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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

- (1) CAPITAL REORGANISATION;
(2) CHANGE IN BOARD LOT SIZE;
(3) CONNECTED TRANSACTION
IN RELATION TO
SUBSCRIPTION OF THE 2014 GI CONVERTIBLE NOTE;
(4) SUBSCRIPTIONS OF THE 2014 CTF CONVERTIBLE NOTE
AND THE 2014 SF CONVERTIBLE NOTES;
(5) APPLICATION FOR WHITEWASH WAIVER
IN RELATION TO
THE 2014 GI CONVERTIBLE NOTE AND
THE 2014 CTF CONVERTIBLE NOTE;
(6) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER;
AND
(7) RESUMPTION OF TRADING**

CAPITAL REORGANISATION

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

- (i) the Share Consolidation whereby every four (4) issued Existing Shares of par value of HK\$0.02 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.08 each;
- (ii) the Capital Reduction whereby the par value of each issued Consolidated Share will be reduced from HK\$0.08 to HK\$0.02 by cancelling the paid-up capital to the extent of HK\$0.06 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 29 October 2014.

CHANGE IN BOARD LOT SIZE

The Shares are currently traded in board lots of 1,000 Existing Shares each. The Board proposes to change the board lot size for trading in the Shares on the Stock Exchange from 1,000 Existing Shares to 3,000 New Shares upon the Capital Reorganisation becoming effective.

THE SUBSCRIPTIONS

THE 2014 GI SUBSCRIPTION

On 19 September 2014, the Company entered into the 2014 GI Subscription Agreement with the GI Subscriber, pursuant to which the GI Subscriber has agreed to subscribe for the 2014 GI Convertible Note.

As the GI Subscriber is a substantial Shareholder and its sole beneficial owner is an executive Director, the 2014 GI Subscription constitutes a connected transaction of the Company and is subject to reporting, announcement and independent Shareholders' approval requirements under the Listing Rules. The 2014 GI Conversion Shares to be allotted and issued pursuant to the 2014 GI Convertible Note are proposed to be issued pursuant to a specific mandate to be granted by the independent Shareholders (Shareholders other than those who are interested in the Subscriptions) 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 2014 GI Conversion Shares.

The subscription price of the 2014 GI Convertible Note will be used by the Company for full settlement of the outstanding principal amount and accrued interest of the Existing 3.5% GI Convertible Note and for early redemption of the outstanding principal amount and accrued interest of the Existing 5% GI Convertible Note on the GI Completion Date.

Redemption of the Existing 5% GI Convertible Note will be made pursuant to its terms and conditions which permit such early redemption without the prior agreement of the GI Subscriber, and therefore, constitutes an exempt share buy-back under the Share Buy-Backs Code.

THE 2014 CTF SUBSCRIPTION

On 19 September 2014, the Company entered into the 2014 CTF Subscription Agreement with the CTF Subscriber, pursuant to which the CTF Subscriber has agreed to subscribe for the 2014 CTF Convertible Note.

The 2014 CTF Conversion Shares to be allotted and issued pursuant to the 2014 CTF Convertible Note are proposed to be issued pursuant to a specific mandate to be granted by the independent Shareholders (Shareholders other than those who are interested in the Subscriptions) 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 2014 CTF Conversion Shares.

The subscription price of the 2014 CTF Convertible Note will be used by the Company for full settlement of the outstanding principal amount and accrued interest of the Existing 3% CTF Convertible Note and for early redemption of the outstanding principal amount and accrued interest of the Existing 5% CTF Convertible Note on the CTF Completion Date.

Redemption of the Existing 5% CTF Convertible Note will be made pursuant to its terms and conditions which permit such early redemption without the prior agreement of the CTF Subscriber, and therefore, constitutes an exempt share buy-back under the Share Buy-Backs Code.

THE 2014 SF SUBSCRIPTION

On 19 September 2014, the Company entered into the 2014 SF Subscription Agreement with the SF Subscribers, pursuant to which the SF Subscribers have agreed to subscribe for the 2014 SF Convertible Notes.

The 2014 SF Conversion Shares to be allotted and issued pursuant to the 2014 SF Convertible Notes are proposed to be issued pursuant to a specific mandate to be granted by the independent Shareholders (Shareholders other than those who are interested in the Subscriptions) 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 2014 SF Conversion Shares.

The subscription price of the 2014 SF Convertible Notes will be used by the Company for full settlement of the aggregate outstanding principal amount and accrued interest of the Existing SF Convertible Notes on the SF Completion Date.

Completion of the 2014 GI Subscription, the 2014 CTF Subscription and the 2014 SF Subscription will take place simultaneously.

APPLICATION FOR WHITEWASH WAIVER

Completion of the 2014 GI Subscription Agreement and the 2014 CTF Subscription Agreement is conditional upon, among other things, the Whitewash Waiver being approved by the independent Shareholders and granted by the Executive. As at the date of this announcement, the Concert Group holds in aggregate approximately 27.12% of the total voting rights of the Company. Upon full conversion of the aggregate amount of the 2014 GI Convertible Note and the 2014 CTF Convertible Note (based on the maximum respective principal amounts thereof to be issued and the accrued interest thereon) at the initial Conversion Price, it is expected that the aggregate voting rights of the Company held by the Concert Group will increase to approximately 77.21%, assuming no other change to the share capital and shareholding structure of the Company.

Under Rule 26 of the Takeovers Code, the acquisition of voting rights under such circumstances will trigger a mandatory general offer by the GI Subscriber and/or the CTF Subscriber for all the securities of the Company other than those already owned (or agreed to be acquired) by the Concert Group, unless an appropriate waiver is obtained.

An application will be made by the GI Subscriber and the CTF Subscriber to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be made subject to the approval of the independent Shareholders on a vote taken by way of a poll. Members of the Concert Group and their respective associates and those Shareholders who are involved in or interested in the Subscriptions or the Whitewash Waiver will abstain from voting on the proposed resolution to approve the Whitewash Waiver at the SGM.

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. Peter Pun, Mr. Tsui Hing Chuen, William and Mr. Lau Wai Piu, as to whether the Subscriptions and the Whitewash Waiver 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 pursuant to Rule 2.1 of the Takeovers Code. The non-executive Director, Mr. To Hin Tsun, Gerald, is not included in the Independent Board Committee as Mr. To is currently an executive director of International Entertainment Corporation (stock code: 1009) and a non-executive director of NWS Holdings Limited (stock code: 659) (both of which are controlled by Dato' Dr. Cheng Yu Tung and family, and Dato' Dr. Cheng Yu Tung is the ultimate beneficial owner of the CTF Subscriber).

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 4 September 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 22 September 2014.

GENERAL

A circular containing, among other things (i) details of the Capital Reorganisation; (ii) details of the Subscriptions, the 2014 Convertible Notes and the Whitewash Waiver; (iii) recommendations from the Independent Board Committee in respect of the Subscriptions and the Whitewash Waiver, respectively; (iv) the advice from the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the Subscriptions and the Whitewash Waiver, respectively; and (v) the notice of the SGM, is expected to be despatched to the Shareholders on or around 10 October 2014.

Shareholders and the potential investors should note that the Capital Reorganisation and completion of the Subscription Agreements are conditional upon satisfaction of the respective conditions as set out in this announcement and therefore, the Capital Reorganisation or 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.

The announcement is made by the Company pursuant to provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

CAPITAL REORGANISATION

On 19 September 2014, the Board proposes to put forward to the Shareholders the Capital Reorganisation which will comprise:

- (i) the Share Consolidation whereby every four (4) issued Existing Shares of par value of HK\$0.02 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.08 each;
- (ii) the Capital Reduction whereby the par value of each issued Consolidated Share will be reduced from HK\$0.08 to HK\$0.02 by cancelling the paid-up capital to the extent of HK\$0.06 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 6,756,547,828 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 there is no fractional share arising from the Share Consolidation, the issued share capital of the Company will be HK\$135,130,956.56 divided into 1,689,136,957 Consolidated Shares of par value of HK\$0.08 each.

