland China	61,129	53
	843,079	818,114

Turnover is allocated based on the countries or locations in which the customers are located. Total assets and capital expenditure are allocated based on where the assets are located. The total assets located in Mainland China comprised investments in associated companies.

6 DISCONTINUED OPERATIONS

In the financial year ended March 31, 2006, the Group disposed of its entire interest in New World CyberBase Solutions (BVI) Limited and its subsidiaries (collectively the "NWCBVI Group") to New World Mobile Holdings Limited ("NWM"), a company incorporated in Cayman Island and listed on the Stock Exchange of Hong Kong Limited. The disposal was approved by the independent shareholders of the Company at the Special General Meeting on October 18, 2005 and completed on October 21, 2005.

An analysis of the results and cash flows of the discontinued operations in 2006 was as follows:

	2006 HK$'000
Turnover	14,548
Interest income	26
Staff costs	(6,178)
Depreciation	(611)
Provision for amounts due from associated companies	(1,112)
Other operating expenses	(14,195)
Loss before income tax	(7,522)
Income tax expense	–
	(7,522)
Gain on disposal of subsidiaries *(Note 33(b))*	26,929
Profit from discontinued operations	19,407
Net cash used in operating activities	(10,156)
Net cash used in investing activities	(1,221)
Net cash generated from financing activities	11,371
Net cash outflow	(6)

No tax charge or credit arose from the disposal of NWCBVI Group. The carrying amounts of the assets and liabilities of NWCBVI Group at the date of disposal are disclosed in Note 33(b).

7 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after crediting and charging the following:

	2007	2006
	HK$'000	*HK$'000*
Crediting		
Dividend income from listed investments	20,442	–
Charging		
Auditor's remuneration	867	650
Operating lease rental in respect of land and buildings	1,332	499
Direct operating expenses arising from investment properties that generate rental income	5,292	3,177
Direct operating expenses arising from investment properties that did not generate rental income	126	127

8 STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION)

	2007	2006
	HK$'000	*HK$'000*
Wages and salaries	11,343	6,085
Retirement benefit costs – defined contribution plan	134	121
Share options granted to directors and employees	12,289	1,760
	23,766	7,966

The retirement benefit costs under MPF Scheme charged to the income statement represent gross contributions payable by the Group to the MPF Scheme of HK$134,000 (2006: HK$121,000). At March 31, 2007, no contribution was payable to the scheme and there was no unutilised forfeited contributions (2006: Nil).

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of each of the directors for the year ended March 31, 2007 is as follows:

Name of Director	Fees	Salaries	Other benefits	Share option benefits	Employer's contribution to MPF Scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Lo Lin Shing, Simon	–	–	648	–	–	648
Yvette Ong	–	1,707	45	–	12	1,764
Non-executive director						
To Hin Tsun, Gerald	10	–	–	–	–	10
Independent non-executive directors						
Peter Pun	100	–	–	204	–	304
Wei Chi Kuan, Kenny	44	–	–	–	–	44
Lau Wai Piu	100	–	–	204	–	304
Tsui Hing Chuen, William	56	–	–	204	–	260
	310	1,707	693	612	12	3,334

The remuneration of each of the directors for the year ended March 31, 2006 is as follows:

Name of Director	Fees	Salaries	Other benefits	Share option benefits	Employer's contribution to MPF Scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Lo Lin Shing, Simon	–	–	530	553	–	1,083
Yvette Ong	–	1,834	181	267	12	2,294
Non-executive director						
To Hin Tsun, Gerald	10	–	–	191	–	201
Independent non-executive directors						
Peter Pun	100	–	–	55	–	155
Wei Chi Kuan, Kenny	100	–	–	55	–	155
Lau Wai Piu	100	–	–	55	–	155
	310	1,834	711	1,176	12	4,043

During the two years, no director waived any directors' emoluments.

(b) Senior executives' emoluments

The five individuals whose emoluments were the highest in the Group for the year include one (2006: one) director whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2006: four) highest paid individuals during the year are as follows:

	2007	2006
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	4,739	2,814
Discretionary bonus	184	457
Contributions to pension scheme	46	48
Share option benefits	11,248	266
	16,217	3,585

The emoluments fell within the following bands:

	Number of individuals	
Emolument bands	**2007**	**2006**
Nil – HK$1,000,000	2	3
HK$1,000,001 – HK$1,500,000	1	1
HK$11,000,001 – HK$11,500,000	1	–
	4	4

(c) During the year, no emoluments have been paid by the Group to the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10 FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest expense		
– short-term bank loans	6,771	6,542
– convertible notes wholly repayable within five years *(Note 27)*	9,374	1,496
	16,145	8,038
Less: Write-back of interest payable for other loan, net	–	(608)
	16,145	7,430

11 INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided for at the rate of 17.5% on the estimated assessable profit for the year (2006: Nil). Taxation on overseas profits has not been provided for as the Group has no estimated assessable profit for the year (2006: Nil).

The amount of tax (credited)/charged to the consolidated income statement represents:

	2007	**2006**
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	616	286
– Under provision for Hong Kong profits tax in prior year	15	–
Deferred income tax *(Note 28)*	(5,340)	525
	(4,709)	811

The taxation on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Profit/(loss) before income tax from continuing operations	7,140	(19,987)
Loss before income tax from discontinued operations *(Note 6)*	–	(7,522)
	7,140	(27,509)
Calculated at a tax rate of 17.5% (2006: 17.5%)	1,250	(4,814)
Tax effect on income not subject to tax	(15,488)	(1,545)
Tax effect on expenses not deductible for tax purposes	1,676	3,693
Tax effect on tax loss not recognised	7,838	3,477
Under provision in prior year	15	–
Income tax (credit)/expense	(4,709)	811

12 PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit/(loss) attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of a loss of HK$57,648,000 (2006: HK$34,469,000) (Note 30(b)).

13 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the year attributable to the equity holders of the Company (net of minority interests) and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings/(loss) per share is based on profit/(loss) attributable to the equity holders of the Company (net of minority interests), interest expense on convertible notes and the weighted average number of ordinary shares in issue during the year, as used in the calculation of basic earnings/(loss) per share and the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings/(loss) per share is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) from continuing operations attributable to the equity holders of the Company (net of minority interests), as used in the calculation of basic earnings/(loss) per share	11,849	(20,790)
Interest expense on convertible notes	9,374	1,496
Profit/(loss) from continuing operations attributable to the equity holders of the Company, as used in the calculation of diluted earnings/(loss) per share	21,223	(19,294)
Profit from discontinued operations attributable to equity holders of the Company	–	19,407

	Number of shares	
	2007	2006
	(thousand)	*(thousand)*
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue for calculation of basic earnings/(loss) per share	1,924,389	542,316
Effect of dilutive potential ordinary shares:		
Convertible notes	–	130,898
Share options	9,894	6,098
Weighted average number of ordinary shares in issue for diluted earnings/(loss) per share	1,934,283	679,312

14 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Leasehold improvements *HK$'000*	Computer equipment *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Aircraft *HK$'000*	Total *HK$'000*
Cost						
At March 31, 2005	659	8,406	2,068	1,058	–	12,191
Additions	668	1,027	377	–	143,568	145,640
Exchange difference	9	84	21	13	–	127
Disposal of subsidiaries *(Note 33(b))*	(716)	(6,174)	(1,327)	(674)	–	(8,891)
At March 31, 2006	620	3,343	1,139	397	143,568	149,067
At March 31, 2006	620	3,343	1,139	397	143,568	149,067
Additions	1,484	255	250	3,232	–	5,221
Disposals/written off	(179)	–	(335)	(397)	–	(911)
Disposal of subsidiaries *(Note 33(b))*	(642)	(204)	(214)	–	–	(1,060)
At March 31, 2007	1,283	3,394	840	3,232	143,568	152,317
Accumulated depreciation						
At March 31, 2005	596	6,715	1,878	587	–	9,776
Charge for the year	174	429	100	109	641	1,453
Disposals/written off	11	56	19	9	–	95
Disposal of subsidiaries *(Note 33(b))*	(603)	(4,055)	(1,098)	(493)	–	(6,249)
At March 31, 2006	178	3,145	899	212	641	5,075
At March 31, 2006	178	3,145	899	212	641	5,075
Charge for the year	119	40	25	146	7,850	8,180
Disposal/written off	(182)	–	(330)	(219)	–	(731)
Disposal of subsidiaries *(Note 33(b))*	(63)	(26)	(15)	–	–	(104)
At March 31, 2007	52	3,159	579	139	8,491	12,420
Net book value						
At March 31, 2007	1,231	235	261	3,093	135,077	139,897
At March 31, 2006	442	198	240	185	142,927	143,992

15 INVESTMENT PROPERTIES

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
At beginning of the year	385,000	388,900
Disposal of subsidiaries *(Note 33(b))*	–	(3,900)
Changes in fair value	(35,000)	–
At end of the year	350,000	385,000

The Group's investment properties were revalued on an open market value basis at March 31, 2007 by Vigers Appraisal and Consulting Limited, an independent professionally qualified valuer.

Investment properties with an aggregate carrying amount of HK$350,000,000 (2006: HK$385,000,000) have been mortgaged to secure banking facilities to the extent of HK$126,800,000 (2006: HK$151,724,000) granted to the Group (Note 26).

The investment properties are located in Hong Kong and are held on leases of between 10 to 50 years.

16 SUBSIDIARIES

	Company	
	2007	**2006**
	HK$'000	*HK$'000*
Unlisted shares, at cost	477,068	477,068
Less: Provision	(310,400)	(310,400)
	166,668	166,668
Amounts due from subsidiaries *(Note a)*	1,655,483	1,531,622
Less: Provision	(1,385,780)	(1,315,650)
	269,703	215,972
Amounts due to subsidiaries *(Note a)*	44,740	48,414

Notes:

(a) Except for an aggregate amount of HK$32,247,173 (2006: HK$10,167,540) due from certain subsidiaries which carries interest at 9% (2006: 9%) per annum, the balances with subsidiaries are unsecured, interest free and repayable on demand.

(b) A list of the principal subsidiaries is set out in Note 35 to the financial statements.

17 ASSOCIATED COMPANIES

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
At beginning of year	–	–
Investments in associated companies – unlisted shares, at cost	8,729	–
Share of results	67	–
Amount due from associated companies *(Note b)*	55,827	26,431
	64,623	26,431
Less:		
Provision for amount due from associated companies *(Note c)*	(2,975)	(26,431)
Transferred to current assets held for sale *(Note 18)*	(52,402)	–
At end of the year	9,246	–

The Group's share of the aggregate amounts of the assets, liabilities and results of the associated companies are as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Assets		
Non-current assets	–	–
Current assets	76,545	–
Liabilities		
Current liabilities	(14,897)	–
Net assets	61,648	–
Less: associated companies classified as current assets	(52,402)	–
	9,246	–
Income	132	–
Expenses	(65)	–
Profit for the year	67	–

Notes:

(a) The Group's share of net assets of the associated companies represents the Group's cost of investment plus its share of post-acquisition results and reserves in the associated companies. Under the equity method of accounting, the Group's share of losses of the associated companies is restricted to the cost of investment.

(b) The amounts due from associated companies are unsecured, interest free and repayable on demand.

(c) Provision for impairment represented the Group's share of net liabilities in the associated company.

Details of the associated companies at March 31, 2007 are as follows:

Name	Particulars of place of incorporation	Issued share capital/ registered capital	Interest held	Principal activities
BAA Jet Management Limited	Hong Kong	1,000 share of HK$1.00 each	40.1%	Provision of charter flight services
Moral Known Investments Limited	British Virgin Islands	3 share of HK$1.00 each	33.3%	Property development & land investment
Crown Frame Properties Limited (formerly known as Crestbright Properties Ltd.)	British Virgin Islands	100 share of HK$1.00 each	30%	Property development & land investment
亞聯公務機有限公司	Peoples' Republic of China	RMB100,000,000	43%	Provision of charter flight services and aircraft management (under incorporation)
Crestbright Investments Ltd.	British Virgin Islands	100 share of HK$1.00 each	34%	Provision of environmental services
eGuanxi (Cayman) Limited	Cayman Islands	6,667,000 shares of US$1.00 each	25%	Dormant

The capital commitment contracted but not provided for in respect of further capital investment in an associated company amounted to HK$35.4 million as at March 31, 2007 (2006: HK$Nil).

18 ASSETS HELD FOR SALE

The assets held for sale comprise the Group's interests in three associated companies, namely Moral Known Investments Ltd., Crown Frame Properties Limited (formerly known as Crestbright Properties Ltd.) and Crestbright Investments Ltd., the details of which are disclosed in note 17. Subsequent to the year end, the Group completed the disposals of the entire equity interests in these associated companies at total consideration of HK$56,120,000. Details of the disposals of Moral Known Investments Ltd. and Crown Frame Properties Limited (formerly known as Crestbright Properties Ltd.) are disclosed in note 36. The disposal of entire equity interest in Crestbright Investments Ltd. to an independent third party at consideration of HK$17.8 million was completed on April 30, 2007. The assets held for sale are stated at their carrying amounts at March 31, 2007.

19 JOINTLY CONTROLLED ENTITY – GROUP

	2007	**2006**
	HK$'000	*HK$'000*
Share of net liabilities	(2)	(3)
Amount due from jointly controlled entity	48,569	15,107
	48,567	15,104

The amount due from the jointly controlled entity, which is unsecured and interest free, represents the Group's equity contribution to the jointly controlled entity.

