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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

**(1) CAPITAL REORGANISATION;
(2) CONNECTED TRANSACTION
IN RELATION TO
SUBSCRIPTION OF THE NEW GI CONVERTIBLE NOTE;
(3) SUBSCRIPTION OF THE NEW CTF CONVERTIBLE NOTE;
AND
(4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

CAPITAL REORGANISATION

The Board proposes to put forward to the Shareholders the Capital Reorganisation which will comprise:

- (i) the Share Consolidation whereby every ten (10) issued Existing Shares of par value of HK\$0.02 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.20;
- (ii) the Capital Reduction whereby the par value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.02 by cancelling the paid-up capital to the extent of HK\$0.18 on each issued Consolidated Share and any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled;
- (iii) the Share Premium Reduction whereby the entire amount standing to the credit of the share premium account of the Company will be cancelled;
- (iv) the transfer of the credit arising from the Capital Reduction and the Share Premium Reduction to the contributed surplus account of the Company; and

- (v) the application of the contributed surplus account of the Company to set off the accumulated losses of the Company as permitted by the Companies Act and the Bye-Laws.

It is expected that the Capital Reorganisation will become effective on 11 February 2020.

THE SUBSCRIPTIONS

The GI Subscription

On 28 November 2019, the Company entered into the GI Subscription Agreement with the GI Subscriber, pursuant to which the GI Subscriber has agreed to subscribe for the New GI Convertible Note.

As the GI Subscriber is a substantial Shareholder and its sole beneficial owner is an executive Director, the GI Subscription constitutes a connected transaction for the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. The New GI Conversion Shares to be allotted and issued pursuant to the New GI Convertible Note are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders by way of poll at the SGM. An application will be made to the Stock Exchange for the listing of and permission to deal in the New GI Conversion Shares.

The subscription price of the New GI Convertible Note will be used by the Company for full settlement of the entire outstanding principal amount and accrued interest of the Existing GI Note on the GI Completion Date.

The CTF Subscription

On 28 November 2019, the Company entered into the CTF Subscription Agreement with the CTF Subscriber, pursuant to which the CTF Subscriber has agreed to subscribe for the New CTF Convertible Note.

The New CTF Conversion Shares to be allotted and issued pursuant to the New CTF Convertible Note are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders by way of poll at the SGM. An application will be made to the Stock Exchange for the listing of and permission to deal in the New CTF Conversion Shares.

The subscription price of the New CTF Convertible Note will be used by the Company for full settlement of the entire outstanding principal amount and accrued interest of the Existing CTF Note on the CTF Completion Date.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Somerley Capital Limited has been appointed as the independent financial adviser to make recommendation to the Independent Shareholders and the Independent Board Committee which comprises all independent non-executive Directors, namely Mr. Tsui Hing Chuen, William *JP*, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank, as to whether the Subscriptions are fair and reasonable and to advise the Independent Shareholders on how to vote on the proposed resolutions in respect thereof at the SGM, and such appointment has been approved by the Independent Board Committee.

GENERAL

A circular containing, among other things (i) details of the Subscriptions, the New Convertible Notes and the Capital Reorganisation; (ii) recommendation from the Independent Board Committee in respect of the Subscriptions; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions; and (iv) the notice of the SGM, will be despatched to the Shareholders in accordance with the requirements under the Listing Rules. Given additional time is required for the preparation of the abovementioned information, the circular is currently expected to be despatched to the Shareholders on or around 7 January 2020, which is over 15 Business Days from the date of this announcement.

Shareholders and the potential investors should note that the completion of the Subscription Agreements is conditional upon satisfaction of the respective conditions as set out in the Subscription Agreements and therefore, the Subscriptions may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

CAPITAL REORGANISATION

On 28 November 2019, the Board proposes to put forward to the Shareholders the Capital Reorganisation which will comprise:

- (i) the Share Consolidation whereby every ten (10) issued Existing Shares of par value of HK\$0.02 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.20;
- (ii) the Capital Reduction whereby the par value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.02 by cancelling the paid-up capital to the extent of HK\$0.18 on each issued Consolidated Share and any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled;

- (iii) the Share Premium Reduction whereby the entire amount standing to the credit of the share premium account of the Company will be cancelled;
- (iv) the transfer of the credit arising from the Capital Reduction and the Share Premium Reduction to the contributed surplus account of the Company; and
- (v) the application of the contributed surplus account of the Company to set off the accumulated losses of the Company as permitted by the Companies Act and the Bye-Laws.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 15,000,000,000 Existing Shares, of which 1,881,258,499 Existing Shares are issued and credited as fully paid. Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Share Consolidation becomes effective and 0.9 Consolidated Share of fractional share will be created from the Share Consolidation, the issued share capital of the Company will become HK\$37,625,169.80 divided into 188,125,849 Consolidated Shares of par value of HK\$0.20 each.

Upon the Capital Reduction becoming effective, the par value of all the Consolidated Shares shall be reduced from HK\$0.20 each to HK\$0.02 each and the issued share capital of the Company shall accordingly be reduced to the extent of HK\$0.18 per Consolidated Share in issue. The fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation, if any, will also be cancelled. Any fractional Consolidated Shares to which the Shareholders are entitled shall be aggregated and sold for the benefit of the Company.

The New Shares will rank *pari passu* in all respects with each other in accordance with the Bye-Laws. There will be no change in authorised share capital of the Company and the issued share capital will be reduced to HK\$3,762,516.98 divided into 188,125,849 New Shares of par value of HK\$0.02 each.

The credit of approximately HK\$33,862,652.82 arising from the Capital Reduction and the credit arising from the Share Premium Reduction will be transferred to the contributed surplus account of the Company and applied to set off against the accumulated losses of the Company as permitted by the Companies Act and the Bye-Laws with the balance (if any) after such set off to remain in the contributed surplus account of the Company.