Upon the Capital Reduction becoming effective, the par value of all the Consolidated Shares shall be reduced from HK\$0.08 each to HK\$0.02 each and the issued share capital of the Company shall accordingly be reduced to the extent of HK\$0.06 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. The authorised share capital of the Company will remain unchanged upon the Capital Reduction becoming effective, but the issued share capital will be reduced to HK\$33,782,739.14 divided into 1,689,136,957 New Shares of par value of HK\$0.02 each.

The credit of approximately HK\$101,348,217.42 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 asset value 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 Share Consolidation becoming effective	Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.02 per Existing Share	HK\$0.08 per Consolidated 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 3,750,000,000 Consolidated 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\$135,130,956.56 divided into 6,756,547,828 Existing Shares	HK\$135,130,956.56 divided into 1,689,136,957 Consolidated Shares (Note)	HK\$33,782,739.14 divided into 1,689,136,957 New Shares (Note)
Unissued share capital	HK\$164,869,043.44 divided into 8,243,452,172 Existing Shares	HK\$164,869,043.44 divided into 2,060,863,043 Consolidated Shares (Note)	HK\$266,217,260.86 divided into 13,310,863,043 New Shares (Note)

Note: Assuming that there is no fractional Share arising 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; and (iii) 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 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 schemes of the Company and upon exercise of the conversion rights attaching to the outstanding convertible notes of the Company;
- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules 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 schemes of the Company and upon exercise of the conversion rights attaching to the outstanding convertible notes 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 Wednesday, 29 October 2014 to Thursday, 4 December 2014 submit share certificates of the Existing Shares to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, Level 22, 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 4:00 p.m. on Tuesday, 2 December 2014 (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 blue colour in order to distinguish them from the existing green 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 and the Change in Board Lot Size (as detailed below), 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, the Change in Board Lot Size, the Subscriptions and the Whitewash Waiver.

Adjustment in relation to other securities of the Company

As at the date of this announcement, the Company has 86,800,000 outstanding share options, the Existing 5% CTF Convertible Note and the Existing 5% GI Convertible Note. The Existing 5% CTF Convertible Note and the Existing 5% GI Convertible Note will be fully redeemed subject to the satisfaction of the conditions as set out in this announcement below. 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.

CHANGE IN BOARD LOT SIZE

The Existing Shares are currently traded in board lots of 1,000. The Board proposes to change the board lot size for trading on the Stock Exchange from 1,000 Existing Shares to 3,000 New Shares upon the Capital Reorganisation becoming effective.

Based on the closing price of the Existing Share of HK\$0.227 as at the Last Trading Day and the existing board lot size of 1,000 Existing Shares, the prevailing board lot value is HK\$227 (equivalent to HK\$908 upon the Capital Reorganisation becoming effective). On the basis of the aforesaid closing price and the new board lot size of 3,000 New Shares, the new board lot value would be HK\$2,724. The Change in Board Lot Size is expected to result in New Shares being traded in a more reasonable board lot size and value.

EXPECTED TIMETABLE FOR THE CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

2014
(Hong Kong time)

Despatch of circular with notice and proxy form of the SGM Friday, 10 October

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 Thursday, 23 October

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 from Friday, 24 October to Tuesday, 28 October (both days inclusive)

Latest time for lodging the proxy form of the SGM 11:00 a.m. on Sunday, 26 October

Expected date and time of the SGM 11:00 a.m. on Tuesday, 28 October

Announcement of the results of the SGM Tuesday, 28 October

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 Wednesday, 29 October

First day for free exchange of existing share certificates for new share certificates Wednesday, 29 October

Commencement of dealings in New Shares 9:00 a.m. on Wednesday, 29 October

Original counter for trading in Existing Shares in board lots of 1,000 Existing Shares (in the form of existing share certificates) temporarily closes . . . 9:00 a.m. on Wednesday, 29 October

Temporary counter for trading in New Shares in board lots of 250 New Shares (in the form of existing share certificates) opens 9:00 a.m. on Wednesday, 29 October

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 Wednesday, 12 November

Parallel trading in New Shares (in the form of new share certificates and existing share certificates) commences 9:00 a.m. on Wednesday, 12 November

Designated broker starts to provide matching services for odd lots of New Shares Wednesday, 12 November

Temporary counter for trading in New Shares
in board lots of 250 New Shares (in the form
of existing share certificates) closes 4:00 p.m. on Tuesday, 2 December

Parallel trading in New Shares (in the form of
new share certificates and existing share
certificates) ends 4:00 p.m. on Tuesday, 2 December

Designated broker ceases to provide matching services
for odd lots of New Shares 4:00 p.m. on Tuesday, 2 December

Last day for free exchange of existing share
certificates for new share certificates Thursday, 4 December

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

THE SUBSCRIPTIONS

Reference is made to the announcements of the Company dated 6 September 2013, 29 October 2013, 12 November 2013, 18 November 2013, 12 May 2014, 14 May 2014, 16 June 2014, 12 August 2014 and 12 September 2014 in relation to, among other things, (i) the expiry of the Existing 3.5% GI Convertible Note and the agreement to a moratorium on repayment of the outstanding principal and interest thereunder to 19 September 2014 by the GI Subscriber; (ii) the expiry of the Existing SF Convertible Notes and the agreement to a moratorium on repayment of the aggregate outstanding principal and interest thereunder to 19 September 2014 by the SF Subscribers; and (iii) the expiry of the Existing 3% CTF Convertible Note and the agreement to a moratorium on repayment of the outstanding principal and interest thereunder to 19 September 2014 by the CTF Subscriber.

On 19 September 2014, the Company entered into (i) the 2014 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 2014 GI Convertible Note; (ii) the 2014 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 2014 CTF Convertible Note; and (iii) the 2014 SF Subscription Agreement with the SF Subscribers pursuant to which the Company conditionally agreed to issue and the SF Subscribers conditionally agreed to subscribe for the 2014 SF Convertible Notes. The principal terms of each of the Subscription Agreements are set out below.

2014 GI Subscription Agreement

Date: 19 September 2014

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 1,212,788,301 Existing Shares, representing approximately 17.95% 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 2014 GI Convertible Note at the subscription price which will be used for full settlement of the outstanding principal amount and accrued interest of the Existing 3.5% GI Convertible Note due and owing by the Company to the GI Subscriber on the GI Completion Date and for early redemption of the outstanding principal amount and accrued interest of the Existing 5% GI Convertible Note on the GI Completion Date. The GI Subscriber has, subject to the terms and conditions of the 2014 GI Subscription Agreement, agreed to extend the date of repayment of the aggregate outstanding amount owing under the Existing 3.5% GI Convertible Note to the GI Completion Date. Furthermore, redemption of the Existing 5% GI Convertible Note will be made pursuant to its terms and conditions which permit such early redemption without the prior agreement of the GI Subscriber, and therefore, constitutes an exempt share buy-back under the Share Buy-Backs Code. The GI Subscriber agrees not to exercise the conversion right under the Existing 5% GI Convertible Note until the GI Completion Date. The aggregate outstanding amount under the Existing 3.5% GI Convertible Note and the Existing 5% GI Convertible Note was HK\$538,770,637 as at the date of the 2014 GI Subscription Agreement and will be HK\$542,886,966 as at the Long Stop Date.