Details of the jointly controlled entity at March 31, 2007 are as follows:

Name	Place of incorporation	Particulars of issued share capital	Interest held	Principal activities
Everbest Business Limited	British Virgin Islands	2 shares of US$1.00 each	50%	Aircraft charter (not yet started its operations as at March 31, 2007)

The following is an extract of the operating results and financial position of Everbest Business Limited based on a set of unaudited accounts for the year ended March 31, 2007 prepared by management of the Group in accordance with those relevant accounting policies as set out in Note 2.

	Everbest Business Limited		Group's attributable interests	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets:				
Non-current assets				
– prepayment for purchase of aircraft	97,087	30,215	48,544	15,107
Liabilities:				
Non-current liabilities				
– shareholders' loans	(97,087)	(30,215)	(48,544)	(15,107)
Current liabilities	(10)	(6)	(5)	(3)
	(97,097)	(30,221)	(48,549)	(15,110)
Net liabilities	(10)	(6)	(5)	(3)
Operating results:				
Income	–	–	–	–
Expenses	(4)	(6)	(2)	(3)
Loss for the year	(4)	(6)	(2)	(3)
Capital commitments:				
Contracted but not provided for in respect of the aircraft	145,991	212,598	72,995	106,299

There are no contingent liabilities relating to the Group's interest in the jointly controlled entity and no contingent liabilities of the jointly controlled entity itself.

20 LONG TERM RECEIVABLE

In prior years, the Group acquired approximately a 3% interest in Draper Fisher Jurvetson ePlanet Ventures L.P. ("DFJ"), an unlisted limited partnership established in the United States of America principally engaged in the investments in securities.

In October 2002, the Group disposed of its entire interest in DFJ to the Draper Fisher Jurvetson ePlanet Partners, Ltd. ("General Partner") of DFJ, which is not a related party, at a consideration of approximately HK$23,663,000, or the market value of the portfolio upon the dissolution of the fund, whichever is the lower. The proceeds shall be settled not later than six months after the dissolution of DFJ, which was determined, subject to other terms in the partnership agreement of DFJ, to be in December 2009 or earlier.

The long term receivable was fully settled by the General Partner of DFJ during the year.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2007	**2006**
	HK$'000	*HK$'000*
Group		
Non-current assets		
Equity securities of companies listed in Hong Kong	–	42,524
Current assets		
Equity securities of companies listed in Hong Kong	125,098	27,946
Company		
Current assets		
Equity securities of a company listed in Hong Kong	26,229	27,946

22 OTHER ASSET

Other asset comprised unlisted club debentures with the rights to use the club facilities and are carried at cost less impairment loss.

23 ACCOUNTS RECEIVABLE

The Group's credit terms on the provision of services mainly range from 30 to 90 days. The ageing analysis of accounts receivable of the Group is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Current to 30 days	618	3,609
31 to 60 days	174	205
61 to 90 days	442	228
Over 90 days	841	433
	2,075	4,475
Denominated in:		
HK$	858	1,226
US$	1,217	3,249
	2,075	4,475

The carrying value of accounts receivable approximates their fair values due to the short term maturity.

24 CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank balances and cash	59,710	7,932	55,923	2,737
Time deposits	8,000	163,553	–	160,012
	67,710	171,485	55,923	162,749
Denominated in:				
HK$	61,361	171,339	55,923	162,749
US$	6,349	146	–	–
	67,710	171,485	55,923	162,749

The weighted average effective interest rate on short-term bank deposits was 2.5% (2006: 4%) per annum. The maturity days of the short-tem bank deposits was one week (2006: ranging from one week to one month). Cash at bank earns interest at floating rates based on daily bank deposit rates.

25 ACCOUNTS PAYABLE

The aging analysis of accounts payable is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Current to 30 days	1,848	2,520
31 to 60 days	720	645
61 to 90 days	374	890
Over 90 days	4,941	152
	7,883	4,207

The carrying value of accounts payable approximates their fair values due to the short term maturity and are denominated in Hong Kong dollars.

26 SHORT-TERM BANK LOANS

The Group's short-term bank loans are denominated in HK$ and the carrying amounts of these loans approximate their fair values. The bank loans bear interest at 0.65% (2006: 1%) over the Hong Kong Interbank Offer Rate and are secured by the Group's investment properties with the carrying value amounting to HK$350 million and a corporate guarantee provided by the Company. Mr. Lo Lin Shing, Simon, a director of the Company, has also provided a personal guarantee to the bank to the extent of all outstanding interests in connection with the bank loans.

27 CONVERTIBLE NOTES

On February 17, 2006, the Company issued 200,000,000 2.5% convertible notes at a total nominal value of HK$200 million. These convertible notes have maturity period of three years from the issue date or can be converted into 1 ordinary share of the Company of HK$0.02 each for every HK$0.18 convertible note at the holder's option.

The fair values of the liability component and the equity conversion component were determined by an independent professionally qualified valuer at the issue date of the convertible notes.

The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible note. The residual amount of HK$21,468,000 representing the value of the equity conversion component, is included in shareholders' equity in other reserves net of deferred income taxes.

The liability component of the convertible notes recognised in the balance sheet are calculated as follows:

	2007	2006
	HK$'000	*HK$'000*
At beginning of the year	175,528	–
Initial recognition	–	174,032
Interest expense *(Note 10)*	9,374	1,496
Interest paid	(3,644)	–
Conversion during the year *(Note 33(c))*	(181,258)	–
At end of the year	–	175,528

During the year, the convertible notes were fully converted into ordinary shares.

Interest expense on the convertible note is calculated using the effective interest method by applying the effective interest rate of 7.3% (2006: 7.3%) to the liability component.

28 DEFERRED INCOME TAX LIABILITIES

Deferred income tax is calculated in full on temporary differences under the liability method using the tax rate which is expected to apply at the time of reversal of the temporary differences.

The components of the deferred income tax account recognised in the balance sheet (prior to offsetting of balances within the same tax jurisdiction) and the movements during the year are as follows:

	Group			Company
	Investment properties	Convertible notes	Total	Convertible notes
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At April 1, 2005	42,934	–	42,934	–
Charged/(credited) to the income statement *(Note 11)*	787	(262)	525	(262)
Charged to equity *(Note 30)*	–	3,757	3,757	3,757
At March 31, 2006	43,721	3,495	47,216	3,495
At April 1, 2006	43,721	3,495	47,216	3,495
Credited to the income statement *(Note 11)*	(5,340)	–	(5,340)	–
Credited to equity *(Note 30)*	–	(3,495)	(3,495)	(3,495)
At March 31, 2007	38,381	–	38,381	–

The deferred income tax liabilities are to be recovered after more than 12 months.

Deferred income tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. At March 31, 2007, unrecognised tax losses of the Group amounted to HK$45,680,000 (2006: HK$35,891,000). No deferred tax asset has been recognised for these tax losses as it is uncertain as to whether the relevant Group companies will have sufficient future taxable profits to utilise these tax losses. These tax losses do not have an expiry date.

29 SHARE CAPITAL

(a) Authorised and issued share capital

	March 31, 2007	March 31, 2006
	HK$'000	*HK$'000*
Authorised:		
15,000,000,000 ordinary shares of HK$0.02 each	300,000	300,000

	Note	Number of ordinary shares at Hk$0.02 each	Amount
			HK$'000
Issued and fully paid:			
At April 1, 2005		436,872,087	8,737
Issue of shares			
– Placing of shares	*(i)*	58,000,000	1,160
– Rights issue	*(ii)*	989,744,174	19,795
– Exercise of share options	*(iv)*	2,245,000	45
At March 31, 2006		1,486,861,261	29,737
At April 1, 2006		1,486,861,261	29,737
Issue of shares			
– Conversion of Convertible Notes	*(iii)*	1,111,111,102	22,222
– Exercise of share options	*(iv)*	18,390,000	368
At March 31, 2007		2,616,362,363	52,327

Notes:

(i) On May 19, 2005, the Company completed a placing of 58,000,000 shares at a subscription price of HK$0.24 per share. Accordingly, 58,000,000 shares of HK$0.02 each were issued at a premium of HK$0.22 each. The premium of HK$12,760,000 on issue of shares was credited to the share premium account. These new shares rank pari passu in all respect with the existing shares.

(ii) On February 13, 2006, the Company completed a rights issue of 989,744,174 shares at a subscription price of HK$0.15 per share. Accordingly, 989,744,174 shares of HK$0.02 each were issued at a premium of HK$0.13 each. The premium of approximately HK$128,667,000 on issue of shares was credited to the share premium account. These new shares rank pari passu in all respect with the existing shares.

(iii) During the year, convertible notes with face value of HK$200,000,000 were converted into 1,111,111,102 ordinary shares of the Company, of which HK$22,222,222 was credited to share capital and the balance was credited to the share premium account.

(iv) During the year, share options to subscribe for 18,390,000 (2006: 2,245,000) shares were exercised, of which HK$368,000 (2006: HK$45,000) was credited to share capital and the balance of HK$6,716,000 (2006: HK$555,000) was credited to the share premium account.

(b) Share options

Under the share option schemes adopted by the Company on September 22, 2000 (the "Terminated Option Scheme") and August 28, 2002 (the "Existing Option Scheme"), options were granted to certain directors and employees of the Company entitling them to subscribe for shares of the Company. The Terminated Option Scheme was terminated on August 28, 2002 upon the adoption of the Existing Option Scheme.

Movements of share options outstanding and their weighted average exercise prices are as follows:

	2007		2006	
	Weighted average exercise price per share *HK$*	Number of share options	Weighted average exercise price per share *HK$*	Number of share options
At beginning of the year	0.1692	15,306,420	0.2742	19,031,400
Granted	0.69	30,100,000	0.1636	828,900
Rights issue adjustment	N/A	–	N/A	2,060,020
Exercised	0.2924	(18,390,000)	0.1691	(2,245,000)
Lapsed/cancelled	0.1695	(1,252,976)	0.5457	(4,368,900)
At end of the year	0.69	25,763,444	0.1692	15,306,420

Options exercised during the year ended March 31, 2007 resulted in 18,390,000 ordinary shares (2006: 2,245,000) being issued at the weighted average exercise price of HK$0.2924 (2006: HK$0.1691) each. The related weighted average share price at the time of exercise was HK$1.0797 (2006: HK$0.3121) per share.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Share options outstanding at the end of the year have the following exercise period and exercise price:

			Number of shares subject to options	
Date of grant	Exercise price *HK$*	Exercise period	2007	2006
1-3-2005	0.1695 *(Note)*	1-3-2005 to 28-2-2012	8,844	14,617,520
15-2-2006	0.1636	15-2-2006 to 16-4-2009	4,600	688,900
8-2-2007	0.69	8-2-2007 to 7-2-2012	25,750,000	–
			25,763,444	15,306,420

Note: The exercise price was adjusted from HK$0.1933 to HK$0.1695 pursuant to the rights issue of the Company during the year ended March 31, 2006 as set out in Note 29(a)(i).

The fair values of options granted determined using the Binomial Valuation Model were as follow:

	Date of grant of share option		
	March 1, 2005	**February 15, 2006**	**February 8, 2007**
Option value (at grant date)	HK$1,215,000	HK$32,000	HK$12,289,000
Option value (upon completion of the rights issue on March 9, 2005)	HK$1,919,000	N/A	N/A
Significant inputs into the valuation model:			
Exercise price (at grant date)	HK$0.29	HK$0.1636	HK$0.69
Exercise price (upon completion of the rights issue on March 9, 2005)	HK$0.1695	N/A	N/A
Share price at grant date and on March 9, 2005	HK$0.29	HK$0.162	HK$0.69
Expected volatility *(Note)*	70%	66%	80%
Risk-free interest rate	3.9%	4.2%	4%
Expected life of options	7 years	3.17 years	5 years
Expected dividend yield	N/A	N/A	N/A

Note: The expected volatility is measured at the standard derivation of expected share price return and is based on statistical analysis of daily share prices over the last 6 months before the respective dates of grant.