Other than the relevant expenses incurred and to be incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net liabilities position of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company before and after the implementation of the Capital Reorganisation, assuming that there is no change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation.

	As at the date of this announcement	Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.02 per Existing Share	HK\$0.02 per New Share
Authorised share capital	HK\$300,000,000.00 divided into 15,000,000,000 Existing Shares	HK\$300,000,000.00 divided into 15,000,000,000 New Shares
Issued and fully paid up or credited as fully paid up share capital	HK\$37,625,169.98 divided into 1,881,258,499 Existing Shares	HK\$3,762,516.98 divided into 188,125,849 New Shares (<i>Note</i>)
Unissued share capital	HK\$262,374,830.02 divided into 13,118,741,501 Existing Shares	HK\$296,237,483.02 divided into 14,811,874,151 New Shares (<i>Note</i>)

Note: Assuming only 0.9 Consolidated Share of fractional Share is created from the Share Consolidation.

Reasons for the Capital Reorganisation

The Board considers that (i) the Share Consolidation will reduce the transaction costs for dealing in the New Shares, including those fees which are charged with reference to the number of board lots; (ii) the Capital Reorganisation will provide the Company with greater flexibility in possible fund raisings in the future; (iii) the Capital Reorganisation will accommodate the issue of the Conversion Shares; and (iv) the credit in the contributed surplus account of the Company arising from the Capital Reduction and the Share Premium Reduction will enable the Company to set off part of its accumulated losses and may be applied in the future for distribution to the Shareholders or in any manner permitted by the laws of Bermuda and the Bye-Laws.

As such, the Board is of the view that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

Conditions of the Capital Reorganisation

The Capital Reorganisation (which will be effected in accordance with the Bye-Laws and the Companies Act) is conditional upon:

- (i) the passing of a special resolution to approve the Capital Reorganisation by the Shareholders at the SGM;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon exercise of the share options granted and to be granted under the share option scheme of the Company;
- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda to effect the Capital Reorganisation; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Listing and dealings

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon exercise of the share options granted and to be granted under the share option scheme of the Company.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The New Shares will be identical in all respects and rank pari passu in all respects with each other. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

Fractional shares

Fractional New Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of the New Shares will be aggregated and sold for the benefit of the Company.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may from Tuesday, 11 February 2020 to Wednesday, 18 March 2020 submit share certificates of the Existing Shares to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in exchange, at the expense of the Company, for new share certificates of New Shares. Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate of the Existing Shares cancelled or each new share certificate issued for the New Shares, whichever number of certificates cancelled/issued is higher. The existing share certificates will only be valid for trading and settlement purposes for the period up to 4:10 p.m. on Monday, 16 March 2020 (or such other date which may be announced by the Company) and will continue to be good evidence of legal title and may be exchanged for share certificates of the New Shares at any time in accordance with the foregoing.

The new share certificates of the New Shares will be issued in yellow colour in order to distinguish them from the existing blue colour.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation, a designated broker will be appointed to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot arrangement will be set out in the Company's circular to be despatched to the Shareholders in relation to, inter alia, the Capital Reorganisation and the Subscriptions.

Adjustment in relation to other securities of the Company

As at the date of this announcement, the Company has 190,000,000 outstanding share options. Further announcement will be made by the Company as and when appropriate in respect of any adjustment to be made as a result of the Capital Reorganisation to the exercise price of those outstanding share options and the aggregate number of Shares to be allotted and issued upon exercise of the subscription rights attaching to those outstanding share options.

Save as aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

Other arrangements

Further information of other arrangements are set out in the section headed "Expected Timetable" below.

THE SUBSCRIPTIONS

Reference is made to the announcements of the Company dated 27 August 2019 and 21 November 2019 in relation to, among other things, (i) the maturity of the 2014 Notes; and (ii) the entering into of the Standstill Agreements.

On 28 November 2019 (after trading hours), the Company entered into (i) the GI Subscription Agreement with the GI Subscriber pursuant to which the Company conditionally agreed to issue and the GI Subscriber conditionally agreed to subscribe for the New GI Convertible Note; and (ii) the CTF Subscription Agreement with the CTF Subscriber pursuant to which the Company conditionally agreed to issue and the CTF Subscriber conditionally agreed to subscribe for the New CTF Convertible Note.

The principal terms of each of the Subscription Agreements are set out below.

GI Subscription Agreement

Date: 28 November 2019

Parties: The Company, as issuer
The GI Subscriber, as subscriber

The GI Subscriber is an investment holding company wholly and beneficially owned by Mr. Lo and is a substantial Shareholder. As at the date of this announcement, the GI Subscriber and its concert parties (excluding the CTF Subscriber, Dragon Noble Group Limited and their respective concert parties) hold 303,197,075 Shares, representing approximately 16.12% of the existing issued share capital of the Company.

Subject

The Company conditionally agreed to issue and the GI Subscriber conditionally agreed to subscribe for the New GI Convertible Note at the subscription price which will be used for full settlement of the entire outstanding principal amount and accrued interest under the Existing GI Note due and owing by the Company to the GI Subscriber on the GI Completion Date. The outstanding sum under the Existing GI Note (including principal and interest) was HK\$624,019,133 as at the date of the GI Subscription Agreement and will be HK\$631,819,558 as at the Long Stop Date.

Conditions precedent

Completion of the GI Subscription Agreement is conditional upon:–

- (a) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the New Shares arising from the implementation of the Capital Reorganisation and the New GI Conversion Shares to be issued pursuant to the New GI Convertible Note and such grant remaining in full force and effect;
- (b) all necessary consents, approvals (or waivers), authorisation, permission or exemption from any third parties, including but not limited to government or regulatory authorities, having been obtained by the Company in connection with the Capital Reorganisation and the GI Subscription and the issue of the New GI Convertible Note and the New GI Conversion Shares and such consents, approvals (or waivers), authorisation, permission or exemption remaining in full force and effect;
- (c) the compliance by the Company with all legal and other requirements under the Listing Rules and the laws of Bermuda applicable to the Capital Reorganisation and the transactions contemplated under the GI Subscription Agreement;
- (d) the passing of the requisite respective resolutions by the Board and the Shareholders at the SGM (other than those persons who are precluded from voting under the Listing Rules) approving, inter alia, the Capital Reorganisation and the transactions contemplated under the Subscription Agreements (including but not limited to the issue of the New Convertible Notes and the allotment and issue of the Conversion Shares upon exercise of the respective Conversion Rights); and
- (e) the CTF Subscription Agreement having become unconditional in all respects except for the condition therein relating to the GI Subscription Agreement having become unconditional.