Conditions precedent

Completion of the 2014 GI Subscription Agreement is conditional upon, among others:

- (a) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the 2014 GI Conversion Shares issuable under the 2014 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 2014 GI Subscription and the issue of the 2014 GI Convertible Note and the 2014 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, the Takeovers Code and the laws of Bermuda applicable to the transactions contemplated under the 2014 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 and the Takeovers Code) approving the transactions contemplated under the 2014 GI Subscription Agreement, the 2014 CTF Subscription, the 2014 SF Subscription (including but not limited to the issue of the 2014 GI Convertible Note, the 2014 CTF Convertible Note and the 2014 SF Convertible Notes and the allotment and issue of new Shares upon exercise of the Conversion Rights) and the Whitewash Waiver;
- (e) up to the GI Completion Date, there shall not have occurred any change (nor any development or event involving a prospective change), which is materially adverse to the financial condition or results of operations of the Company and the Group taken as a whole;

- (f) the granting of the Whitewash Waiver by the Executive and all conditions (if any) attached thereto having been fulfilled; and
- (g) the 2014 CTF Subscription Agreement and the 2014 SF Subscription Agreement having become unconditional in all respects except for the condition therein relating to the 2014 GI Subscription Agreement having become unconditional.

The GI Subscriber may waive fulfilment of the whole or any part of the conditions precedent set out in the 2014 GI Subscription Agreement (except conditions (a), (b), (c), (d) and (f) above).

Completion

Completion of the 2014 GI Subscription shall take place simultaneously with the completion of the 2014 CTF Subscription and the 2014 SF Subscription and on the GI Completion Date.

Rescission

If any of the following events occurs at any time prior to completion of the 2014 GI Convertible Note, the GI Subscriber may, by giving a written notice to the Company, rescind the 2014 GI Subscription Agreement if:

- (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 in the reasonable opinion of the GI Subscriber materially and adversely affect the business or the financial position of the Group as a whole; or
- (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 2014 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, in the reasonable opinion of the GI Subscriber, materially and adversely affect the business or the financial position of the Group as a whole;
- (c) in the reasonable opinion of the GI Subscriber, there shall have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc and/or the Stock Exchange; (ii) 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 announcement for no more than five consecutive trading days); (iii) a general moratorium on commercial banking activities in New York, London or Hong Kong declared by the relevant authorities, or a material disruption in commercial banking or securities settlement or clearance services in the United States, the United Kingdom or Hong Kong; (iv) a change or development involving a prospective material change in taxation in Bermuda or Hong Kong affecting the Company, the Shares, the 2014 GI Convertible Note or the transfer thereof; (v) the outbreak or escalation of hostilities involving the United States, the United Kingdom or Hong Kong or the declaration by the United States, the United Kingdom or Hong Kong of a national emergency or war; or (vi) 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 and warranties given by the Company under the 2014 GI Subscription Agreement or any failure by the Company to perform any of the agreements set forth in the 2014 GI Subscription Agreement or any change which would render such representations and warranties given by the Company inaccurate if they were to be repeated immediately thereafter comes to the notice of the GI Subscriber and not waived by the GI Subscriber; or
- (e) in connection with the 2014 GI Subscription, any of the conditions precedent set out in the 2014 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 2014 GI Subscription Agreement shall cease and determine and no party to the 2014 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 2014 GI Subscription Agreement.

2014 CTF Subscription Agreement

Date: 19 September 2014

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

The CTF Subscriber is an investment holding company wholly and beneficially owned by Dato' Dr. Cheng Yu Tung. 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 619,670,000 Existing Shares, representing approximately 9.17 % 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 2014 CTF Convertible Note at the subscription price which will be used for full settlement of the outstanding principal amount and accrued interest of the Existing 3% CTF Convertible Note due and owing by the Company to the CTF Subscriber on the CTF Completion Date and for early redemption of the outstanding principal amount and accrued interest of the Existing 5% CTF Convertible Note on the CTF Completion Date. The CTF Subscriber has, subject to the terms and conditions of the 2014 CTF Subscription Agreement, agreed to extend the date of repayment of the aggregate outstanding amount owing under the Existing 3% CTF Convertible Note to the CTF Completion Date. Furthermore, redemption of the Existing 5% CTF Convertible Note will be made pursuant to its terms and conditions which permit such early redemption without the prior agreement of the CTF Subscriber, and therefore, constitutes an exempt share buy-back under the Share Buy-Backs Code. The CTF Subscriber agrees not to exercise the conversion right under the Existing 5% CTF Convertible Note until the CTF Completion Date. The aggregate outstanding amount under the Existing 3% CTF Convertible Note and the Existing 5% CTF Convertible Note was HK\$2,413,095,890 as at the date of the 2014 CTF Subscription Agreement and will be HK\$2,426,904,109 as at the Long Stop Date.

Conditions precedent

Completion of the 2014 CTF Subscription Agreement is conditional upon, among others:

- (a) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the 2014 CTF Conversion Shares issuable under the 2014 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 2014 CTF Subscription and the issue of the 2014 CTF Convertible Note and the 2014 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, the Takeovers Code and the laws of Bermuda applicable to the transactions contemplated under the 2014 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 and the Takeovers Code) approving the transactions contemplated under the 2014 CTF Subscription Agreement, the 2014 GI Subscription, the 2014 SF Subscription (including but not limited to the issue of the 2014 CTF Convertible Note, the 2014 GI Convertible Note and the 2014 SF Convertible Notes and the allotment and issue of new Shares upon exercise of the Conversion Rights) and the Whitewash Waiver;
- (e) up to the CTF Completion Date, there shall not have occurred any change (nor any development or event involving a prospective change), which is materially adverse to the financial condition or results of operations of the Company and the Group taken as a whole;
- (f) the granting of the Whitewash Waiver by the Executive and all conditions (if any) attached thereto having been fulfilled; and
- (g) the 2014 GI Subscription Agreement and the 2014 SF Subscription Agreement having become unconditional in all respects except for the condition therein relating to the 2014 CTF Subscription Agreement having become unconditional.

The CTF Subscriber may waive fulfilment of the whole or any part of the conditions precedent set out in the 2014 CTF Subscription Agreement (except conditions (a), (b), (c), (d) and (f) above).

Completion

Completion of the 2014 CTF Subscription shall take place simultaneously with the completion of the 2014 GI Subscription and the 2014 SF Subscription and on the CTF Completion Date.

Rescission

If any of the following events occurs at any time prior to completion of the 2014 CTF Convertible Note, the CTF Subscriber may, by giving a written notice to the Company, rescind the 2014 CTF Subscription Agreement if:

- (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 in the reasonable opinion of the CTF Subscriber 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 2014 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, in the reasonable opinion of the CTF Subscriber, materially and adversely affect the business or the financial position of the Group as a whole;
- (c) in the reasonable opinion of the CTF Subscriber, there shall have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc and/or the Stock Exchange; (ii) 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 announcement for no more than five consecutive trading days); (iii) a general moratorium on commercial banking activities in New York, London or Hong Kong declared by the relevant authorities, or a material disruption in commercial banking or securities settlement or clearance services in the United States, the United Kingdom or Hong Kong; (iv) a change or development involving a prospective material change in taxation in Bermuda or Hong Kong affecting the Company, the Shares, the 2014 CTF Convertible Note or the transfer thereof; (v) the outbreak or escalation of hostilities involving the United States, the United Kingdom or Hong Kong or the declaration by the United States, the United Kingdom or Hong Kong of a national emergency or war; or (vi) 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 and warranties given by the Company under the 2014 CTF Subscription Agreement or any failure by the Company to perform any of the agreements set forth in the 2014 CTF Subscription Agreement or any change which would render such representations and warranties given by the Company inaccurate if they were to be repeated immediately thereafter comes to the notice of the CTF Subscriber and not waived by the CTF Subscriber; or
- (e) in connection with the 2014 CTF Subscription, any of the conditions precedent set out in the 2014 CTF Subscription Agreement has not been satisfied or waived by the CTF Subscriber by the Long Stop Date.

Upon the giving of such notice by the CTF Subscriber, all obligations of the Company and the CTF Subscriber under the 2014 CTF Subscription Agreement shall cease and determine and no party to the 2014 CTF Subscription Agreement shall have any claim against the other in respect of any matter or thing arising out of or in connection with the 2014 CTF Subscription Agreement.