30 RESERVES

(a) Group

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Capital reserve *HK$'000*	Employee share-based compensation reserves *HK$'000*	Exchange translation *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
Balance at April 1, 2005	23,159	199,594	–	191	–	20,824	243,768
Convertible notes							
– equity component	–	–	21,468	–	–	–	21,468
Deferred tax on equity component of convertible notes *(Note 28)*	–	–	(3,757)	–	–	–	(3,757)
Share-based compensation expenses	–	–	–	1,760	–	–	1,760
Issue of shares							
– placing of shares *(Note 29(a)(i))*	12,760	–	–	–	–	–	12,760
– rights issue *(Note 29(a)(ii))*	128,667	–	–	–	–	–	128,667
– exercise of share options *(Note 29(a)(iv) and (b))*	555	–	–	(221)	–	–	334
Share issue expenses	(6,285)	–	–	–	–	–	(6,285)
Lapse of share options	–	–	–	(23)	–	23	–
Currency translation difference	–	–	–	–	32	–	32
Disposal of subsidiaries	–	–	–	–	(32)	–	(32)
Loss for the year	–	–	–	–	–	(1,383)	(1,383)
Balance at March 31, 2006	158,856	199,594	17,711	1,707	–	19,464	397,332
Balance at April 1, 2006	158,856	199,594	17,711	1,707	–	19,464	397,332
Issue of shares							
– Conversion of convertible notes	180,242	–	(21,206)	–	–	–	159,036
– Reversal of deferred tax on equity component of convertible notes *(Note 28)*	–	–	3,495	–	–	–	3,495
– exercise of share options *(Note 29(a)(iv) and (b))*	6,716	–	–	(1,707)	–	–	5,009
Share-based compensation expenses	–	–	–	12,289	–	–	12,289
Profit for the year	–	–	–	–	–	11,849	11,849
Balance at March 31, 2007	345,814	199,594	–	12,289	–	31,313	589,010

(b) Company

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Capital reserve *HK$'000*	Employee share-based compensation reserves *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
Balance at April 1, 2005	23,159	199,594	–	191	(29,756)	193,188
Convertible notes						
– equity component *(Note 27)*	–	–	21,468	–	–	21,468
Deferred tax on equity component of convertible notes *(Note 28)*	–	–	(3,757)	–	–	(3,757)
Share-based compensation expenses	–	–	–	1,760	–	1,760
Issue of shares						
– placing of shares *(Note 29(a)(i))*	12,760	–	–	–	–	12,760
– rights issue *(Note 29(a)(ii))*	128,667	–	–	–	–	128,667
– exercise of share options *(Note 29(a)(iv) and (b))*	555	–	–	(221)	–	334
Share issue expenses	(6,285)	–	–	–	–	(6,285)
Lapse of share options	–	–	–	(23)	23	–
Loss for the year	–	–	–	–	(34,469)	(34,469)
Balance at March 31, 2006	158,856	199,594	17,711	1,707	(64,202)	313,666
Balance at April 1, 2006	158,856	199,594	17,711	1,707	(64,202)	313,666
Issue of shares						
– Conversion of convertible notes	180,242	–	(21,206)	–	–	159,036
– Reversal of deferred tax on equity component of convertible notes *(Note 28)*	–	–	3,495	–	–	3,495
– exercise of share options *(Note 29(a)(iv) and (b))*	6,716	–	–	(1,707)	–	5,009
Share-based compensation expenses	–	–	–	12,289	–	12,289
Loss for the year	–	–	–	–	(57,648)	(57,648)
Balance at March 31, 2007	345,814	199,594	–	12,289	(121,850)	435,847

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

As at March 31, 2007, the contributed surplus of the Company was HK$199,594,000 (2006: HK$199,594,000).

31 FINANCIAL GUARANTEES

	Group		Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Guarantees in respect of credit facilities granted to subsidiaries	–	–	126,800	151,724
Guarantees in respect of credit facilities granted to an associated company	1,710	1,710	1,710	1,710

The Company has given material guarantees of approximately HK$198 million in respect of bank loan facilities extended to its subsidiaries. As March 31, 2007, the amounts utilised by the subsidiaries were HK$126,800,000 (2006: HK$151,724,000). The directors consider that the subsidiaries are financially resourceful in settling the obligations.

32 COMMITMENTS

In addition to those disclosed elsewhere in the financials statements, the Group has the following commitments:

(a) commitments under operating leases

At March 31, 2007, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Not later than one year	2,142	977
Later than one year and not later than five years	3,389	312
	5,531	1,289

(b) Future minimum rental payments receivable

The Group's operating leases are for terms of 1 to 5 years. The future minimum rental payments receivable under non-cancellable operating leases are as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Not later than one year	16,008	12,733
Later than one year and not later than five years	8,053	6,778
	24,061	19,511

33 CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit/(loss) for the year to cash used in operations

	2007 *HK$'000*	2006 *HK$'000*
Profit/(loss) before income tax	7,140	(580)
Share of loss of a jointly controlled entity	2	3
Share of profit of associated companies	(67)	–
Dividend income	(20,442)	–
Interest income	(4,351)	(1,954)
Interest expense	16,145	7,430
Depreciation	8,180	1,453
Provision for amounts due from associated companies and an investee company	4,015	1,112
Share-based compensation expenses	12,289	1,760
Fair value loss on investment properties	35,000	–
Exchange gain on translation of property, plant and equipment	–	(32)
Gain on disposal of financial assets at fair value through profit or loss	(5,870)	–
Fair value (gain)/loss – financial assets at fair value through profit or loss	(40,226)	19,422
Gain on disposal of subsidiaries	(2,703)	(26,929)
Reversal of impairment losses of long term receivable	(11,179)	(7,545)
Reversal of impairment losses of a related company	(3,037)	–
Operating loss before working capital changes	(5,104)	(5,860)
Increase in accounts receivable, other receivables, prepayments and deposits, and amounts due from related companies	(45,966)	(7,113)
Increase/(decrease) in accounts payable, other payables and accruals	48,846	(1,006)
Increase in amount due from an associated company	1,483	–
Cash used in operations	(741)	(13,979)

(b) Disposal of subsidiaries

	2007 *HK$'000*	2006 *HK$'000*
Net assets disposed of:		
Property, plant and equipment *(Note 14)*	956	2,642
Investment properties *(Note 15)*	–	3,900
Accounts receivable	2,964	3,014
Other receivables, prepayments and deposits	3,910	3,130
Bank balances and cash	7,636	10,675
Accounts payable, other payables and accruals	(18,169)	(7,886)
	(2,703)	15,475
Gain on disposal of subsidiaries	2,703	26,929
	–	42,404
Satisfied by:		
Sales consideration settled in cash (2006: in shares)	–	42,404
Cash outflow on disposal of subsidiaries	7,635	10,675

During the year, Business Aviation Asia Limited, an indirect wholly owned subsidiary of the Company, disposed of its 59.9% interest in the issued share capital of BAA Jet Management Limited to an independent party at consideration of HK$599.

(c) Analysis of changes in financing during the year

	Share capital (including share premium) *HK$'000*	Short term loans *HK$'000*	Convertible notes *HK$'000*	Minority interests *HK$'000*	Restricted bank balances *HK$'000*	Total *HK$'000*
Balance at March 31, 2005	31,896	183,202	–	65	(540)	214,623
Net cash inflow/(outflow) from financing	156,476	(31,478)	195,500	–	540	321,038
Equity component transferred to other reserve	–	–	(21,468)	–	–	(21,468)
Interest expense on convertible notes	–	–	1,496	–	–	1,496
Exercise of share options	221	–	–	–	–	221
Minority interests' share of losses	–	–	–	(8)	–	(8)
Balance at March 31, 2006	188,593	151,724	175,528	57	–	515,902
Net cash inflow/(outflow) from financing	5,377	(24,924)	–	–	–	(19,547)
Interest expense on convertible notes	–	–	9,374	–	–	9,374
Interest paid on convertible notes	–	–	(3,644)	–	–	(3,644)
Conversion of convertible notes	181,258	–	(181,258)	–	–	–
Transferred from equity component of convertible notes	21,206	–	–	–	–	21,206
Transferred from employee share-based compensation reserves	1,707	–	–	–	–	1,707
Balance at March 31, 2007	398,141	126,800	–	57	–	524,998

34 RELATED PARTY TRANSACTIONS

Golden Infinity Co., Ltd. ("Golden Infinity"), a company incorporated in the British Virgin Islands with limited liability which owns 14.33% of the Company's shares as at March 31, 2007, is the single largest shareholder of the Company. The remaining 85.67% of the shares are widely held. Golden Infinity is wholly owned by Mr. Lo Lin Shing, Simon ("Mr. Lo"), the chairman and an executive director of the Group.

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

(a) Sales of services

	Note	2007 *HK$'000*	2006 *HK$'000*
Associated companies:			
– Technical service fee charged to a subsidiary of Asia V-Sat Co., Ltd. ("AVSAT"), an associated company	*(i)*	–	603
Related companies:			
– Reimbursement of rental and office administrative expenses from a subsidiary of International Entertainment Corporation Limited ("IEC")	*(ii)*	501	487
– Interest income from certain subsidiaries of IEC	*(iii)*	–	482

Notes:

(i) Technical service fee was charged to a subsidiary of AVSAT for the provision of project management services and technical consultancy services in connection of the call centre operations, which is based on 50% of the contract amounts entered into between the associated company and the external customers at mutually agreed terms. The amounts had been included in the results of discontinued operations under HKFRS 5.

(ii) The reimbursement of rental expenses from a subsidiary of IEC, a company of which Mr. Lo, the chairman and an executive director of the Group, is also an executive director, for sharing the Group's office premises and utilities were calculated in proportion to the office space occupied. Administrative expenses were charged on actual incurred basis taking into account the headcount and/or office space occupied.

(iii) The interest income was charged on loans granted on certain subsidiaries of IEC at mutually agreed terms.

(b) Purchases of services

	Note	2007 *HK$'000*	2006 *HK$'000*
Related companies:			
Professional fee paid to Taifook Capital Limited ("TFCL")	*(i)*	1,127	703
Commission paid to Taifook Securities Company Limited ("TFSCL")	*(ii)*	–	4,500
Underwriting commission paid to Golden Infinity	*(iii)*	–	2,057

Notes:

(i) Professional fee was paid to TFCL, a subsidiary of Taifook Securities Group Limited ("TFSGL"), a company of which Mr. Lo is also the deputy chairman and a substantial shareholder. The professional fee was charged at mutually agreed terms.

(ii) Placing agent commission on convertible notes was paid to TFSCL, a subsidiary of TFSGL. The commission was charged at mutually agreed terms.

(iii) Underwriting commissions were paid to Golden Infinity, a company wholly owned by Mr. Lo, in connection with the Company's rights issues based on mutually agreed terms.

(c) Key management compensations

	2007	2006
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	2,629	4,376
Discretionary bonus	–	394
Share option benefits	10,207	568
Contributions to pension schemes	12	91
	12,848	5,429

(d) Year-end balances arising from sales/purchases of goods/services

		2007	2006
	Note	*HK$'000*	*HK$'000*
Receivables from related companies:			
– Amount due from Cyber On-Air (Asia) Limited	*(i)*	–	7,000
– Amount due from Anbo Global Company Limited	*(i)*	–	1,000
– Amount due from Cyber On-Air Limited	*(i)*	–	500
– Others		445	217
		445	8,717
Advances to associated companies:			
– Certain subsidiaries of AVSAT	*(ii)*	–	509
– BAA Jet Management Limited	*(iii)*	6,015	–
– Moral Known Investments Limited	*(iv)*	18,333	–
– Crown Frame Properties Limited	*(iv)*	16,500	–
– Crestbright Investments Ltd.	*(v)*	17,500	–

Notes:

(i) Cyber On-Air (Asia) Limited, Anbo Global Company Limited and Cyber On-Air Limited are wholly owned subsidiaries of IEC, a company of which Mr. Lo is also an executive director. The loans were secured by a corporate guarantee from IEC and bore interest at commercial rates. The loans were fully settled during the year. Others represented reimbursement of rental and administration expenses due from a subsidiary of IEC.

(ii) Advances to certain subsidiaries of AVSAT were made for working capital purposes. The amounts are unsecured, interest free and repayable on demand.

(iii) Advances to BAA Jet Management Limited were made for working capital purposes.

(iv) Advances to Moral Known Investments Limited and Crown Frame Properties Limited (formerly known as Crestbright Properties Ltd.) were made for capital injections in property development projects in Mainland China.

(v) Advances to Crestbright Investments Ltd. were made for capital injection in environmental projects in Mainland China.

35 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Group's principal subsidiaries at March 31, 2007:

Name	Place of incorporation	Particulars of issued share capital	Effective interest held	Principal activities
Beaubourg Holdings Inc.	British Virgin Islands	1 share of US$1.00	100%	Investment holding
Business Aviation Asia Limited	Hong Kong	1 share of HK$1.00	100%	Investment holding
* Cyber Network Technology Limited	British Virgin Islands	1 share of US$1.00	100%	Investment holding
* Gamerian Limited	British Virgin Islands	1 share of US$1.00	100%	Investment holding
Glory Key Investments Ltd	British Virgin Islands	1 share of US$1.00	100%	Investment holding
Jadesails Investments Limited	Hong Kong	10,000 shares of HK$1.00 each	100%	Property investment
* Mongolia Energy Corporation (Greater China) Ltd (formerly known as New World CyberBase (Greater China) Limited)	Hong Kong	2 shares of HK$1.00 each	100%	Management services
* Mongolia Energy Corporation Services Limited (formerly known as New World CyberBase Services Limited)	Hong Kong	2 shares of HK$1.00 each	100%	Provision of secretarial and nominee services
Quinway Company Limited	Hong Kong	10,000 shares of HK$1.00 each	100%	Property investment

* Subsidiaries directly held by the Company.

36 SUBSEQUENT EVENTS

(a) Pursuant to special resolutions passed at a special general meeting held on April 18, 2007, the following transactions (the "Transactions") were approved by the shareholders of the Company:

(i) proposed very substantial acquisition of a coal mine in western Mongolia by a subsidiary of the Company, which is to be settled by (a) the issue of 1,125,000,000 new shares of the Company; (b) convertible bond of HK$142.5 million of the Company; and (c) loan note of HK$787.5 million of the Company;

(ii) proposed subscriptions of 1,180,000,000 new shares; and

(iii) proposed placing of 1,100,000,000 new shares.

The Transactions are subject to fulfillments of certain conditions and therefore, have not been completed as at the date when these financial statements are approved for issue by the Directors.