All conditions above are non-waivable except that condition (e) above is waivable at the discretion of the GI Subscriber.

Completion

Completion of the GI Subscription shall take place after the Capital Reorganisation becoming effective and simultaneously with the completion of the CTF Subscription on the GI Completion Date.

Rescission

If any of the following events occurs at any time prior to completion of the GI Subscription Agreement, the GI Subscriber may, by giving a written notice to the Company, rescind the GI Subscription Agreement:

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial position of the Group as a whole;
- (b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the GI Subscription Agreement, of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial position of the Group as a whole;
- (c) there shall have occurred any of the following: (i) a suspension or material limitation in trading in the Company's securities or the Shares on the Stock Exchange (other than any temporary suspension for clearance of (1) this announcement; or (2) any other announcement for no more than 10 consecutive trading days); (ii) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities, or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; (iii) a change or development involving a prospective change in taxation in Bermuda or Hong Kong materially and adversely affecting the Company, the Shares, the New GI Convertible Note or the transfer thereof; (iv) the outbreak or escalation of hostilities involving Hong Kong or the declaration by Hong Kong of a national emergency or war; or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls;
- (d) any breach of the representations, warranties and undertakings given by the Company under the GI Subscription Agreement or any failure by the Company to perform any of the agreements set forth in the GI Subscription Agreement where any such breach or failure would have a material adverse effect; or
- (e) in connection with the GI Subscription, any of the conditions precedent set out in the GI Subscription Agreement has not been satisfied or waived by the GI Subscriber by the Long Stop Date.

Upon the giving of such notice by the GI Subscriber, all obligations of the Company and the GI Subscriber under the GI Subscription Agreement shall cease and determine and no party to the GI Subscription Agreement shall have any claim against the other in respect of any matter or thing arising out of or in connection with the GI Subscription Agreement.

CTF Subscription Agreement

Date: 28 November 2019

Parties: The Company, as issuer
The CTF Subscriber, as subscriber

The CTF Subscriber is an investment holding company and whose controlling shareholder is Chow Tai Fook (Holding) Limited. As at the date of this announcement, the CTF Subscriber and its concert parties (including Dragon Noble Group Limited and its concert parties but excluding the GI Subscriber and its concert parties) hold 153,667,500 Shares, representing approximately 8.17% of the existing issued share capital of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the CTF Subscriber and its ultimate beneficial owner are not connected with the Company under the meaning of the Listing Rules.

Subject

The Company conditionally agreed to issue and the CTF Subscriber conditionally agreed to subscribe for the New CTF Convertible Note at the subscription price which will be used for full settlement of the entire outstanding principal amount and accrued interest under the Existing CTF Note due and owing by the Company to the CTF Subscriber on the CTF Completion Date. The outstanding sum under the Existing CTF Note (including principal and interest) was HK\$2,790,139,609 as at the date of the CTF Subscription Agreement and will be HK\$2,825,017,185 as at the Long Stop Date.

Conditions precedent

Completion of the CTF Subscription Agreement is conditional upon:-

- (a) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the New Shares arising from the implementation of the Capital Reorganisation and the New CTF Conversion Shares to be issued pursuant to the New CTF Convertible Note and such grant remaining in full force and effect;
- (b) all necessary consents, approvals (or waivers), authorisation, permission or exemption from any third parties, including but not limited to government or regulatory authorities, having been obtained by the Company in connection with the Capital Reorganisation, the CTF Subscription and the issue of the New CTF Convertible Note and the New CTF Conversion Shares and such consents, approvals (or waivers), authorisation, permission or exemption remaining in full force and effect;
- (c) the compliance by the Company with all legal and other requirements under the Listing Rules and the laws of Bermuda applicable to the Capital Reorganisation and the transactions contemplated under the CTF Subscription Agreement;

- (d) the passing of the requisite respective resolutions by the Board and the Shareholders at the SGM (other than those persons who are precluded from voting under the Listing Rules) approving, inter alia, the Capital Reorganisation and the respective transactions contemplated under the Subscription Agreements (including but not limited to the issue of the New Convertible Notes and the allotment and issue of the Conversion Shares upon exercise of the respective Conversion Rights); and
- (e) the GI Subscription Agreement having become unconditional in all respects except for the condition therein relating to the CTF Subscription Agreement having become unconditional.

All conditions above are non-waivable except that condition (e) above is waivable at the discretion of the CTF Subscriber.

Completion

Completion of the CTF Subscription shall take place after the Capital Reorganisation becoming effective and simultaneously with the completion of the GI Subscription on the CTF Completion Date.

