



THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)
(the “Exchange”)

28 October 2010

The Listing Committee of The Stock Exchange of Hong Kong Limited (the “Listing Committee”) censures the following parties for breaching the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Exchange Listing Rules”):

- 1. Mongolia Energy Corporation Limited (the “Company”) (Stock Code: 276);**
- 2. Mr Lo Lin Shing Simon, executive director of the Company (“Mr Lo”); and**
- 3. Ms Yvette Ong, executive director of the Company (“Ms Ong”).**

On 2 March 2010, the Listing Committee conducted a hearing into the conduct of, among others, the Company and Mr Lo and Ms Ong (collectively, the “Relevant Directors”) in relation to the obligations under the Exchange Listing Rules and the Director’s Declaration and Undertaking given by each of the Relevant Directors to the Exchange in the form set out in Appendix 5 Form B to the Exchange Listing Rules (the “Director’s Undertaking”).

On 10 August 2010, the Listing Committee conducted a disciplinary (review) hearing (the “Disciplinary (Review) Hearing”) on the application by the Company and the Relevant Directors for a review of the decision of and sanctions imposed by the Listing Committee at first instance.

Facts

The disciplinary hearing was in relation to three announcements made by the Company on 14 August 2007 (“Announcement 1”), 21 August 2007 (“Announcement 2”) and 10 September 2007 (“Announcement 3”) (collectively, the “Announcements”). The Company stated in the Announcements that it had entered into co-operation letters of intent with leading Chinese state-owned companies in certain specified fields in the energy sector.

The Company made the following statements in the Announcements:

- (1) “中國航天技術發展總公司..., a leading Chinese state-owned company dealing with ferrous and non-ferrous metal and other resources and allocations in China” (Announcement 1);
- (2) “國家電力投資總公司..., a leading Chinese state-owned company dealing with power related investments and allocations in China” (Announcement 2); and
- (3) “中國石油總公司..., a leading Chinese state-owned company dealing with petroleum and natural gas and allocations” (Announcement 3)

(these statements are collectively referred to as the “Statements”).

The name of the counterparty in Announcement 3, “中國石油總公司” (transliterated as China Petroleum Group Corporation) (“Counterparty 3”), resembled that of China National Petroleum Corporation “中國石油天然氣集團公司” (“CNPC”), the parent company of PetroChina Company Limited “中國石油天然氣股份有限公司” (“PetroChina”) (stock code: 857). The Chinese stock name of PetroChina is “中國石油股份”. CNPC and PetroChina are commonly referred to by the media as “中石油”.

Following the publication of Announcement 3, various articles appeared in newspapers, including online newspapers, in Hong Kong and the PRC on 11 and 12 September 2007 suggesting that the Company had entered into a letter of intent with “中石油” either in the headlines or in the main body of the articles.

Between 10 September 2007 and 11 September 2007, the Company’s share price rose by approximately 16.44 per cent from HK\$6.57 to HK\$7.65 (with a maximum increase of 24 per cent); and the trading volume increased 13.79 times from 1,877,110 shares to 25,878,139 shares. On the morning of 11 September 2007, the Division made an enquiry to the Company regarding the unusual price movements. The Company confirmed that there was nothing to be disclosed under the general disclosure obligation under Rule 13.09.

On 13 September 2007, the Listing Division made a written enquiry to the Company regarding an online article which alleged, among other things, that the counterparty in Announcement 3 was not “中石油” or related to “中石油”. The Listing Division requested that the Company consider a trading suspension pending publication of a clarification announcement to address the issues raised in that article. The Company initially did not agree that a trading suspension was necessary.

The Company eventually requested a trading suspension of its shares from 9:30 a.m. on 14 September 2007 pending the release of an announcement which was price sensitive in nature. On 18 September 2007, the Company published a clarification announcement which stated, among other things, that “*there is no reference under the Announcements that the Counterparties are associated with other listed companies in Hong Kong or elsewhere*”. The Company’s share price closed at HK\$6.6 on that day, representing a drop of 5.17 per cent from the previous trading day, and its trading volume increased 8.04 times from the previous trading day to 25,697,528 shares.

The Listing Division alleged that the Company breached:

1. Rule 2.13(2) in making the Statements in the Announcements which were not accurate in all material respects and were misleading to the Company’s shareholders and the investing public; and
2. Rule 13.09(1)(b) in failing to clarify the identity of Counterparty 3 in the morning of 11 September 2007 when there was indication in the market that investors were confused about the identity of Counterparty 3.

The Listing Division further alleged that each of the Relevant Directors was in breach of: (a) Rule 3.08(f) for failing to apply such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience and holding his office within the Company; and (b) the Director’s Undertaking to comply with the Exchange Listing Rules to the best of his ability and to use his best endeavours to procure the Company’s compliance with the Exchange Listing Rules.

Decision

At the Listing (Disciplinary Review) Hearing, the Listing Committee endorsed the decision of the Listing Committee at first instance, among other things, that:

1. the Company breached Rules 2.13(2) and 13.09(1)(b) of the Exchange Listing Rules; and
2. each of the Relevant Directors breached:
 - a. Rule 3.08(f) of the Exchange Listing Rules for failing to apply such degree of skill, care and diligence as may reasonably be expected of a person of his / her knowledge and experience and holding his / her office within the Company; and
 - b. the Director's Undertaking to: (i) comply to the best of his / her ability with the Exchange Listing Rules; and (ii) use best endeavours to procure the Company's compliance with the Exchange Listing Rules.

The Listing Committee on review decided to impose a public censure on the Company and each of the Relevant Directors for their respective breaches mentioned in 1 and 2 above.

Further, the Listing Committee on review made the following directions:

1. each of the Relevant Directors to undergo training on compliance and corporate governance matters for 24 hours to be given by a recognised professional organisation satisfactory to the Listing Division to be completed within six months from the publication of this news release. The Company is to provide the Listing Division with the training provider's written certification of full compliance with this training requirement by the Relevant Directors within two weeks after their full compliance with the training requirement;
2. the Company to publish an announcement to confirm that the direction in paragraph 1 above has been fully complied with within one week after the fulfilment of the direction; and
3. the Company to submit drafts of the announcement referred to in paragraph 2 above for the Listing Division's comment and only to publish the announcement after the Listing Division has confirmed it has no further comment on it.

For the avoidance of doubt, the Exchange confirms that this public censure applies only to the Company and the Relevant Directors and not to any other past or present members of the Board of Directors of the Company.