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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

COMPLETION OF THE SUBSCRIPTIONS OF THE NEW CONVERTIBLE NOTES AND SETTLEMENT OF THE EXISTING NOTES

The Board is pleased to announce that as all the conditions precedent under the Subscription Agreements have been fulfilled, completion of the Subscriptions has taken place on 6 March 2020.

Upon issue of the New Convertible Notes, all outstanding principal amounts and accrued interest of the Existing GI Note and the Existing CTF Note were settled.

References are made to the announcement of Mongolia Energy Corporation Limited (the “**Company**”) dated 28 November 2019 and the circular of the Company dated 7 January 2020 (the “**Circular**”) in relation to, among others, the Subscriptions. Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as those defined in the Circular.

COMPLETION OF THE SUBSCRIPTIONS

The Board is pleased to announce that as all the conditions precedent under the Subscription Agreements have been fulfilled, completion of the Subscriptions has taken place on 6 March 2020.

As at 6 March 2020, the total outstanding amounts (being the principal amount and the accrued interest) of the Existing GI Note and the Existing CTF Note were HK\$628,387,371 and HK\$2,809,671,052, respectively. On completion of the Subscriptions, the New GI Convertible Note and the New CTF Convertible Note were issued at the principal amounts of HK\$628,387,371 and HK\$2,809,671,052, respectively. Accordingly, all outstanding principal amounts and accrued interest under the Existing GI Note and the Existing CTF Note were settled.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, save for (i) the New Convertible Notes and (ii) the share options entitling the holders thereof to subscribe for an aggregate of 18,600,000 Shares (the “**Outstanding Share Options**”), there are no other outstanding options, warrants, derivatives, or other securities which carry rights to subscribe for or to be converted into Shares.

The table below illustrates the shareholding structures of the Company as at the date of this announcement and under the following scenarios (assuming that 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: for illustration purpose only, immediately upon full conversion of the principal amount of the New GI Convertible Note of HK\$628,387,371 and the accrued interest thereon of HK\$94,258,105.65 (calculated from the date of issue of the New GI Convertible Note until its maturity) at the initial Conversion Price of HK\$1.20 per Share only;
- Scenario II: for illustration purpose only, immediately upon full conversion of the principal amount of the New CTF Convertible Note of HK\$2,809,671,052 and the accrued interest thereon of HK\$421,450,657.80 (calculated from the date of issue of the New CTF Convertible Note until its maturity) at the initial Conversion Price of HK\$1.20 per Share only;
- Scenario III: for illustration purpose only, occurrence of scenarios I and II above only;
- Scenario IV: for illustration purpose only, occurrence of scenarios I and II above, and upon exercise of all Outstanding Share Options.

| | As at the date of this announcement | | Scenario I | | Scenario II | | Scenario III | | Scenario IV | |
|--|--|------------------|---------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % | Number of Shares | Approximate % | Number of Shares | Approximate % | Number of Shares | Approximate % |
| | | | (Notes 4 & 5) | (Notes 4 & 5) | (Notes 4 & 5) | (Notes 4 & 5) | (Notes 4 & 5) | (Notes 4 & 5) | (Notes 4 & 5) | (Notes 4 & 5) |
| The Concert Group | | | | | | | | | | |
| GI Subscriber and its concert parties ^(Note 1) | 30,319,707 | 16.1 | 632,524,270 | 80.0 | 30,319,707 | 1.1 | 632,524,270 | 18.1 | 637,524,270 | 18.2 |
| CTF Subscriber and its concert parties | 5,500,000 | 2.9 | 5,500,000 | 0.7 | 2,698,101,424 | 93.7 | 2,698,101,424 | 77.5 | 2,698,101,424 | 77.1 |
| Dragon Noble Group Limited and its concert parties ^(Note 2) | 9,866,750 | 5.3 | 9,866,750 | 1.3 | 9,866,750 | 0.3 | 9,866,750 | 0.3 | 9,866,750 | 0.3 |
| Subtotal | 45,686,457 | 24.3 | 647,891,020 | 82.0 | 2,738,287,881 | 95.1 | 3,340,492,444 | 95.9 | 3,345,492,444 | 95.6 |
| Other directors of the Group ^(Note 3) | 182,080 | 0.1 | 182,080 | 0.0 | 182,080 | 0.0 | 182,080 | 0.0 | 5,382,080 | 0.1 |
| Other public Shareholders | 142,257,312 | 75.6 | 142,257,312 | 18.0 | 142,257,312 | 4.9 | 142,257,312 | 4.1 | 150,657,312 | 4.3 |
| Total | 188,125,849 | 100.0 | 790,330,412 | 100.0 | 2,880,727,273 | 100.0 | 3,482,931,836 | 100.0 | 3,501,531,836 | 100.0 |

Notes:

1. Among the 30,319,707 Shares, 124,000 Shares represent interest of Mr. Lo on an individual basis; while 30,151,957 Shares represent interest of the GI Subscriber. The balance of 43,750 Shares represent interest of Ms. Ku Ming Mei, Rouisa, the spouse of Mr. Lo.
2. Dragon Noble Group Limited is a company wholly and beneficially owned by Dr. Cheng Kar Shun.
3. 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.
4. 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.

5. 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.

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

Hong Kong, 6 March 2020

As at the date of this announcement, the Board comprises eight Directors, of which Mr. Lo Lin Shing, Simon, Ms. Yvette Ong, Mr. Lo, Rex Cze Kei and Mr. Lo, Chris Cze Wai 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.