2014 SF Subscription Agreement

Date: 19 September 2014

Parties: The Company, as issuer
The SF Subscribers, as subscribers

The SF Subscribers are investment funds incorporated in Ireland in 2006 and are managed by OZ Management LP, an operating entity of Och-Ziff Capital Management Group LLC. Och-Ziff Capital Management Group LLC is a leading global alternative asset management firm with approximately US\$46.1 billion of assets under management as of 1 September 2014.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the SF Subscribers and their ultimate beneficial owners are third parties independent of the Group and its connected persons.

Subject

The Company conditionally agreed to issue and the SF Subscribers conditionally agreed to subscribe for the 2014 SF Convertible Notes at the subscription price which will be used for full settlement of all outstanding principal amount and accrued interest of the Existing SF Convertible Notes due and owing by the Company to the SF Subscribers on the SF Completion Date. The SF Subscribers have, subject to the terms and conditions of the 2014 SF Subscription Agreement, agreed to extend the date of repayment of the aggregate outstanding amount owing under the Existing SF Convertible Notes to the SF Completion Date. The aggregate outstanding amount under the Existing SF Convertible Notes was HK\$497,103,633 as at the date of the 2014 SF Subscription Agreement and will be HK\$500,326,472 as at the Long Stop Date.

The respective principal amounts of the 2014 SF Convertible Notes to be subscribed by the SF Subscribers will be the respective aggregate outstanding amounts (including the outstanding principal amount and the accrued interest thereon up to the SF Completion Date) owing by the Company to the SF Subscribers under the Existing SF Convertible Notes.

The SF Subscribers	Aggregate outstanding amounts under the Existing SF Convertible Notes	
	As at the date of the 2014 SF Subscription Agreement (HK\$)	As at the Long Stop Date (HK\$)
Sculptor Finance (MD) Ireland Limited	331,021,181	333,167,269
Sculptor Finance (AS) Ireland Limited	151,467,520	152,449,519
Sculptor Finance (SI) Ireland Limited	14,614,932	14,709,684

Conditions precedent

Completion of the 2014 SF Subscription Agreement is conditional upon, among others:

- (a) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the 2014 SF Conversion Shares issuable under the 2014 SF Convertible Notes 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 2014 SF Subscription and the issue of the 2014 SF Convertible Notes and the 2014 SF 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 transactions contemplated under the 2014 SF 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 and the Takeovers Code) approving the transactions contemplated under the 2014 SF Subscription Agreement, the 2014 CTF Subscription and the 2014 GI Subscription (including but not limited to the issue of the 2014 SF Convertible Notes, the 2014 GI Convertible Note and the 2014 CTF Convertible Note and the allotment and issue of new Shares upon exercise of the Conversion Rights);
- (e) up to the SF Completion Date, there shall not have occurred any change (nor any development or event involving a prospective change), which is materially adverse to the financial condition or results of operations of the Company and the Group taken as a whole; and
- (f) the 2014 GI Subscription Agreement and the 2014 CTF Subscription Agreement having become unconditional in all respects except for the condition therein relating to the 2014 SF Subscription Agreement having become unconditional.

The SF Majority Subscribers may waive fulfilment of the whole or any part of the conditions precedent set out in the 2014 SF Subscription Agreement (except conditions (a), (b), (c) and (d) above).

Completion

Completion of the 2014 SF Subscription shall take place simultaneously with the completion of the 2014 GI Subscription and the 2014 CTF Subscription and on the SF Completion Date.

Rescission

If any of the following events occurs at any time prior to completion of the 2014 SF Convertible Notes, the SF Majority Subscribers may, by giving a written notice to the Company, rescind the 2014 SF 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 in the reasonable opinion of the SF Majority Subscribers 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 2014 SF 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, in the reasonable opinion of the SF Majority Subscribers, materially and adversely affect the business or the financial position of the Group as a whole;
- (c) in the reasonable opinion of the SF Majority Subscribers, there shall have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc and/or the Stock Exchange; (ii) 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 announcement for no more than five consecutive trading days); (iii) a general moratorium on commercial banking activities in New York, London or Hong Kong declared by the relevant authorities, or a material disruption in commercial banking or securities settlement or clearance services in the United States, the United Kingdom or Hong Kong; (iv) a change or development involving a prospective material change in taxation in Bermuda or Hong Kong affecting the Company, the Shares, the 2014 SF Convertible Notes or the transfer thereof; (v) the outbreak or escalation of hostilities involving the United States, the United Kingdom or Hong Kong or the declaration by the United States, the United Kingdom or Hong Kong of a national emergency or war; or (vi) 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 and warranties given by the Company under the 2014 SF Subscription Agreement or any failure by the Company to perform any of the agreements set forth in the 2014 SF Subscription Agreement or any change which would render such representations and warranties given by the Company inaccurate if they were to be repeated immediately thereafter comes to the notice of any of the SF Subscribers and not waived by the SF Majority Subscribers; or
- (e) in connection with the 2014 SF Subscription, any of the conditions precedent set out in the 2014 SF Subscription Agreement has not been satisfied or waived by the SF Majority Subscribers by the Long Stop Date.

Upon the giving of such notice by the SF Subscribers, all obligations of the Company and the SF Subscribers under the 2014 SF Subscription Agreement shall cease and determine and no party to the 2014 SF Subscription Agreement shall have any claim against the other in respect of any matter or thing arising out of or in connection with the 2014 SF Subscription Agreement.

PRINCIPAL TERMS OF THE 2014 CONVERTIBLE NOTES

Principal amount	<p>2014 GI Convertible Note: equivalent to the aggregate outstanding amount (including the principal amount and any outstanding accrued interest up to the GI Completion Date) owing by the Company to the GI Subscriber under the Existing 3.5% GI Convertible Note and the Existing 5% GI Convertible Note, which is expected to be not more than HK\$542,886,966 (being the aggregate outstanding amount calculated up to the Long Stop Date)</p> <p>2014 CTF Convertible Note: equivalent to the aggregate outstanding amount (including the principal amount and any outstanding accrued interest up to the CTF Completion Date) owing by the Company to the CTF Subscriber under the Existing 3% CTF Convertible Note and the Existing 5% CTF Convertible Note, which is expected to be not more than HK\$2,426,904,109 (being the aggregate outstanding amount calculated up to the Long Stop Date)</p> <p>2014 SF Convertible Notes: equivalent to the aggregate outstanding amount (including the principal amount and any outstanding accrued interest up to the SF Completion Date) owing by the Company to the SF Subscribers under the Existing SF Convertible Notes, which is expected to be not more than HK\$500,326,472 (being the aggregate outstanding amount calculated up to the Long Stop Date)</p>
Maturity	<p>The fifth anniversary of the date of issue of the 2014 Convertible Notes (or such later date as consented by the holders of the 2014 Convertible Notes (in the case of the 2014 SF Convertible Notes, such consent has to be given by holders of the 2014 SF Convertible Notes holding at least 50.1% of the then outstanding principal amount of the 2014 SF Convertible Notes))</p>
Interest rate	<p>3% per annum on the principal amount from time to time outstanding, and, unless previously redeemed (not applicable to the 2014 SF Convertible Notes), repaid or converted into Shares, payable in arrears on the maturity date of the 2014 Convertible Notes (as the case may be)</p>
Denomination for conversion	<p>With a minimum aggregate amount of HK\$1,000,000 and HK\$1,000 integral multiples thereof (save that if at any time the aggregate outstanding amount held by a holder of the 2014 Convertible Note is less than HK\$1,000,000, the whole (but not part only) of such aggregate outstanding amount may be converted)</p>