Rescission

If any of the following events occurs at any time prior to completion of the CTF Subscription Agreement, the CTF Subscriber may, by giving a written notice to the Company, rescind the CTF Subscription Agreement:

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial position of the Group as a whole;
- (b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the CTF Subscription Agreement, of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial position of the Group as a whole;
- (c) there shall have occurred any of the following: (i) a suspension or material limitation in trading in the Company's securities or the Shares on the Stock Exchange (other than any temporary suspension for clearance of (1) this announcement; or (2) any other announcement for no more than 10 consecutive trading days); (ii) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities, or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; (iii) a change or development involving a prospective change in taxation in Bermuda or Hong Kong materially and adversely

Interest rate	3% per annum on the principal amount from time to time outstanding, and, unless previously redeemed, repaid or converted into Shares, payable in arrears on the maturity date of the New Convertible Notes (as the case may be).
Denomination for conversion	With a minimum aggregate amount of HK\$1,000,000 and integral multiples of HK\$1,000 save that if at any time the aggregate outstanding amount held by a holder of the New Convertible Note is less than HK\$1,000,000, the whole (but not part only) of such aggregate outstanding amount may be converted.
Conversion rights	A holder of the New Convertible Note shall have the right to convert the whole or any part (comprising the outstanding principal amount and any accrued but unpaid interest thereon and in the denomination as stated above) of the New Convertible Note into Conversion Shares at the Conversion Price (subject to adjustments) on any Business Day from the date of issue of the New Convertible Note and up to the Business Day immediately prior to the maturity date of the New Convertible Note.
Conversion price	Initially, being HK\$1.2 per New Share, subject to adjustments in certain events, including, among others, share consolidation, share subdivision, capitalisation issues, capital distribution, rights issue of Shares or options (other than share options of the Company under its share option schemes) or warrants or other rights over Shares, and other equity or equity derivatives issues. All adjustment provisions under the New Convertible Notes are the same.
Transferability	Freely transferrable, in whole or in part (being an authorised denomination of HK\$1,000) of the outstanding principal amount, to any person, subject to the terms of the New Convertible Notes, the Listing Rules and all applicable laws and regulations.
Listing	No application will be made for the listing of the New Convertible Notes on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the Conversion Rights.
Ranking	Obligations of the Company under the New Convertible Notes are unsecured. The Conversion Shares to be issued upon the exercise of the Conversion Rights will be credited as fully paid and will rank pari passu in all respects with all other Shares outstanding at the date of exercise of the Conversion Rights and be entitled to all dividends and other distributions the record date for which falls on a date on or after the date of exercise of the Conversion Rights.

Voting	A holder of the New Convertible Note will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being a holder of the New Convertible Note.
Redemption and repurchase	The Company shall redeem at 100% of the outstanding principal amounts of the New Convertible Notes on the maturity date.
	The Company or any of its subsidiaries may at any time and from time to time repurchase the New Convertible Notes or any part thereof at any price, in the open market or otherwise, as may be agreed between the Company or such subsidiary and the holder(s) of the New Convertible Note(s) (as the case may be). The New Convertible Note(s) or any part thereof so purchased shall forthwith be cancelled by the Company.
	The Company may, at any time after the issue date of the New GI Convertible Note or the New CTF Convertible Note (as the case may be) on giving not less than ten (10) Business Days' notice in writing to the holder thereof, elect to redeem the whole or any part (in authorised denominations of HK\$1,000) then outstanding.
Status	The obligations of the Company arising under the New Convertible Notes constitute general, unconditional, unsubordinated obligations of the Company and rank, and shall rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.
Restriction on the exercise of the Conversion Rights	Each holder of the New Convertible Note agrees and undertakes to the Company that it shall not exercise any of the Conversion Rights to such an extent that results or will result in the holder thereof (or any of the parties acting in concert with it within the meaning of the Takeovers Code) being obliged to make a mandatory offer for all the Shares under the Takeovers Code unless prior approval or waiver from the Executive, and (where so required) approval of the whitewash waiver by the Shareholders, have been obtained in accordance with the requirements of the Takeovers Code (and where any conditions to which such approval or waiver is subject are duly complied with).

If the issue of the Conversion Shares pursuant to the exercise of the Conversion Right would result in the Company failing to meet its obligation under the Listing Rules to maintain the minimum prescribed percentage of the Shares which must at all times remain in public hands (as defined in the Listing Rules) (the “**Public Float Requirement**”), then such Conversion Right shall be deemed to have been exercised pursuant to such conversion notice such that the Company shall issue the maximum number of Conversion Shares under such conversion notice without breaching the Public Float Requirement. Any limitation on a Conversion Right with respect to a conversion notice shall be without prejudice whatsoever to any later exercise of the Conversion Rights pursuant to a subsequent conversion notice.

The restriction provision on exercise of the Conversion Rights under the New Convertible Notes are all the same.

Events of default

Any holder of the New Convertible Note may give notice in writing that the relevant New Convertible Note shall be immediately due and payable at its principal amount then outstanding together with any accrued and unpaid interest calculated up to and excluding the date of payment upon the occurrence of any of the events including, inter alia, (1) the listing of the Shares on the main board of the Stock Exchange ceases permanently or is suspended for a continuous period of 21 Business Days (on each of which the Stock Exchange is generally open for trading) (due to default of the Company or any of its Directors, officers or employees); (2) change of control of the Company; (3) failure of the Company to pay under the relevant New Convertible Note and is not remedied for 7 Business Days after notice from such holder has been given; (4) the making of an order or the passing of an effective resolution for the winding up or dissolution, judicial management or administration of the Company or any of its material subsidiaries (except for member's voluntary solvent winding up) or the Company or any of its material subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations; (5) the making of an order or a decree by any competent court adjudging the Company or any of its material subsidiaries insolvent or bankrupt under the insolvency or bankruptcy laws of any jurisdiction; (6) inability of the Company or any of its material subsidiaries to pay debts as they fall due or entering into any composition, arrangement with or assignment for the benefit of its creditors generally; (7) any consent, license, approval or authorisation for the execution, delivery, performance, legality, validity, enforceability or admissibility in evidence of the relevant New Convertible Note is revoked or withheld or materially modified in a manner which shall materially and adversely affect the Company's ability to perform its obligations thereunder, or ceases to be in full force and effect; (8) it being impossible or unlawful in Hong Kong to pay the relevant New Convertible Note; (9) failure to deliver any Shares following the exercise of the Conversion Rights thereunder; (10) failure to perform or comply with any obligations under the relevant New Convertible Note (other than the event of default of (3) or (9) above) which default is incapable of remedy or, if capable of remedy, is not remedied within 45 days of written notice by such holder of the relevant New Convertible Note; (11) cross default after applicable grace period under any other indebtedness by the Company or any of its material subsidiaries which equals or exceeds HK\$50 million or its equivalent; (12) undischarged levied executions and the like for 60 days; and (13) any mortgage, charge, pledge, lien or encumbrance created by the Company or any of its material subsidiaries becomes enforceable and any step is taken to enforce it (including

appointment of a receiver, manager or other similar person) and such enforcement is not discharged or stayed within 60 days. The holder(s) of the New Convertible Note(s) shall, where there is failure to issue the Conversion Shares, be entitled to bring an action against the Company for specific performance.