(b) On May 30, 2007, the Company announced that on May 29, 2007, a subsidiary of the Company has entered into an acquisition agreement ("Further Agreement") to acquire further mine areas in western Mongolia with coal resources estimated between 1 to 2 billion tonnes along with other ferrous and nonferrous resources subject to exploration for eventual commercial exploitation. The proposed acquisition has been communicated to shareholders in a circular dated June 25, 2007 for shareholders' approval.

(c) On May 31, 2007, the Group completed the disposals of equity interests in and assignments of shareholders' loan to Modern Sparkles Investment Ltd. and Peak Elite Holdings Corp. which were wholly owned subsidiaries of the Company as at March 31, 2007, to Mr. Lo. Modern Sparkles Investment Ltd. and Peak Elite Holdings Corp. hold equity interests in associated companies, Crown Frame Properties Limited (formerly known as Crestbright Properties Ltd.) and Moral Known Investments Limited which, in turn hold equity interests in sino-foreign joint venture enterprises which hold two pieces of land located at Hangzhou, Mainland China.

(d) On May 23, 2007 and June 13, 2007 respectively, the Company announced the disposals of 12,320,000 shares in New World Mobile Holdings Limited at open market value.

(e) On June 29, 2007, the Company entered into construction agreement with independent third party for the construction and setting up of facilities for commercial exploitation in the coal mine at consideration of RMB39.9 million.

C. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007

The following is a reproduction of the text of the unaudited consolidated financial statements of the Group together with the accompanying notes contained on pages 11 to 35 of the interim report for the six month ended September 30, 2007:

Condensed Consolidated Profit and Loss Account

		Unaudited Six months ended September 30,	
		2007	**2006**
	Note	*HK$'000*	*HK$'000*
Turnover	*2*	15,406	19,790
Other charges		(212)	(8,064)
Staff cost, depreciation and other operating expenses		(58,569)	(27,526)
Reversal of impairment losses of long term receivables		–	11,179
Gain on disposal of other investments		45,462	–
Gain on disposal of subsidiaries		15,954	2,703
Fair value (loss)/gain – financial assets at fair value through profit or loss		(4,907)	7,413
Operating profit	*3*	13,134	5,495
Finance costs	*4*	(7,661)	(8,952)
Share of profit of an associated company		–	67
Share of loss of jointly controlled entity		(688)	–
Profit/(loss) before income tax		4,785	(3,390)
Income tax (expense)/credit	*5*	(393)	673
Profit/(loss) for the period attributable to equity holders of the company		4,392	(2,717)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the company during the period	*6*		
– basic (HK cents)		0.17	(0.16)
– diluted (HK cents)		0.17	0.11

Condensed Consolidated Balance Sheet

	Note	Unaudited At September 30, 2007 HK$'000	Audited At March 31, 2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		235,834	139,897
Investment properties		350,000	350,000
Intangible assets	*8*	53,928	–
Associated companies	*9*	40,717	9,246
Jointly controlled entity		–	48,567
Other asset		1,150	1,150
		681,629	548,860
Current assets			
Accounts receivable	*11*	2,567	2,075
Other receivables, prepayments and deposits		133,546	46,489
Assets held for sale – associated companies		–	52,402
Financial assets at fair value through profit or loss	*10*	74,864	125,098
Amounts due from related companies		470	445
Tax prepaid		245	–
Cash and cash equivalents		357,559	67,710
		569,251	294,219
Current liabilities			
Accounts payable	*12*	6,934	7,883
Other payables and accruals		17,946	27,950
Short-term loans	*13*	537,900	126,800
Tax payable		671	671
		563,451	163,304
Net current assets		5,800	130,915
Total assets less current liabilities		687,429	679,775
Non-current liabilities			
Deferred income tax liabilities		38,774	38,381
Net assets		648,655	641,394
Financed by:			
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*14*	52,327	52,327
Reserves		596,271	589,010
		648,598	641,337
Minority interests		57	57
Total equity		648,655	641,394

Consolidated Statement of Changes in Equity

As at September 30, 2007

	Unaudited							
	Attributable to equity holders of the company							
	Share capital	**Share premium**	**Contributed surplus**	**Capital reserves**	**Share-based compensation reserves**	**Retained earnings**	**Minority interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at April 1, 2006	29,737	158,856	199,594	17,711	1,707	19,464	57	427,126
Issue of shares								
– Exercise of share options	80	1,211	–	–	(619)	–	–	672
– Conversion of convertible notes	5,667	44,186	–	(5,474)	–	–	–	44,379
Loss for the period	–	–	–	–	–	(2,717)	–	(2,717)
Balance at September 30, 2006	35,484	204,253	199,594	12,237	1,088	16,747	57	469,460
Balance at April 1, 2007	52,327	345,814	199,594	–	12,289	31,313	57	641,394
Share-based compensation expenses	–	–	–	–	2,869	–	–	2,869
Profit for the period	–	–	–	–	–	4,392	–	4,392
Balance at September 30, 2007	52,327	345,814	199,594	–	15,158	35,705	57	648,655

Condensed Consolidated Cash Flow Statement

For the six months ended September 30, 2007

	Unaudited Six months ended September 30, 2007	
	2007	**2006**
	HK$'000	*HK$'000*
Net cash (used in)/generated from operating activities	(141,320)	11,761
Net cash generated from/(used in) investing activities	20,069	(58,444)
Net cash generated from/(used in) financing activities	411,100	(24,113)
Increase/(decrease) in cash and cash equivalents	289,849	(70,796)
Cash and cash equivalents at April 1,	67,710	171,485
Cash and cash equivalents at September 30,	357,559	100,689

Notes to Condensed Consolidated Financial Statements

1 BASIS OF PREPARATION

These unaudited condensed consolidated interim accounts (the "Interim Accounts") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

In preparing the Interim Accounts, the Directors of the Company have given careful consideration to the future liquidity of the Group. As detailed in the Company's circulars dated March 22, 2007 and June 25, 2007, the Group will acquire certain coal mines in western Mongolia (the "Acquisition") which is to be settled by (a) the issue of 1,125,000,000 new shares of the Company; (b) convertible bond of HK$142.5 million of the Company; and (c) loan note of HK$787.5 million of the Company. Pursuant to special resolutions passed at a special general meeting held on April 18, 2007, the Acquisition, the proposed subscriptions of 1,180,000,000 new shares and the proposed placing of 1,100,000,000 new shares (together the "Transactions") were approved by the shareholders of the Company. The Transactions are subject to fulfillments of certain conditions and therefore, have not been completed as at the date of this Interim Accounts.

The Directors consider that in preparing the Interim Accounts they have taken into account all information that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the Interim Accounts on a going concern basis. This assumes that the Transactions are successful and a profitable mining operation can be attained in future. The Interim Accounts do not include any adjustments that might be necessary should the Group be unable to operate as a going concern.

The Interim Accounts should be read in conjunction with the annual accounts for the year ended March 31, 2007.

The accounting policies and basis of preparation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended March 31, 2007. The Group has also adopted the following new accounting policies for the exploration and evaluation expenditure and development expenditure during the period:

1.1 Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for coal and mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs related to an area of interest are written off as incurred except they are carried forward as an asset in the balance sheet where the rights of tenure of an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest, or alternatively by its sale.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest. License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist.

1.2 Development expenditure

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises cost directly attributable to the construction of a mine and the related infrastructure.

Once a development decision has been taken, the carrying amount of the exploration and evaluation expenditure in respect of the area of interest is aggregated with the development expenditure and classified under non current asset as “development properties”.

A development property is reclassified as a “mining property” at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

No depreciation is recognised in respect of development properties until they are reclassified as “mining properties”.

Development properties are tested for impairment in accordance with the policy in note 2.7 of the annual accounts for the year ended March 31, 2007.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRS” which term collectively includes HKASs and Interpretations) that are effective for accounting periods beginning on or after January 1, 2007. The adoption of these new and revised HKFRSs has no material impact on the Group’s accounting policies.

The Group has not early adopted the following new standard, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial positions of the Group.

HKAS 23 (Revised)	Borrowing costs[1]
HKFRS 8	Operating segments[1]
HK (IFRIC) – INT 12	Service concession arrangements[2]
HK (IFRIC) – INT 13	Customer loyalty programmes[3]
HK (IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction[2]

1 Effective for annual periods beginning on or after January 1, 2009

2 Effective for annual periods beginning on or after January 1, 2008

3 Effective for annual periods beginning on or after July 1, 2008

2 SEGMENT INFORMATION

Primary reporting format – business segments

For the period ended September 30, 2007, the Group operates in three main business segments:

Exploration and evaluation
Property investments
Charter flight services

There are no sales or other transactions between business segments.

	For the six months ended September 30, 2007			
	Exploration and evaluation	**Property investments**	**Charter flight services**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	–	13,178	2,228	15,406
Segment results	(10,275)	10,953	(5,936)	(5,258)
Unallocated corporate expenses				(37,905)
Other charges				(212)
Unallocated operating income/(expenses)				
– Gain on disposal of other investments				45,462
– Gain on disposal of subsidiaries				15,954
– Fair value loss – financial assets at fair value through profit or loss				(4,907)
Operating profit				13,134
Finance costs				(7,661)
Share of loss of jointly controlled entity				(688)
Profit before income tax				4,785
Income tax charge				(393)
Profit for the period				4,392
Depreciation	837	–	3,589	4,426
Unallocated depreciation				743
				5,169
Capital expenditure	100,143	–	–	100,143
Unallocated capital expenditure				963
				101,106

The segment results for the period ended September 30, 2006 are as follows:

	For the six months ended September 30, 2006		
	Property investments	**Charter flight services**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	10,473	9,317	19,790
Segment results	6,576	(7,630)	(1,054)
Unallocated corporate expenses			(3,979)
Other charges, net			(8,064)
Unallocated operating income			
– Reversal of impairment losses of long term receivable			11,179
– Fair value gain – financial assets at fair value through profit or loss			7,413
Operating profit			5,495
Finance costs			(8,952)
Share of profit of an associated company			67
Loss before income tax			(3,390)
Income tax credit			673
Loss for the period			(2,717)
Depreciation	–	3,666	3,666
Unallocated depreciation			50
			3,716
Capital expenditure	–	229	229
Unallocated capital expenditure			411
			640

The segment assets and liabilities at September 30, 2007 are as follows:

	Exploration and evaluation	**Property investments**	**Charter flight services**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets	155,755	352,696	175,231	567,198	1,250,880
Liabilities	195	7,031	3,700	591,299	602,225

The segment assets and liabilities at March 31, 2007 are as follows:

	Property investments	Charter flight services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets	362,099	198,056	282,924	843,079
Liabilities	6,046	2,834	192,805	201,685

Secondary reporting format – geographical segments

The Group's three business segments are operating in three main geographical areas:

Hong Kong:	Property investments and charter flight services
Mainland China:	Exploration and evaluation
Mongolia:	Exploration and evaluation

There are no sales or other transactions between geographical segments.

	For the six months ended September 30,			
	Turnover		Capital expenditure	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	15,406	19,790	963	640
Mainland China	–	–	6,430	–
Mongolia	–	–	93,713	–
	15,406	19,790	101,106	640

	At September 30, 2007	At March 31, 2007
	HK$'000	*HK$'000*
Total assets		
Hong Kong	1,055,604	781,950
Mainland China	47,091	61,129
Mongolia	148,185	–
	1,250,880	843,079

3 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended September 30, 2007	2006
	HK$'000	*HK$'000*
Crediting		
Gross rental income and management fee from investment properties	13,178	10,473
Charging		
Depreciation	5,169	3,716
Operating lease rentals in respect of land and buildings	2,804	428
Direct outgoings in respect of investment properties	1,598	3,381
Provision for amounts due from associated companies	2,229	13,291
Staff costs	17,339	5,489

4 FINANCE COSTS

	Six months ended September 30, 2007	2006
	HK$'000	*HK$'000*
Interest expense:		
– short-term bank loan	4,773	3,583
– other short-term loans	2,888	–
– convertible notes wholly repayable within five years	–	5,369
	7,661	8,952

5 INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax and overseas profits tax have not been provided for as the Group has no estimated assessable profit for the period. (2006: Nil).

The amount of taxation charged to the condensed consolidated profit and loss account represents:

	Six months ended September 30, 2007	2006
	HK$'000	*HK$'000*
Current income tax	–	–
Deferred income tax (charge)/credit	(393)	673
	(393)	673

6 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the period attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings/(loss) per share is based on profit/(loss) for the period attributable to the equity holders of the Company, interest expense on convertible notes and the weighted average number of ordinary shares in issue during the period, as used in the calculation of basic earnings/(loss) per share and the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings/(loss) per share is based on the following data:

	Six months ended September 30,	
	2007	**2006**
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) from operations attributable to the equity holders of the Company, as used in the calculation of basic earnings/(loss) per share	4,392	(2,717)
Interest expense on convertible notes	–	5,369
Adjusted profit attributable to the equity holders of the Company, as used in the calculation of diluted earnings per share	4,392	2,652

	Number of shares Six months ended September 30,	
	2007	**2006**
	'000	*'000*
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue for basic earnings/(loss) per share	2,616,362	1,654,908
Effect of dilutive potential ordinary shares:		
Convertible notes	–	827,778
Share options	23,777	2,559
Weighted average number of ordinary shares in issue for diluted earnings per share	2,640,139	2,485,245

7 CAPITAL EXPENDITURE

	Investment properties *HK$'000*	Property, plant and equipments *HK$'000*
Cost or valuation		
Net book value as at April 1, 2007	350,000	139,897
Additions	–	101,106
Depreciation	–	(5,169)
Net book value as at September 30, 2007	350,000	235,834
Net book value as at April 1, 2006	385,000	143,992
Additions	–	640
Disposal	–	(179)
Disposal of subsidiaries	–	(957)
Depreciation	–	(3,716)
Net book value as at September 30, 2006	385,000	139,780

The investment properties are located in Hong Kong and are held on leases of between 10 to 50 years.