Conversion rights	A holder of the 2014 Convertible Note shall have the right to convert all or any part (comprising the outstanding principal amount and any accrued but unpaid interest thereon and in the denomination as stated above) of the 2014 Convertible Note into Conversion Shares at the Conversion Price (subject to adjustments) on any Business Day from the date of issue of the 2014 Convertible Note and up to the Business Day immediately prior to the maturity date of the 2014 Convertible Note.
Conversion price	Initially, HK\$0.230 per Conversion 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 2014 Convertible Notes are the same.
Transferability	Freely transferrable, in whole or in part (in authorised denomination of HK\$1,000 or its multiples) of the outstanding principal amount, to any person, subject to the terms of the 2014 Convertible Notes (as the case may be), the Listing Rules and all applicable laws and regulations
Listing	<p>No application will be made for the listing of the 2014 Convertible Notes on the Stock Exchange or any other stock exchange.</p> <p>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.</p>
Ranking	<p>Obligations of the Company under the 2014 Convertible Notes are unsecured.</p> <p>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.</p>
Voting	A holder of the 2014 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 2014 Convertible Note.
Redemption and repurchase	<p>The Company shall redeem at 100% of the outstanding principal amounts of the 2014 Convertible Notes (as the case may be) on the maturity date.</p> <p>The Company or any of its subsidiaries may at any time and from time to time repurchase the 2014 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 2014 Convertible Note(s) (as the case may be). The 2014 Convertible Note(s) or any part thereof so purchased shall forthwith be cancelled by the Company.</p> <p>2014 GI Convertible Note and 2014 CTF Convertible Note: The Company may, at any time after the issue date of the 2014 GI Convertible Note or the 2014 CTF Convertible Note (as the case may be) on giving not less than ten (10) Business Days' prior written notice to the holder of the 2014 GI Convertible Note or the 2014 CTF Convertible Note (as the case may be), redeem the whole or any part (in denomination of HK\$1,000) of the outstanding principal amount of the 2014 GI Convertible Note or the 2014 CTF Convertible Note (as the case may be) together with all interest accrued thereon.</p>

Status	The obligations of the Company arising under the 2014 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	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 2014 Convertible Notes are all the same.
Provision only applicable to the holders of the 2014 SF Convertible Notes	Upon receipt of any irrevocable conversion notice by the Company from any of the holders of the 2014 GI Convertible Note and the 2014 CTF Convertible Note, the Company shall forthwith give written notice to the holders of the 2014 SF Convertible Notes of such receipt (the “Receipt Notice”) who shall be entitled to issue a conversion notice to the Company within seven (7) Business Days following delivery of the Receipt Notice. The Company shall, subject to the compliance with the Public Float Requirement as stated above, issue Conversion Shares to the holders of the 2014 SF Convertible Notes in accordance with the conversion notice in priority to the issue of the Conversion Shares pursuant to the conversion notice served by such holder of the 2014 GI Convertible Note or the 2014 CTF Convertible Note. The right of holders of the 2014 SF Convertible Notes shall be waived or deemed to have been waived if the Company does not receive the conversion notice from the holder(s) of the 2014 SF Convertible Notes within the said seven (7) Business Days following delivery of the Receipt Notice. The holders of the 2014 GI Convertible Note and the 2014 CTF Convertible Note agree and acknowledge such arrangement.

Events of default

Any holder of the 2014 Convertible Notes (in the case of the 2014 SF Convertible Notes, holder(s) of the 2014 SF Convertible Notes holding or together holding at least 50.1% of the then outstanding principal amount of the 2014 SF Convertible Notes) may give notice in writing that the relevant 2014 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) ceasing permanently or suspension 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) of trading of the Shares on the Stock Exchange; (2) change of control of the Company; (3) failure of the Company to pay under the 2014 Convertible Notes and is not remedied for 7 Business Days after written notice from such holder of the 2014 Convertible Note has been given; (4) 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 any ceasing of business and other insolvency related events; (5) inability of the Company or 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; (6) any consent, license, approval or authorisation for the execution, delivery, performance, legality, validity, enforceability or admissibility in evidence of the relevant 2014 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; (7) it being impossible or unlawful in Hong Kong to pay the relevant 2014 Convertible Note; (8) failure to deliver any Shares under the relevant 2014 Convertible Note; (9) failure to perform or comply with any obligations under the relevant 2014 Convertible Note (other than the event of default of (3) or (8) 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 2014 Convertible Note; (10) 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; (11) undischarged levied executions and the like for 60 days; (12) any mortgage, charge, pledge, lien or encumbrance 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; and (13) failure of the Company to perform or comply with its obligations under the relevant Subscription Agreement or breach by the Company of certain representations and warranties given by it in the relevant Subscription Agreement. The holder(s) of the 2014 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 2014 Convertible Notes remains outstanding, the Group will not 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, 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 2014 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 (such approval not to be unreasonably withheld or delayed) by the holders of the 2014 Convertible Notes (in the case of the 2014 SF Convertible Notes, such approval has to be given by holder(s) of the 2014 SF Convertible Notes holding at least 50.1% of the then outstanding principal amount of the 2014 SF Convertible Notes). The negative pledge provision under the 2014 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 2014 Convertible Notes or insert any additional provisions which are, in the opinion of any holder of the other 2014 Convertible Notes (in the case of the 2014 SF Convertible Notes, holders holding 50.1% of the then outstanding principal amount of the 2014 SF Convertible Notes) on terms and conditions more favourable to that holder of the 2014 Convertible Note unless at the same time: (a) the Company offers to amend the other 2014 Convertible Notes the effect of which is to give the benefit of such more favourable terms and conditions to the holders of the other 2014 Convertible Notes; and (b) to the extent that the holders of the other 2014 Convertible Notes accept such offer.

Upon full conversion of the principal amount of the 2014 GI Convertible Note of HK\$542,886,966 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing 3.5% GI Convertible Note and the Existing 5% GI Convertible Note calculated up to the Long Stop Date) and the accrued interest thereon of HK\$81,433,045 (calculated from the date of issue of the 2014 GI Convertible Note until its maturity) at the initial Conversion Price, a total of maximum 678,608,707 New Shares will be issued, representing approximately 40.17% of the total existing issued share capital of the Company (after adjustment for the Share Consolidation), approximately 28.66% of the Company's total issued share capital as enlarged by the issue of the 2014 GI Conversion Shares and approximately 11.26% of the Company's total issued share capital as enlarged by the issue of the 2014 GI Conversion Shares, the 2014 CTF Conversion Shares and the 2014 SF Conversion Shares.

Upon full conversion of the principal amount of the 2014 CTF Convertible Note of HK\$2,426,904,109 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing 3% CTF Convertible Note and the Existing 5% CTF Convertible Note calculated up to the Long Stop Date) and the accrued interest thereon of HK\$364,035,617 (calculated from the date of issue of the 2014 CTF Convertible Note until its maturity) at the initial Conversion Price, a total of maximum 3,033,630,136 New Shares will be issued, representing approximately 179.60% of the total existing issued share capital of the Company (after adjustment for the Share Consolidation), approximately 64.23% of the Company's total issued share capital as enlarged by the issue of

the 2014 CTF Conversion Shares and approximately 50.34% of the Company's total issued share capital as enlarged by the issue of the 2014 GI Conversion Shares, the 2014 CTF Conversion Shares and the 2014 SF Conversion Shares.

Upon full conversion of the aggregate principal amount of the 2014 SF Convertible Notes of HK\$500,326,472 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing SF Convertible Notes calculated up to the Long Stop Date) and the accrued interest thereon of HK\$75,048,971 (calculated from the date of issue of the 2014 SF Convertible Notes until their maturity) at the initial Conversion Price, a total of maximum 625,408,090 New Shares will be issued, representing approximately 37.03% of the total existing issued share capital of the Company (after adjustment for the Share Consolidation), approximately 27.02% of the Company's total issued share capital as enlarged by the issue of the 2014 SF Conversion Shares and approximately 10.38% of the Company's total issued share capital as enlarged by the issue of the 2014 GI Conversion Shares, the 2014 CTF Conversion Shares and the 2014 SF Conversion Shares.