Negative pledge

So long as any of the New Convertible Notes remains outstanding, the Group will not, and will ensure that none of its subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any indebtedness which is in the form of bonds, notes, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market, or any guarantee or indemnity in respect of any such indebtedness, without at the same time or prior thereto according to the New Convertible Notes the same security as is created or subsisting to secure any such indebtedness, guarantee or indemnity or such other security as shall be approved by the holders of the New Convertible Notes (such approval not to be unreasonably withheld or delayed). The negative pledge provision under the New Convertible Notes are all the same.

Most favoured treatment

The Company shall not amend the pari passu ranking tenor, interest rate, conversion price, adjustment provisions to the conversion price, the conversion right, negative pledge and the events of default provisions under any of the New Convertible Notes or insert any additional provisions which are, in the opinion of any holder of the New Convertible Note, on terms and conditions more favourable to the New Convertible Note held by such holder unless at the same time: (a) the Company offers to amend the New Convertible Note held by such holder the effect of which is to give the benefit of such more favourable terms and conditions to such holder; and (b) to the extent that such holder accepts such offer.

Upon full conversion of the principal amount of the New GI Convertible Note of HK\$631,819,558 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing GI Note calculated up to the Long Stop Date) and the accrued interest thereon of HK\$94,772,933.70 (calculated from the date of issue of the New GI Convertible Note until its maturity assuming the date of issuance of the New GI Convertible Note is the Long Stop Date) at the initial Conversion Price, a maximum number of 605,493,743 New Shares with aggregate nominal value of HK\$12,109,874.86 will be issued, representing approximately 321.9% of the total existing issued share capital of the Company (taking into account the effect of the Capital Reorganisation), approximately 76.3% of the Company's total issued share capital as enlarged by the issue of the New GI Conversion Shares (taking into account the effect of the Capital

Reorganisation) and approximately 17.3% of the Company's total issued share capital as enlarged by the issue of the New GI Conversion Shares and the New CTF Conversion Shares assuming full conversion thereof (taking into account the effect of the Capital Reorganisation).

Upon full conversion of the principal amount of the New CTF Convertible Note of HK\$2,825,017,185 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing CTF Note calculated up to the Long Stop Date) and the accrued interest thereon of HK\$423,752,577.75 (calculated from the date of issue of the New CTF Convertible Note until its maturity assuming the date of issuance of the New CTF Convertible Note is the Long Stop Date) at the initial Conversion Price, a maximum number of 2,707,308,135 New Shares with aggregate nominal value of HK\$54,146,162.70 will be issued, representing approximately 1,439.1% of the total existing issued share capital of the Company (taking into account the effect of the Capital Reorganisation), approximately 93.5% of the Company's total issued share capital as enlarged by the issue of the New CTF Conversion Shares (taking into account of the effect of the Capital Reorganisation) and approximately 77.3% of the Company's total issued share capital as enlarged by the issue of the New GI Conversion Shares and the New CTF Conversion Shares assuming full conversion thereof (taking into account the effect of the Capital Reorganisation).

Investors shall note that the Conversion Rights are subject to the conversion restrictions under the New Convertible Notes as set out above.

Conversion Price

The initial Conversion Price, being HK\$1.2 per New Share, represents:

- (i) a premium of approximately 11.1% over the adjusted closing price of HK\$1.08 per New Share (based on the closing price of HK\$0.108 per Existing Share as quoted on the Stock Exchange on the Last Trading Day adjusted for the effect of the Capital Reorganisation);
- (ii) a premium of approximately 15.4% over the adjusted average closing price of approximately HK\$1.04 per New Share (based on the average closing price of approximately HK\$0.104 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation); and
- (iii) a premium of approximately 17.6% over the adjusted average closing price of approximately HK\$1.02 per New Share (based on the average closing price of approximately HK\$0.102 per Existing Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation).

The Conversion Price was arrived at after arm's length negotiation between the Company, the GI Subscriber and the CTF Subscriber after taking into account the prevailing market price of the Shares, the operation and financial performance of the Group, the current market conditions and the consolidated net liabilities position of the Company as at 30 September 2019.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is principally engaged in mining, exploration, processing and sale of coal. The principal project of the Group is the Khushuut Coking Coal Project in Western Mongolia.

The subscription money from the New GI Convertible Note will be used by the Company for full settlement of the entire outstanding principal amount and accrued interest under the Existing GI Note on the GI Completion Date. The subscription money from the New CTF Convertible Note will be used by the Company for full settlement of the entire outstanding principal amount and accrued interest of the Existing CTF Note on the CTF Completion Date.

After taking into account that: (i) the full settlement of the entire outstanding principal amounts and accrued interest of the Existing GI Note and the Existing CTF Note with the subscription price payable for the issue of the New Convertible Notes will not exert immediate cash outflow burden on the Group; (ii) the New Convertible Notes bear the same interest rate of 3% per annum as compared to the 2014 Notes of 3% per annum; (iii) the Subscriptions will secure the continuing financial support from the GI Subscriber and the CTF Subscriber to the Group's business development and operation; (iv) the prevailing market price and trading volume of the Shares and the net liabilities position of the Group may not be favourable to a fund raising exercise for substantial amount by way of issue of new Shares to independent third party(ies) or to existing Shareholders on a pro rata basis (e.g. rights issue and open offer) where considerable discount to the market price of the Shares would be required after the Company's enquiry of certain brokerage houses with no favourable responses; and (v) upon conversion of the New Convertible Notes, the financial position of the Group would be improved, the executive Directors consider that the issue of the New Convertible Notes is an appropriate debt restructuring plan for the Company.

