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## **MONGOLIA ENERGY CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 276)**

### **ANNOUNCEMENT**

### **IMPAIRMENT LOSS**

Based on the preliminary discussion with the auditor of the Company, a provision for impairment loss in approximately HK\$682.9 million on Khushuut Mining Assets is expected for the financial year ended 31 March 2016.

This announcement is made by Mongolia Energy Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Under the Company’s accounting policies, the Company is required to assess the carrying value of the Group’s mining assets at the end of each financial period/year. If the recoverable amount of the Group’s mining assets as determined by an independent valuer is significantly lower than their carrying value, an impairment loss may incur. In the course of such assessment, various factors and assumptions are taken into account including but not limited to the prevailing coal prices, market sentiments, and our operating conditions. The preliminary valuation results were available recently which have been passed to the Company’s independent auditor for its audit review. The outcome of the valuation can only be finalized with certainty until the auditor has finished its audit works.

Based on careful consideration of the board of directors (the “**Board**”) and the preliminary discussion with the auditor, we expected a provision of impairment loss in approximately HK\$682.9 million will arise from the mining assets assessment under the information currently available. Such information is subject to finalization with the auditor. As the impairment loss amount as preliminary estimated is less than that of last year, we expect the overall loss of the Group this year will be lower in comparison; however, it still has a significant impact on the results for the financial year ended 31 March 2016.

The Board wishes to emphasize that the impairment loss is an accounting related adjustment and a non-cash item which will not have any impact on the cash flow of the Group.

The Company's final results for the financial year ended 31 March 2016 are under review and subject to finalization and confirmation by its auditor as well as approvals of the audit committee of the Company in the Company's Board meeting scheduled on 27 June 2016. The annual results announcement of the Company for the financial year ended 31 March 2016 will be published after the Board meeting.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 21 June 2016

*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 <sup>OBE, JP</sup>, Mr. Tsui Hing Chuen, William <sup>JP</sup>, and Mr. Lau Wai Piu are independent non-executive Directors.*

*# The Company was unable to reach Mr. Peter Pun as he was on sick leave at the date of this announcement.*