8 INTANGIBLE ASSETS

On July 16, 2007, the Group completed the acquisition of mine areas of around 32,000 hectares under exploration licenses in western Mongolia at a nominal consideration of US$1.00. Under the acquisition agreement, the Group should pay the seller "pay as demonstrated" resources fees and "pay as used" commercial exploitation payments with details as follows:

(a) "Pay as demonstrated" resources fees

Following completion of the acquisition and within 30 days after relevant exploration for the resources, or such part thereof as acceptable to the Group, has determined by the exploration company in accordance with the international standards that there are coal resources, ferrous resources and non-ferrous resources, as the case may be, the Group will pay the seller the resources fees for the relevant coal resources, ferrous resources and non-ferrous resources, as follows:

(i) Coal resources fees: HK$2.00 per tonne for the coal resources by way of loan note (with a 3% per annum coupon rate and 5-year maturity) as deferred payment;

(ii) 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 (with a 3% per annum coupon rate and 5-year maturity) as deferred payment; and

(iii) 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 (with a 3% per annum coupon rate and 5-year maturity) as deferred payment.

(b) "pay as used" commercial exploitation payment

Following exploration and determination by the Group in its sole and absolute discretion to conduct commercial exploitation of the relevant resources or part thereof (coal resources, ferrous resources and nonferrous resources, as the case may be), the Group shall pay the seller further exploitation payments quarterly in arrears, based on the quality and quantity of the actual resources sold under commercial exploitation for the quarter prior to quarter during which payment is to be made, as follows:

(i) Coal resources exploitation payments: HK$10.00 per tonne;

(ii) Ferrous resources exploitation payments: 2.5% of the prevailing international market price for the relevant ferrous metal of the quality and type or the actual sales price, whichever the lower; and

(iii) Non– ferrous resources exploitation payments: 2.5% of the prevailing international market price for the relevant non-ferrous metal of the quality and type or the actual sales price, whichever the lower.

The Group also incurred and capitalised certain pre-acquisition exploration and evaluation expenses of approximately HK$53,928,000 during the period ended September 30, 2007.

9. ASSOCIATED COMPANIES

	At September 30, 2007 *HK$'000*	At March 31, 2007 *HK$'000*
At beginning of period/year	9,246	–
Investments in associated companies – unlisted shares, at cost	31,921	8,729
Share of results	–	67
Amount due from associated companies	1,779	55,827
	42,946	64,623
Less:		
Provision for amount due from associated companies *(note)*	(2,229)	(2,975)
Transferred to current assets held for sale	–	(52,402)
At the end of the period/year	40,717	9,246

Note: The amounts due from associated are unsecured, interest free and repayable on demand.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At September 30, 2007 *HK$'000*	At March 31, 2007 *HK$'000*
Current assets		
Equity securities of companies listed in Hong Kong	74,864	125,098

11 ACCOUNTS RECEIVABLE

The Group's credit terms on provision of services range from 30 to 90 days. The ageing analysis of accounts receivable is as follows:

	At September 30, 2007	At March 31, 2007
	HK$'000	*HK$'000*
Current to 30 days	276	618
31 to 60 days	350	174
61 to 90 days	176	442
Over 90 days	1,765	841
	2,567	2,075
Denominated in:		
HK$	487	858
US$	2,080	1,217

The carrying value of accounts receivable approximates their fair values due to the short term maturity.

12 ACCOUNTS PAYABLE

The ageing analysis of accounts payable is as follows:

	At September 30, 2007	At March 31, 2007
	HK$'000	*HK$'000*
Current to 30 days	3,003	1,848
31 to 60 days	127	720
61 to 90 days	781	374
Over 90 days	3,023	4,941
	6,934	7,883

The carrying value of the accounts payable approximates their fair values due to the short term maturity and are denominated in Hong Kong dollars.

13 SHORT-TERM LOANS

The Group's short-term loans are denominated in Hong Kong dollars and the carrying amounts of these loans approximate their fair values. The short-term loans are analysed as follows:

	Note	At September 30, 2007 HK$'000	At March 31, 2007 HK$'000
Bank loan, secured	*(a)*	197,900	126,800
Other loan, secured	*(b)*	200,000	–
Other loan, unsecured	*(c)*	140,000	–
		537,900	126,800

Notes:

(a) Secured bank loan, which carries interest at 0.65% (As at March 31, 2007: 0.65%) over the Hong Kong Interbank Offered Rate ("HIBOR"), is secured by the Group's investment properties with carrying value amounted to HK$350 million and a corporate guarantee provided by the Company. A director of the Company has also provided a personal guarantee to the bank to the extent of all outstanding interests in connection with the loan.

(b) Secured other loan, which carries interest at 1.5% over HIBOR (As at March 31, 2007: Nil), was granted by an independent third party and secured by the Group's private jet with carrying value amounted to HK$131.5 million. The maturity date of the loan is December 15, 2007.

(c) Unsecured other loan, carries interest at 1% over HIBOR (As at March 31, 2007: Nil) was granted by Mr. Lo Lin Shing, Simon ("Mr. Lo"), chairman and an executive director of the Company. The maturity date of the loan is July 11, 2008.

14 SHARE CAPITAL

(a) Authorised and issued share capital

	At September 30, 2007 HK$'000	At March 31, 2007 HK$'000
Authorised:		
15,000,000,000 ordinary shares of HK$0.02 each	300,000	300,000

	Number of ordinary shares at HK$0.02 each	HK$'000
Issued and fully paid:		
Balance at April 1, 2006	1,486,861,261	29,737
Issue of shares		
– Conversion of convertible notes	1,111,111,102	22,222
– Exercise of share options	18,390,000	368
Balance at March 31, 2007 and September 30, 2007	2,616,362,363	52,327

(b) Share options

Movements of share options granted to directors and qualified participants under the share option schemes of the Company during the period and their weighted average exercise prices are as follows:

	At September 30, 2007		At March 31, 2007	
	Weighted average exercise price per share *HK$*	Number of share options	Weighted average exercise price per share *HK$*	Number of share options
At beginning of the period/year	0.69	25,763,444	0.1692	15,306,420
Granted	4.62	2,750,000	0.69	30,100,000
Exercised	–	–	0.2924	(18,390,000)
Lapsed/cancelled	4.5832	(504,174)	0.1695	(1,252,976)
At end of the period/year	1.0879	28,009,270	0.69	25,763,444

Share options outstanding at the end of the period have the following exercise period and exercise price:

			Number of shares subject to options	
Date of grant	Exercise price *HK$*	Exercise period	At September 30, 2007	At March 31, 2007
1-3-2005	0.1695	1-3-2005 to 28-2-2012	4,670	8,844
15-2-2006	0.1636	15-2-2006 to 16-4-2009	4,600	4,600
08-02-2007	0.69	08-02-2007 to 07-02-2012	25,750,000	25,750,000
23-04-2007	4.62	23-04-2007 to 01-04-2009	2,250,000	–
			28,009,270	25,763,444

The fair values of options granted determined using the Binomial Valuation Model were as follow:

	Date of grant of share option			
	March 1, 2005	February 15, 2006	February 8, 2007	April 23, 2007
Option value (at grant date)	HK$1,215,000	HK$32,000	HK$12,289,000	HK$3,733,000
Option value (upon completion of the rights issue on March 9, 2005)	HK$1,919,000	N/A	N/A	N/A
Significant inputs into the valuation model:				
Exercise price (at grant date)	HK$0.29	HK$0.1636	HK$0.69	HK$4.62
Exercise price (upon completion of the rights issue on March 9, 2005)	HK$0.1695	N/A	N/A	N/A
Share price at grant date or on March 9, 2005	HK$0.29	HK$0.162	HK$0.69	HK$4.62
Expected volatility *(note)*	70%	66%	80%	62.28%
Risk-free interest rate	3.9%	4.2%	4%	3.9%
Expected life of options	7 years	3.17 years	5 years	1.94 years
Expected dividend yield	Nil	Nil	Nil	Nil

Note: The expected volatility is measured at the standard deviation of expected share price return and is based on statistical analysis of daily share prices over the last 6 months before the respective dates of grant.

15 COMMITMENTS

(a) commitments under operating leases

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	At September 30, 2007	At March 31, 2007
	HK$'000	*HK$'000*
Not later than one year	8,971	2,142
Later than one year and not later than five years	11,179	3,389
	20,150	5,531

(b) capital commitment

As at September 30, 2007, the Group had capital commitments contracted for but not provided for in the interim accounts amounted to approximately HK$278,698,000 (2006: HK$Nil). Furthermore, there is capital commitments on "pay as demonstrated" resources fees according to the acquisition agreement for acquisition of mine areas of around 32,000 hectares under exploration licenses in Western Mongolia completed on July 16, 2007 for which will be determined in accordance with the terms of the agreement as set out in note 8.

16 RELATED PARTY TRANSACTIONS

Golden Infinity Co., Ltd. ("Golden Infinity"), a company incorporated in the British Virgin Islands with limited liability which owns 14.33% of the Company's shares as at September 30, 2007, is the single largest shareholder of the Company. The remaining 85.67% of the shares are widely held. Golden Infinity is wholly owned by Mr. Lo, chairman and an executive director of the Company. Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

(a) Sales of services

		Six months ended September 30, 2007	2006
	Note	*HK$'000*	*HK$'000*
Charter flight service to BAA Jet Management Limited ("BAA Jet"), an associated company	*(i)*	879	1,584
Related companies:			
– Reimbursement of rental and office administrative expenses from a subsidiary of International Entertainment Corporation ("IEC")	*(ii)*	26	240
– Interest income from certain subsidiaries of IEC	*(iii)*	–	249

Notes:

(i) Service fee was subject to the terms of the contracts entered by the parties involved.

(ii) The reimbursement of rental expenses from a subsidiary of IEC, a company of which Mr. Lo, chairman and an executive director of the Company, is also an executive director, for sharing the Group's office premises and utilities were calculated in proportion to the office space occupied. Administrative expenses were charged on actual incurred basis taking into account the headcount and/or office space occupied.

(iii) The interest income was charged on loans granted to certain subsidiaries of IEC at mutually agreed terms.

(b) Purchases of services

	Note	Six months ended September 30, 2007 HK$'000	2006 HK$'000
Handling and management fee payable to BAA Jet, an associated company	*(i)*	12,087	1,094
Related companies:			
Professional fee paid to Taifook Capital Limited ("TFCL")	*(ii)*	570	–
Interest payable to Mr. Lo	*(iii)*	1,780	–

Notes:

(i) Services are negotiated with an associated company on a cost-plus basis, allowing a margin of 10% and/or at fixed agreed term.

(ii) Professional fee was paid to TFCL, a subsidiary of Taifook Securities Group Limited ("TFSGL"), a company of which Mr. Lo is also the deputy chairman and a former substantial shareholder. The professional fee was charged at mutually agreed terms.

(iii) Interest expenses were charged at 1% over HIBOR.

(c) Key management compensations

	Six months ended September 30, 2007 HK$'000	2006 HK$'000
Basic salaries, other allowances and benefits in kind	6,670	1,465
Discretionary bonus	–	–
Share option benefits	2,413	–
Contributions to pension schemes	12	15
	9,095	1,480

(d) Period-end/year-end balances arising from sales/purchases of goods/services

	Note	**At September 30, 2007** *HK$'000*	**At March 31, 2007** *HK$'000*
Receivables from related companies		470	445
Advances to associated companies:			
– BAA Jet	*(i)*	6,015	6,015
– Moral Known Investments Limited	*(ii)*	–	18,333
– Crown Frame Properties Limited	*(ii)*	–	16,500
– Crestbright Investments Ltd.	*(iii)*	–	17,003

Notes:

(i) Advances to BAA Jet were made for working capital purposes.

(ii) Advances to Moral Known Investments Limited and Crown Frame Properties Limited (formerly known as Crestbright Properties Ltd.) were made for capital injections in property development projects in Mainland China.

(iii) Advances to Crestbright Investments Ltd. were made for capital injection in environmental projects in Mainland China.

17 SUBSEQUENT EVENT

On December 5, 2007, the Company announced that a subsidiary of the Company entered into a conditional sale and purchase agreement to dispose of its entire equity interest of 40.1% in BAA Jet, an associated company, at a consideration of approximately HK$6.0 million. BAA Jet is engaged in the business of aircraft management and provision of charter flight services.

FINANCIAL REVIEW FOR THE YEAR ENDED MARCH 31, 2005

Results Analysis

For the year ended March 31, 2005, New World CyberBase Limited (the "Company") and its subsidiaries (together the "Group") recorded a turnover of approximately HK$38.1 million as compared to approximately HK$29.7 million in 2004. The turnover was originated from two business streams namely technology related services and property investments. The recovery in the business of technology related services in particular the growth in the mobile Internet business sector accounted for the 28% overall increase in turnover.