In view of the above, the Board (excluding the independent non-executive Directors whose views will be included in the Company's circular to be despatched to the Shareholders in connection with, among other things, the Subscriptions) considers that the terms of the Subscription Agreements are on normal commercial terms and fair and reasonable, and the transactions contemplated under the Subscription Agreements are in the interests of the Group and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has share options granted under its share option scheme entitling the holders thereof to subscribe for an aggregate of 190,000,000 Existing Shares (the "**Outstanding Share Options**"). Save as disclosed above, as at the date of this announcement, there are no other outstanding options, warrants, derivatives, or other securities which carry rights to subscribe for or be converted into Shares.

The table below illustrates the shareholding structures of the Company as at the date of this announcement under the following scenarios (assuming there is no other change in the issued share capital and shareholding structure of the Company from the date of this announcement up to the occurrence of the relevant events mentioned below):

- Scenario I: immediately upon Capital Reorganisation becoming effective and full conversion of the principal amount of the New GI Convertible Note of HK\$631,819,558 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing GI Note calculated up to the Long Stop Date) and the accrued interest thereon of HK\$94,772,933.70 (calculated from the date of issue of the New GI Convertible Note until its maturity assuming the date of issuance of the New GI Convertible Note is the Long Stop Date) at the initial Conversion Price only;
- Scenario II: immediately upon Capital Reorganisation becoming effective and full conversion of the principal amount of the New CTF Convertible Note of HK\$2,825,017,185 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing CTF Note calculated up to the Long Stop Date) and the accrued interest thereon of HK\$423,752,577.75 (calculated from the date of issue of the New CTF Convertible Note until its maturity assuming the date of issuance of the New CTF Convertible Note is the Long Stop Date) at the initial Conversion Price only;
- Scenario III: for illustration purpose only, occurrence of scenarios I and II above; and
- Scenario IV: for illustration purpose only, occurrence of scenarios I and II above, and exercise of all Outstanding Share Options and as a result of which 19,000,000 New Shares are allotted and issued.

	As at the date of this announcement (before the Capital Reorganisation becomes effective)		Scenario I		Scenario II		Scenario III		Scenario IV	
	Number of Shares	Approximate %	Number of Shares (Notes 4 & 5)	Approximate %	Number of Shares (Notes 4 & 5)	Approximate %	Number of Shares (Notes 4 & 5)	Approximate %	Number of Shares (Notes 4 & 5)	Approximate %
The Concert Group										
GI Subscriber and its concert parties	303,197,075	16.1	635,813,450	80.1	30,319,707	1.1	635,813,450	18.1	640,813,450	18.2
CTF Subscriber and its concert parties	55,000,000	2.9	5,500,000	0.7	2,712,808,135	93.7	2,712,808,135	77.5	2,712,808,135	77.1
Dragon Noble Group Limited and its concert parties (Note 2)	98,667,500	5.3	9,866,750	1.3	9,866,750	0.3	9,866,750	0.3	9,866,750	0.3
Subtotal	456,864,575	24.3	651,180,200	82.1	2,752,994,592	95.1	3,358,488,335	95.9	3,363,488,335	95.6
Other directors of the Group (Note 3)	1,820,800	0.1	182,080	0.0	182,080	0.0	182,080	0.0	5,382,080	0.1
Other public Shareholders	1,422,573,124	75.6	142,257,312	17.9	142,257,312	4.9	142,257,312	4.1	151,057,312	4.3

	As at the date of this announcement (before the Capital Reorganisation becomes effective)		Scenario I		Scenario II		Scenario III		Scenario IV	
	Number of Shares	Approximate %	Number of Shares (Notes 4 & 5)	Approximate %	Number of Shares (Notes 4 & 5)	Approximate %	Number of Shares (Notes 4 & 5)	Approximate %	Number of Shares (Notes 4 & 5)	Approximate %
Total	<u>1,881,258,499</u>	<u>100.00</u>	<u>793,619,592</u>	<u>100.00</u>	<u>2,895,433,984</u>	<u>100.00</u>	<u>3,500,927,727</u>	<u>100.00</u>	<u>3,519,927,727</u>	<u>100.00</u>

Notes:

- Among the 303,197,075 Existing Shares, 1,240,000 Existing Shares represent interest of Mr. Lo on an individual basis; while 301,519,575 Existing Shares represent interest of the GI Subscriber. The balance of 437,500 Existing Shares represent interest of Ms. Ku Ming Mei, Rouisa, the spouse of Mr. Lo.
- Dragon Noble Group Limited is a company wholly and beneficially owned by Dr. Cheng Kar Shun.
- Other directors of the Group include Ms. Yvette Ong, Mr. To Hin Tsun, Gerald, Mr. Tsui Hing Chuen, William *JP*, Mr. Lau Wai Piu, Mr. Lee Kee Wai, Frank and Mr. Tang Chi Kei.
- Pursuant to the terms of the New Convertible Notes, each holder of the New Convertible Note agrees and undertakes to the Company that it shall not exercise any of the Conversion Rights to such an extent that results or will result in the holder thereof (or any of the parties acting in concert with it within the meaning of the Takeovers Code) being obliged to make a mandatory offer for all the Shares under the Takeovers Code unless prior approval or waiver from the Executive, and (where so required) approval of the whitewash waiver by the Shareholders, have been obtained in accordance with the requirements of the Takeovers Code (and where any conditions to which such approval or waiver is subject are duly complied with). Accordingly, the scenarios above are shown for illustrative purpose only.
- Pursuant to the terms of the New Convertible Notes, if the issue of the Conversion Shares pursuant to the exercise of the Conversion Right would result in the Company failing to meet the Public Float Requirement, such Conversion Right shall be deemed to have been exercised pursuant to such conversion notice such that the Company shall issue the maximum number of Conversion Shares under such conversion notice without breaching the Public Float Requirement. Accordingly, the scenarios above are shown for illustrative purpose only.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the 12 months prior to the date of this announcement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the GI Subscriber holds 301,519,575 Shares, representing approximately 16.03% of the existing issued share capital of the Company. As the GI Subscriber is a substantial Shareholder and its sole beneficial owner is an executive Director, the GI Subscriber is a

