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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTION

As the existing office lease of the Company is due to expire in July 2015, a wholly-owned subsidiary of the Company entered into a new office Tenancy Agreement as tenant on 27 April 2015 with the Landlord for a term of two years at a monthly rent of HK\$308,922 from 8 May 2015 to 7 May 2017.

The Landlord is an investment holding company wholly and beneficially owned by Mr. Lo, who is a connected person of the Company. In this connection, the Tenancy Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios relevant to this transaction exceed 0.1% but are below 5%, the Tenancy Agreement is subject to reporting and announcement requirements but exempt from independent shareholders' approval requirements under the Listing Rules.

The terms of the Tenancy Agreement are on normal commercial terms and were agreed between the Company and the Landlord after arm's length negotiation. The rent payable by the Company is in line with the prevailing market rent as confirmed by a professional property valuer who is an Independent Third Party. The Board (including the independent non-executive Directors but excluding Mr. Lo who has been abstained from voting in the Board meeting) considers that the Tenancy Agreement and the terms thereof are fair and reasonable and in the interests of the Company and the shareholders as a whole.

A. THE TENANCY AGREEMENT

1. Background

A wholly-owned subsidiary of the Company has entered into a new office Tenancy Agreement as tenant on 27 April 2015 with the Landlord for a term of two years. The Office Premises will be used as the principal place of business of the Company in Hong Kong.

2. Principal terms of the Tenancy Agreement

Date

27 April 2015

Parties

Landlord: Cambo Management Limited

Tenant: Mongolia Energy Corporation (HK) Limited, a wholly-owned subsidiary of the Company

Office Premises

Address: 17/F, 118 Connaught Road West, Hong Kong.

Term and commencement date

A term of two years commencing from 8 May 2015 to 7 May 2017 (with an option to renew for one year subject to the rent to be mutually agreed by the parties and the requirements of the Listing Rules at the relevant time).

Rent free period: 1.5 months.

Rental amount

HK\$308,922 per calendar month during the two years fixed term of tenancy (exclusive of rates, government rent, management fees and all other outgoings) payable monthly in advance by the Company.

One month's rental and management fee deposit to the Landlord is required under the Tenancy Agreement.

Basis for determining rental

The monthly rent of the Office Premises was determined between the Company and the Landlord after arm's length negotiation with reference to prevailing market rent. The rent payable by the Company is in line with the prevailing market rent as confirmed by a professional property valuer who is an Independent Third Party.

B. REASONS FOR THE TRANSACTION

The Group is principally engaged in the operation of the Khushuut Coal Mine in Mongolia.

We began shipping out coking coal in November last year, up to the date hereof, we have sold approximately 16,000 tonnes clean coking coal to our customer to its satisfaction. The scale of our export is affected by the continuous decline in price of the coking coal in the People's Republic of China, and we are unable to predict when the market conditions will bounce back. Under such circumstances, we continue to adopt an austerity measures in our operation expenditures.

As the existing office lease of the Company is due to expire in July 2015, and according to the cost saving policy adopted by the Company, we decided to look for an alternative accessible location as our principal place for business in order to save the monthly rent. As the Office Premises are immediate available at market rental, we entered into the present transaction with the Landlord after arm's length negotiation.

We will continue to find ways to lower our operation costs in response to the current market condition.

C. IMPLICATIONS UNDER THE LISTING RULES

1. The Landlord

The Landlord is an investment holding company wholly and beneficially owned by Mr. Lo, who is a substantial shareholder, an executive director and chairman of the Company. Therefore, Mr. Lo is a connected person and the Tenancy Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

2. Requirements under the Listing Rules

The terms of the Tenancy Agreement are on normal commercial terms and were agreed between the Company and the Landlord after arm's length negotiations. The rent payable by the Company is in line with the prevailing market rent as confirmed by a professional property valuer who is an Independent Third Party. The Board (including the independent non-executive Directors but excluding Mr. Lo who has been abstained from voting in the Board meeting) considers that the Tenancy Agreement and the terms thereof are fair and reasonable and in the interests of the Company and the shareholders as a whole.

The aggregate annual rent to be paid by the Company to the Landlord for each of the two years under the Tenancy Agreement will amount to HK\$3,243,681 and HK\$3,707,064 respectively. As the applicable percentage ratios relevant to this transaction exceed 0.1% but are below 5%, the Tenancy Agreement is subject to reporting and announcement requirements but exempt from independent shareholders' approval requirements under the Listing Rules.

D. DEFINITIONS

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

“Board”	the board of Directors
“Company”	Mongolia Energy Corporation Limited, a company incorporated in Bermuda with limited liability whose issued shares are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	a third party which, together with its beneficial owner(s) (if any) and to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, is independent of the Company and its connected persons
“Landlord”	Cambo Management Limited, a company incorporated under the laws of Hong Kong and is wholly and beneficially owned by Mr. Lo
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lo”	Mr. Lo Lin Shing, Simon, a substantial shareholder, an executive Director and the chairman of the Company
“Office Premises”	at 17/F, 118 Connaught Road West, Hong Kong

“percentage ratios”	shall have the meaning as ascribed to it under Chapter 14 of the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between the Company and the Landlord on 27 April 2015 in respect of the Office Premises
“%”	per cent.

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

Hong Kong, 27 April 2015

As at the date of this announcement, the Board comprises six Directors, of which Mr. Lo Lin Shing, Simon and Ms. Yvette Ong are the executive Directors, Mr. To Hin Tsun, Gerald is the non-executive Director and Mr. Peter Pui^{OBE, JP}, Mr. Tsui Hing Chuen, William^{JP} and Mr. Lau Wai Piu are the independent non-executive Directors.