The profit attributable to shareholders for the year ended March 31, 2005 amounted to approximately HK$15.2 million representing a turnaround from loss attributable to shareholders of HK$26.2 million in 2004. The overall results were boosted by the following key factors: (a) Hong Kong's property market is benefited from the re-bounce of the local economy. Consequently, a revaluation surplus of HK$29.6 million was booked in the investment properties of the Group; and (b) the containment of operating loss in the business of technology related services through the introduction of stringent cost control measures and expansion into the highly potential and growing area such as mobile Internet services.

Financial Resources

Liquidity and financial resources

As at March 31, 2005, the Group's shareholders' fund amounted to HK$269.1 million (2004: HK$227.9 million) and the net asset value per share was HK$0.62 (2004: HK$0.78).

The Group's funding was derived from internal resources and credit facilities from a bank and other companies. Total net borrowings of the Group (total borrowings net of bank and cash balances) as at March 31, 2005 amounted to HK$141.5 million (2004: HK$159.2 million). In respect of the secured bank loan of approximately HK$134.4 million as at March 31, 2005, it was refinanced by another bank with better terms during the year and only approximately HK$7.0 million together with accrued interest would be repayable within one year from the date of inception of the loan and the remaining balance would be repayable thereafter subject to annual review by the bank. Due to this arrangement, the secured bank loan is booked as current liability in the accounts, however, this does not represent the total bank loan has to be repaid within one year from March 31, 2005. Besides, the Group has been able to repay principal balances plus interests on time and the carrying value of the Group's investment properties pledged to secure the bank loan amounted to approximately HK$385.0 million as at March 31, 2005 which is well in excess of the balance of the secured loan. Therefore, the directors consider that the Group does not face any immediate repayment pressure of a large portion of the secured bank loan.

In March 2005, the Company raised a net proceeds of approximately HK$26.1 million by way of a rights issue of 145,624,029 shares at a price of HK$0.2 per share. The net proceeds from the rights issue is used and earmarked for the Group's general working capital.

As at March 31, 2005, the cash and bank balances were HK$41.7 million (2004: 13.6 million). As at March 31, 2004, bank balances of HK$6.3 million was pledged as security for banking facilities granted to the Group, which was duly released in the current financial year. Undrawn banking facilities of the Group as at March 31, 2005 was approximately HK$37.1 million (2004: HK$10.5 million). Liquidity ratio dropped to 0.28 (2004: 0.34) due to full portion of secured bank loan was classified as current liability for accounting purpose.

On May 19, 2005, the Company completed a placing of 58,000,000 shares at a subscription price of HK$0.24 per share (the "Placing"). Details of the Placing have been published in an announcement of the Company dated April 21, 2005. The net proceeds from the Placing was approximately HK$13 million.

Gearing

At the balance sheet date, the gearing ratio of the Group was slightly improved to 0.38 (2004: 0.41) which was calculated based on the Group's total borrowings to total assets.

Interest rate risks and foreign currency exposures

Interests on bank and other loans are chargeable mainly based on certain agreed interest margins over the Hong Kong Interbank Offer Rate ("HIBOR"). The Group's operations are principally in Hong Kong and the Mainland China and all assets and liabilities are denominated either in Renminbi, Hong Kong dollars or US dollars. The directors believe that the fluctuation in exchange rates among these currencies are minimal and accordingly no related hedging measures are adopted.

Pledge of assets

Investment properties with a carrying amount of HK$385 million (2004: HK$310 million) were pledged to a bank as collaterals for banking facilities granted to the Group.

Contingent liabilities

The Group has a contingent liability in respect of claim filed by a PRC governmental institute against the Company and certain of its subsidiaries for the infringement of rights to derive benefits from using the city mapping information contents in the PRC amounting to RMB5.0 million (equivalent to approximately HK$4.7 million). By order issued by a PRC court, the Group was required to freeze its assets value to the extent of RMB5.0 million (equivalent to approximately HK$4.7 million) in connection with the above claim. During the year, the court has taken action to freeze certain bank balances of certain subsidiaries of the Group in the amount of RMB573,000 (equivalent to HK$540,000). The litigation is still in progress up to the date of this report. While the outcomes of such contingencies cannot be determined at present, the directors believe that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

Material acquisition

In January 2005, the Group acquired 100% equity of Nanjing Needfire, a service provider with nationwide short messaging services ("SMS") service agreement with China Mobile. The acquisition helped us strengthen our market coverage in the East China regional provinces. It also added strength to the Company's R&D ability, complementing our already strong product development team to deliver the most innovation product portfolio to our customers.

Investment activities

As at March 31, 2005, the market value of the Group's listed investments in Hong Kong over its book value amounted to HK$26.3 million (2004: HK$59.4 million) which was not reflected in the accounts.

Human resources

As at March 31, 2005, the Group employed approximately 191 full-time employees in Hong Kong and Mainland China. Total staff costs (including directors' remuneration) for the year ended March 31, 2005 were HK$3,938,000. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Structured training programs are also offered for staff training and development.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MARCH 31, 2006

1. Results analysis

For the year ended March 31, 2006, the Group recorded a turnover from continuing operations of approximately HK$24.1 million as compared to approximately HK$18.8 million in 2005. The turnover was originated from two business segments namely property investments and aircraft charter. The investment properties business improved slightly. The start-up of aircraft charter business in the second half of the reporting year was the key contributor to the 28.1% overall increase in turnover.

The loss attributable to shareholders for the year ended March 31, 2006 amounted to approximately HK$1.4 million while last year reported a profit attributable to shareholders of HK9.1 million. The overall results in 2006 were adversely affected by the following key factors: (a) the newly adopted HKFRS2 resulting to a charge of employee share option benefits of approximately HK$1.8 million; (b) on September 12, 2005, the Company entered into a sales and purchase agreement to dispose of the entire technology arm of the Group to New World Mobile Holdings Limited ("NWM") (Stock code: 862) for a sales consideration of 16,153,846

NWM shares. At the balance sheet date, these NWM shares were classified as financial assets at fair value through profit or loss for which an unrealised loss arising from changes in the fair value of HK$14.5 million was included in the income statement; (c) start-up costs were incurred to build up the aircraft charter business; and (d) the higher interest rate environment and the issuance of interest bearing convertible notes during the year caused the significant increase in finance costs. The loss in current year was alleviated by profit from discontinued operations of approximately HK$19.4 million arising from the disposal of the technology related services as mentioned in (b) above.

2. Liquidity and financial resources

As at March 31, 2006, the Group's equity holders' fund amounted to HK$427.1 million (2005: HK$226.2 million) and the net asset value per share was HK$0.29 (2005: HK$0.52).

The Group's funding was derived from internal resources and corporate financing activities. Total net borrowings of the Group (total borrowings net of bank and cash balances) as at March 31, 2006 amounted to HK$155.8 million (2005:HK$141.5 million). In respect of the secured bank loan of approximately HK$151.7 million as at March 31, 2006, it was subject to annual review by the bank. Due to this arrangement, the secured bank loan is booked as current liability in the financial statements, however, does not represent the total bank loan amount has to be repaid within one year from March 31, 2006. Besides, the Group has been able to repay principal balances plus interests on time and the carrying value of the Group's investment properties pledged to secure the bank loan amounted to approximately HK$385 million as at March 31, 2006 is well in excess of the balance of the secured loan. Therefore, the Directors consider that the Group does not face any immediate repayment pressure of a large portion of the secured bank loan.

On May 19, 2005, the Company completed a placing of 58,000,000 ordinary shares at a subscription price of HK$0.24 per share to independent investors under which a net proceeds of approximately HK$12.8 million was raised for the Group's working capital. The closing price of the share as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited on May 19, 2005 was HK$0.35.

In February 2006, the Company completed a rights issue of 989,744,174 shares at a subscription price of HK$0.15 per share. Accordingly, a net proceeds of approximately HK$143 million was raised.

The Company also issued 2.5% redeemable convertible notes at a nominal value of HK$200 million in February 2006. The net amount received by the Company was approximately HK$195.5 million.

As at March 31, 2006, the cash and bank balances were HK$171.5 million (2005: 41.7 million). Undrawn banking facilities of the Group as at March 31, 2006 were approximately HK$12.8 million (2005: HK$37.1 million). Liquidity ratio was improved to 1.29 (2005: 0.28) due to fund raising exercises shown above.

3. Gearing

At the balance sheet date, the gearing ratio of the Group was stood at 0.40 (2005: 0.38) which was calculated based on the Group's total borrowings to total assets.

4. Financial risk management

Details of the financial risk management adopted by the Group are set out in note 3 to the financial statements.

5. Pledge of assets

Investment properties with a carrying amount of HK$385 million (2005: 385 million) were pledged to a bank as collaterals for banking facilities granted to the Group.

6. Contingent liabilities

In 2004, a PRC governmental institute has bought a litigation against the Company and certain of its former subsidiaries for the infringement of rights to derive benefits from using the city mapping information contents by the former subsidiaries in the PRC amounting to RMB5 million (equivalent to approximately HK$4.8 million). The litigation is still in progress up to the date of this report. While the outcomes of such contingencies cannot be determined at present, the Directors believe that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

7. Investment activities

As at March 31, 2006, the market value of the Group's listed investments in Hong Kong was HK$70.5 million (2005: HK$27.9 million).

8. Human resources

As at 31 March 2006, the Group employed 18 full-time employees in Hong Kong. Total staff costs (including directors' remuneration) for the year ended March 31, 2006 were HK$7,966,000. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Structured training programs are also offered for staff training and development.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MARCH 31, 2007

Business Review

During the reporting year, the Group was principally engaged in property investments and in the aircraft charter business.

In the property sector, the Group continued to own the basement and ground floor of Bank of America Tower ("BOA Tower") in Central, Hong Kong. During the year, the Group successfully secured a prestigious company to be one of our anchor tenants. Following this lease the occupancy ratio of BOA Tower improved to 96% as at March 31, 2007 (2006: 86%). During the same period, the Group appointed an independent property agency company as the sole sales agent to dispose of its assets at BOA Tower by public tender. However, the Group did not proceed with the disposal as the biddings failed to meet the management's expectation.

In this reporting year, the Group continued to strengthen its private jet services operations. The aircraft charter business built momentum steadily during the year. The Group currently owns a Gulf Stream G200 model private jet for the aircraft charter services. Another brand new Gulf Stream G450 model private jet (50% beneficially owned by the Group) will be delivered on schedule in the third quarter of 2007. With the additional new private jet, the Group will be able to provide more flexible aircraft charter options to potential customers. The joint venture, Asia United Business Aviation Limited ("AUBA"), with inter alia Shenzhen Airlines as joint venture partner, was duly established after March 31, 2007. AUBA obtained an air operation certificate from the Civil Aviation Authority of China and final approval for a business aviation facility at Shenzhen's Baoan International Airport in May 2007. The private jet industry in the PRC is currently underdeveloped and as a pioneer in the industry, the Group is well positioned to capture this rapidly growing market.

On January 30, 2007, the Company entered into an agreement to acquire a coal mine of over 34,000 hectares in western Mongolia with at least 300 million tonnes of reserves. The acquisition was approved by the shareholders on April 18, 2007 and it signifies the Group's new venture into coal and energy-related businesses. The mining business requires continuous and significant capital investment. The Directors will exercise extreme caution in maintaining sufficient working capital for the Group's requirements over the course of time.

On May 30, 2007, the Company made a public announcement disclosing a subsidiary of the Company had entered into an acquisition agreement to acquire further mine areas in western Mongolia with coal resources estimated between 1 to 2 billion tonnes along with other ferrous and non-ferrous resources subject to exploration for eventual commercial exploitation.

The coal and energy related business will be the focus of the Group's activities in the coming years. Accordingly, the Group divested some non-core investments during the year. On January 26, 2007, the Group disposed of its entire interests in two associated companies holding property development projects in Hangzhou, PRC (the "Disposal") to Mr. Lo Lin

Shing, Simon (Chairman and executive director of the Company) at an aggregate consideration of HK$38.2 million. The Disposal was approved by the shareholders on March 5, 2007 and completed in May 2007 with an approximate gain of HK$14.8 million.

Financial Review

1. Result analysis

A growth of 65% in overall turnover was recorded in 2006/07 when compared to the last corresponding year. Turnover from property investments and aircraft charter increased 20.7% and 256.3% respectively. A full-year effect accounted for more than 2-fold increase in turnover from the aircraft charter business.

Both business segments recorded an operating loss for the year. For the property investments segment, the operating loss resulted from the fair value loss of HK$35 million of the investment properties on an openmarket value basis by an independent qualified valuation firm as at the March 31, 2007. By eliminating this factor, this business segment did record an operating profit of HK$18.0 million (2006: HK$14.2 million). For the aircraft charter segment, the financial performance was dragged down by the annual depreciation charge of approximately HK$7.9 million on the G200 aircraft.

Despite the operating loss in our business segments, the Group's investment portfolio in both listed and unlisted investments helped to turnaround this financial year's result. A total dividend income of HK$20.4 million was received and a fair value gain of HK$40.2 million was recorded. Consequently, profit attributable to shareholders of the Company for the year ended March 31, 2007 was HK$11.8 million (2006: loss of HK$1.4 million).