Conversion Price

The initial Conversion Price, being HK\$0.230 per Existing Share (for illustration purpose, approximately HK\$0.920 per New Share), represents:

- (i) a premium of approximately 1.3% over the adjusted closing price of HK\$0.908 per New Share (based on the closing price of HK\$0.227 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (ii) a premium of approximately 1.8% over the adjusted average closing price of approximately HK\$0.904 per New Share (based on the average closing price of approximately HK\$0.226 per Existing Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation);
- (iii) a discount of approximately 1.3% to the adjusted average closing price of approximately HK\$0.932 per New Share (based on the average closing price of HK\$0.233 per Existing Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation); and
- (iv) a discount of approximately 57.2% to the adjusted audited consolidated net assets value of approximately HK\$2.148 per New Share (based on the audited consolidated net assets value of approximately HK\$0.537 per Existing Share (calculated from the audited consolidated net assets value of Company attributable to the Shareholders of approximately HK\$3,628.0 million as at 31 March 2014 and 6,756,547,828 Existing Shares in issue as at the date of this announcement) 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, the CTF Subscriber and the SF Subscribers after taking into account the prevailing market price of the Existing Shares, the Capital Reorganisation, the operation and financial performance of the Group and the current market conditions.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is principally engaged in energy and related resources business and is currently focusing on the development of its coking coal mining project in Khushuut, Khovd Province, Western Mongolia.

Upon expiry of the Existing 3.5% GI Convertible Note, the Existing 3% CTF Convertible Note and the Existing SF Convertible Notes, the Company has exercised its best endeavor to engage in negotiations with the Subscribers for the refinancing arrangement and finally reached a mutually acceptable debt restructuring plan by entering into the Subscription Agreements with the Subscribers.

The subscription price of the 2014 GI Convertible Note will be used by the Company for full settlement of the outstanding principal amount and accrued interest of the Existing 3.5% GI Convertible Note and for early redemption of the outstanding principal amount and accrued interest of the Existing 5% GI Convertible Note on the GI Completion Date. The subscription price of the 2014 CTF Convertible Note will be used by the Company for full settlement of the outstanding principal amount and accrued interest of the Existing 3% CTF Convertible Note and for early redemption of the outstanding principal amount and accrued interest of the Existing 5% CTF Convertible Note on the CTF Completion Date. The subscription price of the 2014 SF Convertible Notes will be used by the Company for full settlement of the aggregate outstanding principal amount and accrued interest of the Existing SF Convertible Notes on the SF Completion Date. The estimated costs of approximately HK\$2.6 million relating to the issue of the 2014 Convertible Notes will be satisfied by the internal resources of the Group.

After taking into account that: (i) the full settlement of the outstanding principal amounts and accrued interest of the Existing 3.5% GI Convertible Note, the Existing 3% CTF Convertible Note and the Existing SF Convertible Notes with the issue of the 2014 Convertible Notes will not exert immediate cash outflow burden on the Group; (ii) the early redemption of the Existing 5% GI Convertible Note and the Existing 5% CTF Convertible Note with the issue of the 2014 GI Convertible Note and the 2014 CTF Convertible Note bearing interest at 3% per annum will reduce the Group's payable interests; (iii) the Subscriptions will secure the continuing financial support from the Subscribers to the Group's business development and operation; (iv) the prevailing market prices and trading volume of the Shares and/or the current financial 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 prices of the Shares would be required after the Company's enquiry of certain brokerage houses with no favourable responses; and (v) the issue of the 2014 Convertible Notes will not lead to immediate dilution on the shareholding interests of the existing Shareholders, the executive Directors consider that the issue of the 2014 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 and the Whitewash Waiver) 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, other than the Existing 5% GI Convertible Note and the Existing 5% CTF Convertible Note, the Company also has share options granted under its share option schemes entitling the holders thereof to subscribe for an aggregate of 86,800,000 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, upon the Capital Reorganisation becoming effective and under the following scenarios (assuming that the Capital Reorganisation has become effective and 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 full conversion of the principal amount of the 2014 GI Convertible Note of HK\$542,886,966 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing 3.5% GI Convertible Note and the Existing 5% GI Convertible Note calculated up to the Long Stop Date) and the accrued interest thereon of HK\$81,433,045 (calculated from the date of issue of the 2014 GI Convertible Note until its maturity) at the initial Conversion Price only;
- Scenario II: immediately upon full conversion of the principal amount of the 2014 CTF Convertible Note of HK\$2,426,904,109 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing 3% CTF Convertible Note and the Existing 5% CTF Convertible Note calculated up to the Long Stop Date) and the accrued interest thereon of HK\$364,035,617 (calculated from the date of issue of the 2014 CTF Convertible Note until its maturity) at the initial Conversion Price only;
- Scenario III: immediately upon full conversion of the aggregate principal amount of the 2014 SF Convertible Notes of HK\$500,326,472 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing SF Convertible Notes calculated up to the Long Stop Date) and the accrued interest thereon of HK\$75,048,971 (calculated from the date of issue of the 2014 SF Convertible Notes until their maturity) at the initial Conversion Price only;
- Scenario IV: for illustration purpose only, occurrence of scenarios I and II above only;
- Scenario V: for illustration purpose only, occurrence of scenarios I, II and III above; and
- Scenario VI: for illustration purpose only, occurrence of scenarios I, II and III above, and exercise of all Outstanding Share Options (assuming the relevant share options will be adjusted as a result of the Capital Reorganisation to entitle the holders thereof to subscribe for an aggregate of 21,700,000 New Shares).

	As at the date of this announcement		Upon Capital Reorganisation becoming effective	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Concert Group				
GI Subscriber and its concert parties	1,212,788,301 (Note 1)	17.95	303,197,075	17.95
CTF Subscriber and its concert parties	225,000,000	3.33	56,250,000	3.33
Dragon Noble Group Limited and its concert parties (Note 2)	<u>394,670,000</u>	<u>5.84</u>	<u>98,667,500</u>	<u>5.84</u>
Subtotal	1,832,458,301	27.12	458,114,575	27.12
SF Subscribers	—	—	—	—
Other directors of the Group (Note 3)	7,283,200	0.11	1,820,800	0.11
Other public Shareholders	<u>4,916,806,327</u>	<u>72.77</u>	<u>1,229,201,582</u>	<u>72.77</u>
Total	<u>6,756,547,828</u>	<u>100.00</u>	<u>1,689,136,957</u>	<u>100.00</u>

	Scenario I		Scenario II		Upon Capital Reorganisation becoming effective and				Scenario V		Scenario VI	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
The Concert Group												
GI Subscriber and its concert parties	981,805,782	41.47	303,197,075	6.42	303,197,075	13.10	981,805,782	18.18	981,805,782	16.29	988,555,782	16.34
CTF Subscriber and its concert parties	56,250,000	2.38	3,089,880,136	65.42	56,250,000	2.43	3,089,880,136	57.20	3,089,880,136	51.27	3,089,880,136	51.09
Dragon Noble Group Limited and its concert parties (Note 2)	<u>98,667,500</u>	<u>4.16</u>	<u>98,667,500</u>	<u>2.09</u>	<u>98,667,500</u>	<u>4.26</u>	<u>98,667,500</u>	<u>1.83</u>	<u>98,667,500</u>	<u>1.64</u>	<u>98,667,500</u>	<u>1.63</u>
Subtotal	1,136,723,282	48.01	3,491,744,711	73.93	458,114,575	19.79	4,170,353,418	77.21	4,170,353,418	69.20	4,177,103,418	69.06
SF Subscribers	—	—	—	—	625,408,090	27.02	—	—	625,408,090	10.37	625,408,090	10.34
Other directors of the Group (Note 3)	1,820,800	0.08	1,820,800	0.04	1,820,800	0.08	1,820,800	0.03	1,820,800	0.03	5,320,800	0.09
Other public Shareholders	<u>1,229,201,582</u>	<u>51.91</u>	<u>1,229,201,582</u>	<u>26.03</u>	<u>1,229,201,582</u>	<u>53.11</u>	<u>1,229,201,582</u>	<u>22.76</u>	<u>1,229,201,582</u>	<u>20.40</u>	<u>1,240,651,582</u>	<u>20.51</u>
Total	<u>2,367,745,664</u>	<u>100.00</u>	<u>4,722,767,093</u>	<u>100.00</u>	<u>2,314,545,047</u>	<u>100.00</u>	<u>5,401,375,800</u>	<u>100.00</u>	<u>6,026,783,890</u>	<u>100.00</u>	<u>6,048,483,890</u>	<u>100.00</u>