connected person of the Company and the GI Subscription constitutes a connected transaction for the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Conversion Shares to be allotted and issued pursuant to the New Convertible Notes are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders by way of poll at the SGM.

Given that each of the Subscription Agreements is conditional on one another, all the transactions contemplated under the Subscription Agreements will be subject to the approval of the Independent Shareholders by way of poll at the SGM and the GI Subscriber, the CTF Subscriber and their respective associates will abstain from voting on the proposed resolution(s) to approve the Subscriptions at the SGM.

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares. Upon completion of the Subscriptions, an announcement regarding the respective principal amounts of the New Convertible Notes and the number of Conversion Shares issuable thereunder will be made by the Company.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Somerley Capital Limited has been appointed as the independent financial adviser to make recommendation to the Independent Shareholders and the Independent Board Committee which comprises all Independent non-executive Directors, namely Mr. Tsui Hing Chuen, William *JP*, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank, as to whether the Subscriptions are fair and reasonable and to advise the Independent Shareholders on how to vote on the proposed resolutions in respect thereof at the SGM, and such appointment has been approved by the Independent Board Committee.

EXPECTED TIMETABLE

2020

Despatch of circular with notice and proxy form of the SGM Tuesday, 7 January

Latest time for lodging transfer documents and relevant share certificates to be eligible to attend and vote at the SGM 4:30 p.m. on Tuesday, 4 February

Closure of register of members of the Company
for the purpose of ascertaining Shareholders'
eligibility to attend and vote at the SGM
for the Capital Reorganisation and the Subscriptions from Wednesday, 5 February to
Friday, 7 February
(both days inclusive)

Latest time for lodging the proxy form of the SGM 11:00 a.m. on Wednesday, 5 February

Expected date and time of the SGM 11:00 a.m. on Friday, 7 February

Announcement of the results of the SGM Friday, 7 February

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation:

Expected effective date of the Capital Reorganisation Tuesday, 11 February

First day for free exchange of existing share
certificates for new share certificates Tuesday, 11 February

Commencement of dealings in New Shares 9:00 a.m. on Tuesday, 11 February

Original counter for trading in Existing Shares
in board lots of 3,000 Existing Shares
(in the form of existing share certificates)
temporarily closes 9:00 a.m. on Tuesday, 11 February

Temporary counter for trading in New Shares
in board lots of 300 New Shares
(in the form of existing share certificates) opens 9:00 a.m. on Tuesday, 11 February

Original counter for trading in New Shares
in board lots of 3,000 New Shares
(in the form of new share certificates) re-opens 9:00 a.m. on Tuesday, 25 February

Parallel trading in New Shares
(in the form of new share certificates
and existing share certificates) commences 9:00 a.m. on Tuesday, 25 February

Designated broker starts to provide matching
services for odd lots of New Shares Tuesday, 25 February

Temporary counter for trading in New Shares
in board lots of 300 New Shares
(in the form of existing share certificates) closes 4:10 p.m. on Monday, 16 March

Parallel trading in New Shares
(in the form of new share certificates
and existing share certificates) ends 4:10 p.m. on Monday, 16 March

Designated broker ceases to provide matching services
for odd lots of New Shares 4:10 p.m. on Monday, 16 March

Last day for free exchange of existing share certificates
for new share certificates Wednesday, 18 March

This timetable is indicative only and any subsequent changes to the expected timetable will be announced by the Company as and when appropriate.

GENERAL

The SGM will be convened by the Company at which resolutions will be proposed to seek approval of the Shareholders in respect of, inter alia, (i) Capital Reorganisation; (ii) the GI Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the New GI Convertible Note and the allotment and issue of the New GI Conversion Shares); and (iii) the CTF Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the New CTF Convertible Note and the allotment and issue of the New CTF Conversion Shares).

A circular containing, among other things (i) details of the Subscriptions, the New Convertible Notes and the Capital Reorganisation; (ii) recommendation from the Independent Board Committee in respect of the Subscriptions; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions; and (iv) the notice of the SGM, will be despatched to the Shareholders in accordance with the requirements under the Listing Rules. Given additional time is required for the preparation of the abovementioned information, the circular is currently expected to be despatched to the Shareholders on or around 7 January 2020, which is over 15 Business Days from the date of this announcement.

Shareholders and the potential investors should note that the completion of the Subscription Agreements is conditional upon satisfaction of the respective conditions as set out in the Subscription Agreements and therefore, the Subscriptions may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“2014 Notes”	collectively, the Existing GI Note and the Existing CTF Note
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (excluding Saturday, Sunday, any public holiday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Bye-Laws”	the bye-laws of the Company as amended from time to time
“Capital Reduction”	the proposal for the reduction of the par value of the issued Consolidated Shares from HK\$0.20 each to HK\$0.02 each by cancelling the paid-up capital to the extent of HK\$0.18 on each issued Consolidated Share and the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation immediately after the Share Consolidation
“Capital Reorganisation”	the proposed reorganisation of the capital of the Company by way of (i) the Share Consolidation; (ii) the Capital Reduction; and (iii) the Share Premium Reduction as referred to in this announcement
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, modified or supplemented from time to time