2. Liquidity and financial resources

As at March 31, 2007, the equity holders' fund of the Group amounted to HK$641.3 million (2006: 427.1 million) and the net asset value per share was HK$0.25 (2006: HK$0.29). In February 2006, the Company issued 2.5% convertible notes at a nominal value of HK$200,000,000. These convertible notes have a maturity period of three years from the issue date at their nominal value and can be converted to one ordinary share of the Company of HK$0.02 each for every HK$0.18 convertible note at the holders' option. The convertible notes were fully converted into 1,111,111,102 new ordinary shares during the year which was the key contributor to the sharp increase in equity holders' fund.

The Group's funding was derived from internal resources and corporate financing activities. Total net borrowings of the Group (total borrowings net of bank and cash balances) as at March 31, 2007 amounted to HK$59.1 million (2006: HK$155.8 million). In respect of the secured bank loan of approximately HK$126.8 million as at the March 31, 2007, it was subject to the usual annual review by the bank. Due to this commercial arrangement, the secured bank loan is classified as current liability in the financial statements. However, it does not represent that the total bank loan amount is required to be repaid within one year from

March 31, 2007. Furthermore, the Group has been able to repay principal balances plus interests on time and the carrying value of the Group's investment properties pledged to secure the bank loan amounted to HK$350 million as at March 31, 2007 is well in excess of the balance of the secured bank loan. Accordingly, the Directors consider that the Group does not face any immediate pressure to repay a large portion of the secured bank loan.

As at March 31, 2007, the cash and bank balances were HK$67.7 million (2006: HK$171.5 million). Undrawn facilities of the Group as at March 31, 2007 were approximately HK$71.1 million (2006: HK$12.8 million). Liquidity ratio was around 1.8 (2006: 1.29).

3. Gearing

At the March 31, 2007, the gearing ratio of the Group was at a healthy level of 0.15 (2006: 0.40) which was calculated based on the Group's total borrowings to total assets.

4. Financial risk management

Details of the financial risk management adopted by the Group during the year are set out in the note (3) to the financial statements.

5. Pledge of assets

Investment properties with a carrying amount of HK$350 million (2006: HK$385 million) were pledged to a bank as collateral for banking facilities granted to the Group.

6. Contingent liabilities

The Group has no material contingent liabilities as at year ended date.

7. Investment activities

As at March 31, 2007, the market value of the Group's listed investments in Hong Kong was HK$125.1 million (2006: HK$70.5 million).

8. Human resources

As at March 31, 2007, the Group employed 13 full-time employees in Hong Kong. Total staff costs (including directors' remuneration) for the year ended March 31, 2007 were HK$23,766,000. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Structured training programs are also offered for staff training and development.

D. BUSINESS DEVELOPMENT 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. As announced on May 5, 2008, the Group entered into an acquisition agreement with Mr. Liu Cheng Lin and his group companies to acquire further 263,008 hectares of exploration and mining concessions in western Mongolia making the total concession areas for coal, ferrous and non-ferrous resources up to 329,008 hectares. 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 tonnes of coal resources of which 181 million tonnes 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. The Group announced on February 1, 2008 that it would issue to Chow Tai Fook Nominee Limited of HK$2 billion zero coupon convertible note due April 2011 which was completed on April 30, as intended financing for construction of coking facilities for production of 2 to 3 million tonnes of coke per annum relating to MEC's coking coal resources in Khushuut, western Mongolia. The Group further announced on March 25, 2008 that it is co-operating with ACRE Coking & Refractory Engineering Consulting Corporation for the construction of such coking facilities and the progress of upgrading the Khushuut Road for the purpose of coal transportation from western Mongolia to the Xinjiang border of PRC.

Apart from working actively towards commencement of commercial operation of the concession areas in western Mongolia, the Group is working with CNPC Daqing Petroleum (中國石油大慶石油管理局) to determine the feasibility and where feasible, explore for oil and gas in western Mongolia. Please refer to the announcement of the Company of December 17, 2007.

The Group further announced on March 5, 2008 that it entered into agreement to acquire 20% benefit of the resources under an exploration concession areas located in Ruoqiang County, Xinjiang Province PRC. The preliminary exploration work in 2007 over the exploration concession area has demonstrated 235,600 tons of tungsten trioxide (WO_3) resources and 49,000 tons of tin (Sn) resources. The completion of this transaction is expected to take place prior to September 1, 2008.

E. MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since March 31, 2007, being the date of which the latest audited financial statements of the Group were made up.

F. INDEBTEDNESS STATEMENT OF THE GROUP

At the close of business on April, 30, 2008, being the latest practicable date for ascertaining certain information relating to this indebtedness statement prior to the printing of this circular, the Group had the following borrowings:

(i) short term secured bank borrowings of approximately HK$197.9 million which were secured by: (a) legal charges on the Property with a book value of HK$540 million as at March 31, 2008; (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) HK$142.5 million convertible bond with 3% interest coupon per annum and maturity date on January 29, 2011. The bond can be converted to 500,000,000 new Shares of the Company at the conversion price of HK$0.285 per Share;

(iii) HK$683.5 million unsecured loan note with an interest rate of 5% per annum and maturity date on January 29, 2011; and

(iv) HK$2 billion zero coupon convertible note due April 30, 2011 (the "Note"). The Note can be converted to 273,972,602 new Shares of the Company at the conversion price of HK$7.3 per Share.

At the close of business on April 30, 2008, the Company had the following loan capital which were authorised and approved by the Shareholders at the special general meeting on July 16, 2007 to be issued:

(i) as authorised 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 loan notes had been issued.

At the close of business on April 30, 2008, the Company had capital commitments contracted for but not provided for amounting to approximately HK$463,732,000. They are mainly related to mining operations in western Mongolia and acquisition of an aircraft.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on April 30, 2008, 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.

G. WORKING CAPITAL

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

Set out below are the unaudited pro forma statement of net assets and income statement of the Remaining Group which have been prepared based on the unaudited condensed consolidated financial statements of the Group as set out in the published interim report of the Company for the six months ended September 30, 2007 after making pro forma adjustments.

The unaudited pro forma income statement of the Group has been prepared to illustrate the effects of the Disposal as if it had taken place at the commencement of the period being reported on, i.e. April 1, 2007, while the unaudited pro forma statement of net assets of the Group has been prepared to illustrate the effects as if it had taken place at the date reported, i.e. September 30, 2007. The unaudited pro forma income statement has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results of the Remaining Group had the Disposal been completed during the period of six months ended September 30, 2007 or any future periods. Similarly, the unaudited pro forma statement of net assets may not give a true picture of the financial position of the Remaining Group had the Disposal been completed as at September 30, 2007 or any future date.

I UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE REMAINING GROUP

	The Group as at September 30, 2007	**Pro forma adjustments**			**Pro forma Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Non-current assets					
Property, plant and equipment	235,834				235,834
Investment properties	350,000	(350,000)			–
Intangible assets	53,928				53,928
Associated companies	40,717				40,717
Other asset	1,150				1,150
Total non-current assets	681,629				331,629
Current assets					
Accounts receivable	2,567				2,567
Other receivables, prepayments and deposits	133,546		(308)		133,238
Financial assets at fair value through profit or loss	74,864				74,864
Amounts due from related companies	470				470
Tax prepaid	245				245
Cash and cash equivalents	357,559	523,000	(4,906)	(199,207)	676,446
Total current assets	569,251				887,830

	The Group as at September 30, 2007	Pro forma adjustments			Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Current liabilities					
Accounts payable	6,934				6,934
Other payables and accruals	17,946		(5,214)	(1,200)	11,532
Short-term loans	537,900			(197,900)	340,000
Tax payable	671				671
Total current liabilities	563,451				359,137
Net current assets	5,800				528,693
Total assets less current liabilities	687,429				860,322
Non-current liabilities					
Deferred income tax liabilities	38,774	(38,774)			–
Net assets	648,655				860,322

Notes to the unaudited pro forma statement of net assets of the Remaining Group:

1. The amounts are extracted from the unaudited condensed consolidated balance sheet of the Group as at September 30, 2007, set out in the published interim report of the Company for the six months ended September 30, 2007.

2. The adjustment reflects the Disposal and the corresponding tax effect after taking into consideration the following:

   (a) Cash consideration for the Disposal of HK$540,000,000.

   (b) Estimated expenses (being the legal expenses, property agency fee, valuation expenses, print charges and miscellaneous expenses) to be incurred and directly attributable to the Disposal of approximately HK$17,000,000.

   (c) The carrying value of the Property as at September 30, 2007 of approximately HK$350,000,000.

   (d) The written back of deferred income tax liability in connection with the Disposal amounting to approximately HK$38,774,000.

3. The adjustment represents the transfer of utility and management fee deposits paid and rental deposits previously received from the tenants of the Property to the Purchaser.

4. The adjustment represents the repayment of short term bank loans secured by the Property, settlement of the accrued bank loans interest.

II UNAUDITED PRO FORMA INCOME STATEMENT

	The Group for the six months ended September 30, 2007	Pro forma adjustments		Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2a)*	*(Note 2b)*	
Turnover	15,406	(13,178)		2,228
Other charges	(212)			(212)
Staff cost, depreciation and other operating expenses	(58,569)	2,225	(107)	(56,451)
Gain on disposal of other investments	45,462			45,462
Gain on disposal of investment properties			173,000	173,000
Gain on disposal of subsidiaries	15,954			15,954
Fair value loss of financial assets	(4,907)			(4,907)
Operating profit	13,134			175,074
Finance costs	(7,661)	4,773		(2,888)
Share of loss of jointly controlled entity	(688)			(688)
Profit before income tax	4,785			171,498
Income tax (expense)/credit	(393)	39,167		38,774
Net profit for the period	4,392			210,272

Notes to the unaudited pro forma statement income statement:

1. The amounts are extracted from the unaudited condensed consolidated income statement of the Group for the six months ended September 30, 2007, set out in the published interim report of the Company for the six months ended September 30, 2007.

2. The pro forma adjustments represent:

   (a) exclusion of the deferred income tax liabilities as at April 1, 2007 and the revenue recognised and expenses incurred during the six months ended September 30, 2007 in connection with the Property; and

   (b) recognition of the gain on disposal of the Property which is the difference between the estimated net proceeds of HK$523,000,000 (after deducting the estimated expenses in relation to the Disposal of approximately HK$17,000,000) and the carrying value of the Property as at April 1, 2007 of HK$350,000,000 and the written off rent free incentives of tenancy agreements in relation to the Property into income statement amounting to approximately HK$107,000.

3. Since the carrying values of the identifiable assets and liabilities relating to the Property at Completion may be substantially different from the values used in the unaudited pro forma financial information, the final amount of the gain on disposal of the Property may be different from the amount presented above.

III. REPORT FROM ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, Simon Y.P. Chan & Co., Certified Public Accountants, Hong Kong.

SIMON Y. P. CHAN & CO.
Certified Public Accountants
陳以波會計師事務所

14 Floor, Greatmany Centre,
No. 109-115 Queen's Road East,
Wanchai, Hong Kong
Tel: 2598 0323 (5 Lines)
Fax: 2598 0108

REPORT FROM ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF MONGOLIA ENERGY CORPORATION LIMITED

We report on the unaudited pro forma financial information set out on pages 93 to 95 under the heading of "Unaudited Pro Forma Financial Information of the Remaining Group" (the "Unaudited Pro Forma Financial Information") in Appendix III of the circular dated 30 May, 2008 (the "Circular") of Mongolia Energy Corporation Limited (the Company"), in connection with the proposed disposal of real estate investment in Hong Kong at ground floor and basement of Bank of America Tower for HK$540,000,000 (the "Disposal"). The Unaudited Pro Forma Financial Information has been prepared by the Directors of the Company, for illustrative purposes only, to provide information about how the Disposal might have affected the relevant financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "Group"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on page 93 of the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the Directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unaudited statement of assets and liabilities of the Group as at 30 September 2007 and the unaudited income statement of the Group for the six months ended 30 September 2007 with the unaudited condensed consolidated balance sheet and income statement of the Group as at and for the six months ended 30 September 2007 as set out in the interim report of the Company for the six months ended 30 September 2007, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

– the financial position of the Group as at 30 September 2007 or any future date, or

– the results of the Group for the six months ended 30 September 2007 or any future periods.

Opinion

In our opinion:

a. the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Simon Y.P. Chan & Co.
Certified Public Accountants

Hong Kong, 30 May, 2008

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuations as at 31 March 2008 of the property interest contracted to be disposed of by the Group.

JONES LANG LASALLE® SALLMANNS

Jones Lang LaSalle Sallmanns Limited
22nd Floor Siu On Centre
188 Lockhart Road
Wanchai Hong Kong
tel +852 2169 6000 fax +852 2169 6001

30 May 2008

The Board of Directors
Mongolia Energy Corporation Limited
Room 1502-5, 15/F.,
New World Tower 1
16-18 Queen's Road Central
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property of which Mongolia Energy Corporation Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interest in Hong Kong and contracted to be disposed of by the Group, we confirm that we have carried out physical inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interest as at 31 March 2008 (the "date of valuation").

Our valuation of the property interest represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property by investment method by capitalizing the net rental income of the property derived from the existing tenancy with due allowance for the reversionary value of the property.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest of the Group in Hong Kong held under the Government Leases expiring before 30th June, 1997, we have taken into account the stipulations contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases have been extended without premium until 30th June, 2047 and that a rent of three per cent of the then ratable value is charged per annum from the date of extension.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not been provided with copies of title documents relating to the property interest and have caused searches to be made at the Hong Kong Land Registries. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollars (HK$).