Notes:

- Among the 1,212,788,301 Existing Shares, 4,960,000 Existing Shares represent interest of Mr. Lo on an individual basis; while 1,206,078,301 Existing Shares represent interest of the GI Subscriber. The balance of 1,750,000 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, Henry.
- Other directors of the Group include Ms. Yvette Ong, Mr. To Hin Tsun, Gerald, Mr. Tsui Hing Chuen, William, Mr. Lau Wai Piu, Mr. Peter Pun and Mr. Tang Chi Kei.
- Pursuant to the terms of the 2014 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 requirements as prescribed under the Listing Rules from time to time, 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 then public float requirement. Accordingly, scenarios IV, V and VI 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 1,206,078,301 Shares, representing approximately 17.85% 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 2014 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 2014 Convertible Notes are proposed to be issued pursuant to a specific mandate to be granted by the independent Shareholders (Shareholders other than those who are interested in the Subscriptions) by way of poll at the SGM.

Given that each of the Subscription Agreements is conditional to 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, the SF Subscribers and their respective associates will abstain from voting on the proposed resolution 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, not more than 17,350,587,737 Conversion Shares (before the Capital Reorganisation becoming effective) and 4,337,646,933 Conversion Shares (after the Capital Reorganisation becoming effective). Upon completion of the Subscriptions, an announcement regarding the respective principal amounts of the 2014 Convertible Notes and the number of Conversion Shares issuable thereunder will be made by the Company.

WHITEWASH WAIVER

The GI Subscriber, Mr. Lo and his spouse, the CTF Subscriber, Dragon Noble Group Limited, Dato' Dr. Cheng Yu Tung, Dr. Cheng Kar Shun, Henry and his spouse are parties acting in concert with each other in respect of the Company.

As at the date of this announcement, the Concert Group holds an aggregate of 1,832,458,301 Existing Shares, representing approximately 27.12% of the total voting rights of the Company.

Completion of the 2014 GI Subscription Agreement and the 2014 CTF Subscription Agreement is conditional upon, among other things, the Whitewash Waiver being approved by the independent Shareholders and granted by the Executive. Upon full conversion of the aggregate amount of the 2014 GI Convertible Note and the 2014 CTF Convertible Note (based on the maximum respective principal amounts thereof to be issued and the accrued interest thereon) at the initial Conversion Price, it is expected that the aggregate voting rights of the Company held by the Concert Group will increase to approximately 77.21%, assuming no other change to the share capital and shareholding structure of the Company. Under Rule 26

of the Takeovers Code, the acquisition of voting rights under such circumstances will trigger a mandatory general offer by the GI Subscriber and/or the CTF Subscriber for all the securities of the Company other than those already owned (or agreed to be acquired) by the Concert Group, unless an appropriate waiver is obtained. An application will be made by the GI Subscriber and the CTF Subscriber to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be made subject to the approval of the independent Shareholders on a vote taken by way of a poll. Members of the Concert Group and their respective associates and those Shareholders who are involved in or interested in the Subscriptions or the Whitewash Waiver will abstain from voting on the proposed resolution to approve the Whitewash Waiver at the SGM.

If the Whitewash Waiver is not granted by the Executive or not approved by the independent Shareholders, the 2014 GI Subscription Agreement and the 2014 CTF Subscription Agreement will not become unconditional and the Subscriptions will not proceed.

Save as disclosed in the section headed “Shareholding structure of the Company” above, none of the members in the Concert Group owns, controls or directs any Shares, convertible securities, warrants, options or derivatives in respect of the Shares as at the date of this announcement, and there is no outstanding derivative in respect of securities in the Company which has been entered into by any member of the Concert Group as at the date of this announcement.

Save as aforesaid and save for the entering into of the 2014 GI Subscription Agreement and the 2014 CTF Subscription Agreement by the GI Subscriber and the CTF Subscriber, respectively, none of the parties in the Concert Group has dealt in the securities of the Company in the six-month period prior to and including the date of this announcement.

As at the date of this announcement, save for the transactions contemplated under the 2014 GI Subscription Agreement and the 2014 CTF Subscription Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of any member of the Concert Group which might be material to the 2014 GI Subscription, the 2014 CTF Subscription and the Whitewash Waiver.

As at the date of this announcement, none of the members in the Concert Group has received any irrevocable commitment to vote in favour of the 2014 GI Subscription Agreement, the 2014 CTF Subscription Agreement and/or the Whitewash Waiver.

As at the date of this announcement, save for the 2014 GI Subscription Agreement and the 2014 CTF Subscription Agreement, there is no agreement or arrangement to which the GI Subscriber or the CTF Subscriber is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the 2014 GI Subscription or the 2014 CTF Subscription.

None of the members in the Concert Group has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the date of this announcement.

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. Peter Pun, Mr. Tsui Hing Chuen, William and Mr. Lau Wai Piu, as to whether the Subscriptions and the Whitewash Waiver 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 pursuant to Rule 2.1 of the Takeovers Code. The non-executive Director, Mr. To Hin Tsun, Gerald, is not included in the Independent Board Committee as Mr. To is currently an executive director of International Entertainment Corporation (stock code: 1009) and a non-executive director of NWS Holdings Limited (stock code: 659) (both of which are controlled by Dato' Dr. Cheng Yu Tung and family, and Dato' Dr. Cheng Yu Tung is the ultimate beneficial owner of the CTF Subscriber).

GENERAL

The SGM will be convened by the Company at which resolutions will be proposed to seek approval of the Shareholders in respect of (i) the Capital Reorganisation; (ii) the 2014 GI Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the 2014 GI Convertible Note and the issue and allotment of the GI Conversion Shares upon exercise of the Conversion Rights); (iii) the 2014 CTF Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the 2014 CTF Convertible Note and the issue and allotment of the CTF Conversion Shares upon exercise of the Conversion Rights); (iv) the 2014 SF Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the 2014 SF Convertible Notes and the issue and allotment of the SF Conversion Shares upon exercise of the Conversion Rights); and (v) the Whitewash Waiver.

A circular containing, among other things (i) details of the Capital Reorganisation; (ii) details of the Subscriptions, the 2014 Convertible Notes and the Whitewash Waiver; (iii) recommendations from the Independent Board Committee in respect of the Subscriptions and the Whitewash Waiver, respectively; (iv) the advice from the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the Subscriptions and the Whitewash Waiver, respectively; and (v) the notice of the SGM, is expected to be despatched to the Shareholders on or around 10 October 2014.

Shareholders and the potential investors should note that the Capital Reorganisation and completion of the Subscription Agreements are conditional upon satisfaction of the respective conditions as set out in this announcement and therefore, the Capital Reorganisation or 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.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was halted at the request of the Company with effect from 9:00 a.m. on 4 September 2014 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 22 September 2014.