“Company”	Mongolia Energy Corporation Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“Concert Group”	the GI Subscriber and its concert parties, the CTF Subscriber and its concert parties, including but not limited to Dragon Noble Group Limited, Mr. Lo and his spouse, Dr. Cheng Kar Shun and his spouse
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	the ordinary share(s) of HK\$0.20 each in the issued capital of the Company immediately after the Share Consolidation becoming effective but prior to the Capital Reduction taking effect
“Conversion Price”	the initial conversion price of HK\$1.2 per New Share (subject to adjustment as set out in the New Convertible Notes, from time to time, if any)
“Conversion Right(s)”	the right(s) attaching to the New Convertible Notes to convert the respective principal amounts and any accrued but unpaid interest thereon or any part thereof into the Conversion Share(s)
“Conversion Share(s)”	the New Share(s) to be issued by the Company as a result of the exercise of the Conversion Rights attaching to the New Convertible Notes
“CTF Completion Date”	the third Business Day after fulfillment of the conditions precedent set out in the CTF Subscription Agreement or such other date as may be agreed between the parties to the CTF Subscription Agreement in writing, and in any event no later than the Long Stop Date
“CTF Standstill Agreement”	the standstill agreement dated 21 November 2019 entered into between the Company and the CTF Subscriber in relation to the stay for the repayment of all amounts due and owing under the Existing CTF Note
“CTF Subscriber”	Chow Tai Fook Nominee Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of which is Chow Tai Fook (Holding) Limited
“CTF Subscription”	the subscription of the New CTF Convertible Note by the CTF Subscriber pursuant to the CTF Subscription Agreement

“CTF Subscription Agreement”	the conditional subscription agreement dated 28 November 2019 entered into between the Company and the CTF Subscriber pursuant to which the Company has agreed to issue, and the CTF Subscriber has agreed to subscribe for, the New CTF Convertible Note
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Existing CTF Note”	3% convertible note due 21 November 2019 issued by the Company to the CTF Subscriber which conversion rights attached thereto were extinguished on 20 November 2019 and the outstanding principal amount of which is HK\$2,424,821,918 as at the date of this announcement
“Existing GI Note”	3% convertible note due 21 November 2019 issued by the Company to the GI Subscriber which conversion rights attached thereto were extinguished on 20 November 2019 and the outstanding principal amount of which is HK\$542,315,254 as at the date of this announcement
“Existing Share(s)”	the ordinary share(s) of HK\$0.02 each in the share capital of the Company
“GI Completion Date”	the third Business Day after fulfillment of the conditions precedent set out in the GI Subscription Agreement or such other date as may be agreed between the parties to the GI Subscription Agreement in writing, and in any event no later than the Long Stop Date
“GI Standstill Agreement”	the standstill agreement dated 21 November 2019 entered into between the Company and the GI Subscriber in relation to the stay for the repayment of all amounts due and owing under the Existing GI Note
“GI Subscriber”	Golden Infinity Co., Ltd., a company incorporated in the BVI with limited liability and wholly-owned by Mr. Lo
“GI Subscription”	the subscription of the New GI Convertible Note by the GI Subscriber pursuant to the GI Subscription Agreement

“GI Subscription Agreement”	the conditional subscription agreement dated 28 November 2019 entered into between the Company and the GI Subscriber pursuant to which the Company has agreed to issue, and the GI Subscriber has agreed to subscribe for, the New GI Convertible Note
“Group”	the Company and its subsidiaries
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Tsui Hing Chuen, William <i>JP</i> , Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank, established for the purpose of advising the independent Shareholders in relation to the Subscriptions
“Independent Shareholders”	Shareholders other than members of the Concert Group and their respective associates, and those who are interested in the Subscriptions
“Last Trading Day”	27 November 2019, being the last full trading day prior to the date of publication of this announcement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	21 May 2020 or such other date as the Company, the GI Subscriber and the CTF Subscriber may agree in writing
“Mr. Lo”	Mr. Lo Lin Shing, Simon, an executive Director and the chairman of the Company
“New Convertible Notes”	collectively, the New GI Convertible Note and the New CTF Convertible Note, and the “New Convertible Note” means either of them
“New CTF Conversion Shares”	the Conversion Shares to be issued by the Company upon exercise of the Conversion Rights attaching to the New CTF Convertible Note

“New CTF Convertible Note”	the 3% convertible note to be subscribed by the CTF Subscriber under the CTF Subscription Agreement
“New GI Conversion Shares”	the Conversion Shares to be issued by the Company upon exercise of the Conversion Rights attaching to the New GI Convertible Note
“New GI Convertible Note”	the 3% convertible note to be subscribed by the GI Subscriber under the GI Subscription Agreement
“New Share(s)”	the ordinary share(s) of HK\$0.02 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, inter alia, the Capital Reorganisation, the Subscription Agreements and the respective transactions contemplated thereunder
“Share(s)”	the Existing Share(s), the Consolidated Share(s) or the New Share(s) as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued Existing Shares of HK\$0.02 each into one (1) Consolidated Share of HK\$0.20 in the issued share capital of the Company
“Share Premium Reduction”	the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company immediately after the Capital Reduction becoming effective
“Shareholder(s)”	holder(s) of the issued Share(s)
“Standstill Agreements”	collectively, the GI Standstill Agreement and the CTF Standstill Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	collectively, the GI Subscription Agreement and the CTF Subscription Agreement
“Subscriptions”	collectively, the GI Subscription and the CTF Subscription

“Takeovers Code”

the Hong Kong Code on Takeovers and Mergers

“%”

per cent.

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

Hong Kong, 28 November, 2019

As at the date of this announcement, the Board comprises seven Directors, of which Mr. Lo Lin Shing, Simon, Ms. Yvette Ong and Mr. Lo, Rex Cze Kei are executive Directors, Mr. To Hin Tsun, Gerald is a non-executive Director, and Mr. Tsui Hing Chuen, William JP, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank are independent non-executive Directors.