The valuation certificate is attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 25 years' experience in the valuation of properties in the PRC and 28 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

VALUATION CERTIFICATE

PROPERTY INTEREST HELD FOR INVESTMENT BY THE GROUP IN HONG KONG

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2008 *HK$*
The whole of Ground Floor & Basement Floor Bank of America Tower No. 12 Harcourt Road Hong Kong 600/10000th shares of and in Inland Lot No. 8294	The property comprises the whole of the ground floor and basement floor of a 37-storey (plus a level of basement) commercial building completed in about 1975. The property has a total saleable area of approximately 54,916.71 sq.ft. The property is held under the Conditions of Sale No. UB10225 for a term of 75 years commencing from 29 September 1972 and renewable for a further term of 75 years.	The property is currently partly tenanted and partly vacant. As at the date of valuation, the tenanted portions with a total saleable area of approximately 49,176.71 sq.ft. were leased to various parties for commercial use (see note 7). As at the date of valuation, the vacant portions had a total saleable area of approximately 5,740 sq.ft.	540,000,000

Notes:

1. The registered owner of the whole of the ground floor is Quinway Company Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. UB3852473 dated 8 September 1988.

2. The registered owner of Units B1 to B3, B5 to B13, B15 to B23, B25 and B26 and portion of corridor on basement floor (formerly known as basement floor) and shop No. 10 on ground floor (also known as the basement's common areas) (the "whole of the basement floor") is Jadesails Investments Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. UB3812448 dated 1 August 1988.

3. The property is subject to a Deed of Mutual Covenant vide Memorial No. UB2095606 dated 5 June 1981.

4. The property is subject to a Supplemental Deed of Mutual Covenant vide Memorial No. UB5856626 dated 30 November 1993.

5. The property is subject to 2 Legal Charges to secure banking facilities in favour of Citibank N.A. vide Memorial Nos. UB9339403 and UB9339404 both dated 7 September 2004.

6. The property is subject to a Provisional Agreement for Sale and Purchase in favour of Fair Power Limited vide Memorial No. 08042400510014 dated 18 April 2008 pending registration. The consideration is HK$540,000,000.

7. According to various tenancy agreements, portions of the property with a total saleable area of approximately 49,176.71 sq.ft. were leased to a number of parties for various terms with the earliest expiry date on 31 March 2008 and the latest expiry date on 14 March 2011 at a total monthly rent of HK$2,244,120 as at the date of valuation.

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 issued and underlying Shares

Name of Director	Capacity	Number of Shares interested	Number of underlying Shares interested	Total	Approximate percentage of shareholding
Mr. Lo Lin Shing, Simon ("Mr. Lo")	Beneficial owner/ Interest of a controlled corporation/Interest of spouse	1,181,292,301 *(Note)*	690,000	1,181,982,301	19.54%
Ms. Yvette Ong	Beneficial owner	1,090,000	–	1,090,000	0.01%
Mr. To Hin Tsun, Gerald	Beneficial owner	4,600,000	–	4,600,000	0.08%
Mr. Tsui Hing Chuen, William	Beneficial owner	500,000	–	500,000	0.01%
Mr. Lau Wai Piu	Beneficial owner	201,200	–	201,200	0.01%

Note: Among the 1,181,292,301 Shares, 4,960,000 Shares represent interest of Mr. Lo on an individual basis; while 1,174,582,301 Shares represent interest of Golden Infinity Co., Ltd ("Golden"). The balancing of 1,750,000 Shares represent interest of 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.

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

(b) Substantial shareholders

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

Name	Long Position in Shares/ Underlying Shares	Short Position in Shares/ Underlying Shares	Capacity	Approximate percentage of the Company's total issued share capital
Mr. Liu Cheng Lin ("Mr. Liu")	1,625,000,000 *(Note 1)*	–	Beneficial owner/ Interest of a controlled corporation	26.87%
Puraway Holdings Limited ("Puraway")	1,525,000,000 *(Note 1)*	–	Corporate	25.21%
Ms. Ku Ming Mei, Rouisa	1,181,982,301 *(Note 2)*	–	Beneficial owner/ Interest of spouse	19.54%
Golden Infinity Co., Ltd.	1,174,582,301	–	Corporate	19.42%

Name	Long Position in Shares/ Underlying Shares	Short Position in Shares/ Underlying Shares	Capacity	Approximate percentage of the Company's total issued share capital
Dr. Cheng Kar Shun	383,170,000 *(Note 3)*	–	Interest of a controlled corporation/ Interest of spouse	6.34%
Dragon Noble Group Limited ("Dragon")	328,070,000 *(Note 3)*	–	Corporate	5.42%
Ms. Ip Mei Hing	383,170,000 *(Note 3)*	–	Interest of a controlled corporation/ Interest of spouse	6.34%
Dato' Dr. Cheng Yu Tung	496,972,602 *(Note 4)*	–	Beneficial owner/ Interest of a controlled corporation	8.22%
Chow Tai Fook Nominee Limited ("CTF")	493,972,602 *(Note 4)*	–	Corporate	8.16%
Mr. Ng Chun Ping, Brendan	424,724,442	–	Beneficial owner/ Interest of controlled corporations	7.02%

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 1,525,000,000 Shares held by Puraway.

2. Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo and accordingly, she is deemed to be interested in 1,181,982,301 Shares under the SFO.

3. Dr. Cheng Kar Shun is interested in the entire issued share capital of Dragon and 5,000,000 Shares on an individual basis. By virtue of the SFO, he is deemed to be interested in the 328,070,000 Shares held by Dragon. The 50,100,000 Shares are owned by Ms. Ip Mei Hing, the spouse of Dr. Cheng Kar Shun.

4. 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 493,972,602 Shares held by CTF.

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. INTERESTS IN ASSETS OF THE GROUP

Since March 31, 2007, the date to which the latest published audited accounts of the Company have been made up, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to, any member of the Group.

7. INTERESTS IN CONTRACTS OR ARRANGEMENT

None of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

8. 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 subscription agreement dated January 30, 2007 entered into between the Company and Golden for subscription of 780,000,000 new Shares by Golden;

(iv) 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;

(v) 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;

(vi) 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;

(vii) 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

(viii) 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.

9. EXPERTS AND CONSENTS

(i) The following are the qualifications of the experts who have given opinions and advice which are included in this circular:

Name	**Qualification**
Simon Y. P. Chan & Co.	Certified public accountants
Jones Lang LaSalle Sallmanns Limited	Property valuer

(ii) None of the experts set out above has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(iii) Each of the experts set out above has given and has not withdrawn its respective written consents to the issue of this circular, with the inclusion of its report and/or the references to its name and/or its opinion in the form and context in which they are included.

(iv) None of the experts set out above had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since March 31, 2007, the date to which the latest published audited financial statements of the Group was made up.

10. GENERAL

(i) The secretary of the Company is Mr. Tang Chi Kei, *CPA*. The qualified accountant of the Company is Mr. Kwok Ying Tung, Daniel, *ACCA*.

(ii) The principal place of business of the Company in Hong Kong is at Rooms 1502-5, New World Tower 1, 16-18 Queen's Road Central, Hong Kong.

(iii) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong.

(iv) The English text of this circular shall prevail over its Chinese text.

10. EXPLORATION AND MINING CONCESSIONS OF THE GROUP

The information of the Group's exploration and mining concession areas in western Mongolia for Coal, Ferrous and Non-ferrous resources are as follows:

Licence (Licence no.)	Location	Mine Area (Hectare)*	Licence date	Licence valid period#	Remark
Initial Acquisition (announced on February 7, 2007)					
1414A, 1640A, 4322A, 6525A, 11887A, 11888A, 11889A, 11890A 11515X (titles in the name of a MEC Group company)	Khushuut, Khovd, western Mongolia	34,000	Various (please refer to circular of March 22, 2007)	9 years for Exploration Licences (X) ▲ and 70 years for Mining Licences (A) ▲▲	From exploration of over 600 hectares during 2007, MEC demonstrated 460 million tonnes of coal resources of which 181 million tonnes comprise premium coking coal resources. From the demonstrated resources and to support an initial 3 million tonnes mining operation between the end of 2008 to mid-2009, MEC measured in-place Joint Ore Resources Code (JORC) coal resources of 136 million tonnes. The initial mine plan is being finalized and will be fine tuned over time prior to commencement of initial mining. MEC expects to measure further coal resources with further exploration within 2008.
Further Acquisition (announced on May 31, 2007)					
8976X, 8994X, 11628X, 11724X (titles in the name of a MEC Group company)	Gants Mod, western Mongolia	32,000	Various (please refer to circular of June 25, 2007)	9 years for Exploration Licences (X)	MEC expects to measure resources following exploration commencing in 2008. The focus will be on prospects for metals deposits. The exploration plan is being finalized and will be fine tuned over time.
Sub-total Hectares		**66,000**			

Licence (Licence no.)	Location	Mine Area (Hectare)*	Licence date	Licence valid period#	Remark
Acquisition (announced on May 5, 2008 and subject to completion)					
2913A	Olon Bulag, western Mongolia	38	January 24, 2007	70 years for Mining Licence (A)	There will be general reconnaissance for coal, ferrous and non-ferrous metal resources prior to exploration, if any, within 2008. This applies to the Exploration Licences below.
7460X	Olon Bulag, western Mongolia	276	January 24, 2007	9 years for Exploration Licence (X)	As above.
11719X	Gobi-Altai, western Mongolia	216,644	January 23, 2007	9 years for Exploration Licence (X)	As above.
12126X	Gobi-Altai, western Mongolia	41,386	January 16, 2007	9 years for Exploration Licence (X)	As above.
12315X	Gobi-Altai, western Mongolia	3,249	January 2, 2007	9 years for Exploration Licence (X)	As above.
5390X	Khovd, western Mongolia	1,415	January 24, 2007	9 years for Exploration Licence (X)	As above.
Sub-total Hectares		**263,008**			
Total Hectares		**329,008**			

* *Note:* 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. The Mining Licences are for 30 years with two further extensions of 20 years.

▲ (X) stands for Exploration Licence(s)

▲▲ (A) stands for Mining Licences

Apart from working actively towards commencement of commercial operation of the concession areas in western Mongolia, the Group is working with CNPC Daqing Petroleum (中國石油大慶石油管理局) to determine the feasibility and where feasible, explore for oil and gas in western Mongolia. Please refer to the announcement of the Company of December 17, 2007.

The Group further announced on March 5, 2008 that it entered into agreement to acquire 20% benefit of the resources under an exploration concession areas located in Ruoqiang County, Xinjiang Province PRC. The preliminary exploration work in 2007 over the exploration concession area has demonstrated 235,600 tons of tungsten trioxide (WO_3) resources and 49,000 tons of tin (Sn) resources. The completion is expected to take place prior to September 1, 2008.

11. 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, Room 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 year ended March 31, 2007;

(iii) the interim report of the Company for the six months ended September 30, 2007;

(iv) the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(v) the valuation report prepared by Jones Lang La Salle Sallmanns Limited, the text of which is set out in Appendix IV to this circular;

(vi) the letters of consent referred to under the paragraph headed "Expert and consents" in this appendix;

(vii) a copy of the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(viii) audited accounts of the Group for the financial years ended March 31, 2005 and 2006;

(ix) circulars of the Company dated June 13, 2007, June 25, 2007, July 20, 2007, September 20, 2007, October 10, 2007, December 24, 2007 and January 21, 2008; and

(x) Engagement letter of Simon Y. P. Chan & Co and their report.

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 Everest Room, Pacific Place Conference Centre, Level 5, One Pacific Placc, 88 Queensway, Hong Kong on June 20, 2008 at 11:30 a.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 of the whole of Ground Floor and Basement Floor of the Bank of America Tower (the "Disposal") under the provisional sale and purchase agreement dated April 18, 2008 as varied by and/or merged with the formal sale and purchase agreement dated May 5, 2008 (the "Agreement") and entered into between Quinway Company Limited and Jadesails Investments Limited, both are indirect wholly-owned subsidiaries of the Company, as vendors ("Vendor") on the one part and Fair Power Limited as purchaser of the other part ("Purchaser") and the transactions contemplated under the Agreement be and is hereby approved, ratified and confirmed;

(b) the contents of the Agreement (a copy of which is tabled at the meeting and marked "A" and initialled by the chairman of the meeting for identification purpose) be and is hereby approved, ratified and confirmed; and

(c) any one directors of the Company be and are hereby authorised to do such acts or 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 the order of the Board of
Mongolia Energy Corporation Limited
Tang Chi Kei
Company Secretary

Hong Kong, May 30, 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.

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal place of business:
Rooms 1502-5
New World Tower 1
16-18 Queen's Road Central
Hong Kong

Notes:

1. A form of proxy for use at the Special General Meeting is enclosed.

2. A member entitled to attend and vote at the Special General Meeting convened by the notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. The form of proxy must be signed under the hand of the appointer or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised on that behalf.

4. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be return to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time fixed for holding the Special General Meeting or any adjournment thereof. Completion and return of this form of proxy will not preclude you from attending and voting in person at the Meeting or any adjournment thereof if you so wish.

5. If two or more persons are jointly entitled to a share of the Company and are present at the Special General Meeting, only the joint holder whose name stands first in the Register of Member of the Company in respect of the joint holding is entitled to vote at the Special General Meeting.