DEFINITIONS

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

“2014 Convertible Notes”	collectively, the 2014 GI Convertible Note, the 2014 CTF Convertible Note and the 2014 SF Convertible Notes and “2014 Convertible Note” shall mean any one of them
“2014 CTF Conversion Shares”	the Conversion Shares to be issued by the Company upon exercise of the Conversion Rights attaching to the 2014 CTF Convertible Note
“2014 CTF Convertible Note”	the 3% convertible note to be subscribed by the CTF Subscriber under the 2014 CTF Subscription Agreement
“2014 CTF Subscription”	the subscription of the 2014 CTF Convertible Note by the CTF Subscriber pursuant to the 2014 CTF Subscription Agreement
“2014 CTF Subscription Agreement”	the conditional subscription agreement dated 19 September 2014 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 2014 CTF Convertible Note
“2014 GI Conversion Shares”	the Conversion Shares to be issued by the Company upon exercise of the Conversion Rights attaching to the 2014 GI Convertible Note
“2014 GI Convertible Note”	the 3% convertible note to be subscribed by the GI Subscriber under the 2014 GI Subscription Agreement
“2014 GI Subscription”	the subscription of the 2014 GI Convertible Note by the GI Subscriber pursuant to the 2014 GI Subscription Agreement
“2014 GI Subscription Agreement”	the conditional subscription agreement dated 19 September 2014 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 2014 GI Convertible Note
“2014 SF Conversion Shares”	the Conversion Shares to be issued by the Company upon exercise of the Conversion Rights attaching to the 2014 SF Convertible Notes
“2014 SF Convertible Notes”	the 3% convertible notes to be subscribed by the SF Subscribers under the 2014 SF Subscription Agreement
“2014 SF Subscription”	the subscription of the 2014 SF Convertible Notes by the SF Subscribers pursuant to the 2014 SF Subscription Agreement
“2014 SF Subscription Agreement”	the conditional subscription agreement dated 19 September 2014 entered into between the Company and the SF Subscribers pursuant to which the Company has agreed to issue, and the SF Subscribers have agreed to subscribe for, the 2014 SF Convertible Notes
“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, New York and Ireland 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\$0.08 each to HK\$0.02 each by cancelling the paid-up capital to the extent of HK\$0.06 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
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 1,000 Existing Shares to 3,000 New Shares
“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 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, Dato’ Dr. Cheng Yu Tung, Dr. Cheng Kar Shun, Henry 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\$0.08 each in the capital of the Company immediately after the Share Consolidation but prior to the Capital Reduction

“Conversion Price”	the initial conversion price of HK\$0.230 per Existing Share (subject to adjustment as set out in the 2014 Convertible Notes, from time to time, if any)
“Conversion Right(s)”	the right(s) attaching to the 2014 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 Share(s) to be issued by the Company as a result of the exercise of the Conversion Rights attaching to the 2014 Convertible Notes
“CTF Completion Date”	the third Business Day after fulfillment of the conditions precedent set out in the 2014 CTF Subscription Agreement or such other date as may be agreed between the parties to the 2014 CTF Subscription Agreement in writing, and in any event no later than the Long Stop Date
“CTF Subscriber”	Chow Tai Fook Nominee Limited, a company incorporated in Hong Kong with limited liability and is wholly and beneficially owned by Dato’ Dr. Cheng Yu Tung
“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 3% CTF Convertible Note”	3% convertible note due 15 June 2014 issued by the Company to the CTF Subscriber, the outstanding principal amount of which is HK\$2,000,000,000 as at the date of this announcement and the conversion right attached thereto has been expired
“Existing 5% CTF Convertible Note”	5% convertible note due 8 January 2016 issued by the Company to the CTF Subscriber, the outstanding principal amount of which is HK\$200,000,000 as at the date of this announcement
“Existing 3.5% GI Convertible Note”	3.5% convertible note due 6 September 2013 issued by the Company to the GI Subscriber, the outstanding principal amount of which is HK\$300,000,000 as at the date of this announcement and the conversion right attached thereto has been expired
“Existing 5% GI Convertible Note”	5% convertible note due 8 January 2016 issued by the Company to the GI Subscriber, the outstanding principal amount of which is HK\$200,000,000 as at the date of this announcement
“Existing SF Convertible Notes”	3.5% convertible notes due 12 November 2013 issued by the Company to the SF Subscribers, the aggregate outstanding principal amount of which is HK\$466,800,000 as at the date of this announcement and the conversion rights attached thereto have been expired
“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 2014 GI Subscription Agreement or such other date as may be agreed between the parties to the 2014 GI Subscription Agreement in writing, and in any event no later than the Long Stop Date
“GI Subscriber”	Golden Infinity Co., Ltd., a company incorporated in the BVI with limited liability and wholly-owned by Mr. Lo
“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. Peter Pun, Mr. Tsui Hing Chuen, William and Mr. Lau Wai Piu, established for the purpose of advising the independent Shareholders in relation to the Subscriptions and the Whitewash Waiver
“Last Trading Day”	3 September 2014, being the last full trading day prior to the halt of trading in the Shares on the Stock Exchange pending the 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”	30 November 2014 or such other date as the Company, the GI Subscriber, the CTF Subscriber and the SF Subscribers may agree in writing
“Mr. Lo”	Mr. Lo Lin Shing, Simon, an executive Director and the chairman of the Company
“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
“SF Completion Date”	the third Business Day after fulfillment of the conditions precedent set out in the 2014 SF Subscription Agreement or such other date as may be agreed between the parties to the 2014 SF Subscription Agreement in writing, and in any event no later than the Long Stop Date
“SF Majority Subscribers”	the SF Subscribers who have agreed to subscribe for 50.1% or more of the principal amount of the 2014 SF Convertible Notes

“SF Subscribers”	Sculptor Finance (MD) Ireland Limited, Sculptor Finance (AS) Ireland Limited and Sculptor Finance (SI) Ireland Limited, the investment funds incorporated in Ireland in 2006 and are managed by OZ Management LP, an operating entity of Och-Ziff Capital Management Group LLC (a leading global alternative asset management firm)
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders and, where applicable, the independent Shareholders to consider and, if thought fit, approve the Capital Reorganisation, the Subscription Agreements and the transactions contemplated thereunder and the Whitewash Waiver
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Share(s), as the case may be
“Share Buy-Backs Code”	the Hong Kong Code on Share Buy-Backs
“Share Consolidation”	the proposed consolidation of every four (4) Existing Shares of HK\$0.02 each into one (1) Consolidated Share of HK\$0.08 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
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	collectively, the 2014 GI Subscription Agreement, the 2014 CTF Subscription Agreement and the 2014 SF Subscription Agreement
“Subscriptions”	collectively, the 2014 GI Subscription, the 2014 CTF Subscription and the 2014 SF Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US\$”	United States dollars, the lawful currency of the United States of America

“Whitewash Waiver” the waiver of the obligation of the GI Subscriber and/or the CTF Subscriber to make a mandatory general offer for all the issued securities of the Company other than those already owned (or agreed to be acquired) by the Concert Group under Rule 26 of the Takeovers Code as a result of the issue of new Shares on conversion of the 2014 GI Convertible Note and/or the 2014 CTF Convertible Note

“%” per cent.

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

Hong Kong, 19 September 2014

As at the date of this announcement, the Board comprises six Directors, of which Mr. Lo Lin Shing, Simon 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.

As at the date of this announcement, Mr. Lo Lin Shing, Simon is the sole director of the GI Subscriber.

As at the date of this announcement, Mr. Cheng Kam Biu Wilson, Dr. Cheng Kar Shun, Henry, Dato' Dr. Cheng Yu Tung and Mr. Cheng Yu Wai are the directors of the CTF Subscriber.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the GI Subscriber and the CTF Subscriber and their respective concert parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The sole director of the GI Subscriber accepts full responsibility for the accuracy of the information contained in this announcement relating to the GI Subscriber and its concert parties and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of the CTF Subscriber jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the CTF Subscriber and its concert parties and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.