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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

ANNOUNCEMENT

ADJUSTMENT TO THE CONVERSION PRICE UNDER THE 2014 CONVERTIBLE NOTES

<p>The Conversion Price under the 2014 Convertible Notes is adjusted from HK\$0.89 to HK\$0.87 per Conversion Share.</p>
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Mongolia Energy Corporation Limited (the “**Company**”) refers to its announcement dated 21 November 2014 in relation to, among others, completion of the subscription of the 2014 Convertible Notes; its announcement dated 6 January 2016 in relation to adjustment to the Conversion Price under the 2014 Convertible Notes; and its announcement dated 17 January 2017 in relation to completion of issue of Shares under General Mandate (the “**Announcements**”). Unless otherwise defined herein, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

Upon completion of issue of a total of 60,000,000 Subscription Shares as announced on 17 January 2017, and pursuant to the terms and conditions of the 2014 Convertible Notes, the Conversion Price of the 2014 Convertible Notes is adjusted from HK\$0.89 to HK\$0.87 per Conversion Share.

As a result, the total number of Shares issuable according to the outstanding principal and interests at the maturity date (i) under the 2014 GI Convertible Note upon full exercise will be 716,853,496 Shares; (ii) under the 2014 CTF Convertible Note upon full exercise will be 3,205,224,374 Shares, and (iii) under the 2014 SF Convertible Notes upon full exercise will be 660,758,274 Shares. As of today, no conversion has been made by any of the respective holders of the 2014 Convertible Notes. Save for the above adjustments, all other terms and conditions of the respective 2014 Convertible Notes remain unchanged.

The Conversion Price adjustments have been reviewed and confirmed by a financial adviser pursuant to the terms and conditions of the 2014 Convertible Notes.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

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

- Scenario I: immediately upon full conversion of the principal amount of the 2014 GI Convertible Note of HK\$542,315,254 and the accrued interest thereon of HK\$81,347,288.10 (calculated from the date of issue of the 2014 GI Convertible Note until its maturity) at the adjusted Conversion Price of HK\$0.87 per Conversion Share only;
- Scenario II: immediately upon full conversion of the principal amount of the 2014 CTF Convertible Note of HK\$2,424,821,918 and the accrued interest thereon of HK\$363,723,287.70 (calculated from the date of issue of the 2014 CTF Convertible Note until its maturity) at the adjusted Conversion Price of HK\$0.87 per Conversion Share only;
- Scenario III: immediately upon full conversion of the aggregate principal amount of the 2014 SF Convertible Notes of HK\$499,878,000 and the accrued interest thereon of HK\$74,981,700.00 (calculated from the date of issue of the 2014 SF Convertible Notes until their maturity) at the adjusted Conversion Price of HK\$0.87 per Conversion Share only; and
- Scenario IV: for illustration purpose only, occurrence of scenarios I, II and III above.

	As at the date of this announcement	
	<i>Number of Shares</i>	<i>Approximate %</i>
GI Subscriber and its associates	303,197,075 <i>(Note 1)</i>	16.12
CTF Subscriber	55,000,000	2.92
SF Subscribers	—	—
Other directors of the Group	1,820,800	0.09
Other public Shareholders	<u>1,521,240,624</u>	<u>80.87</u>
Total	<u>1,881,258,499</u>	<u>100</u>

	Scenario I		Scenario II		Scenario III		Scenario IV	
	No. of Shares	Approx.%	No. of Shares	Approx.%	No. of Shares	Approx.%	No. of Shares	Approx.%
GI Subscriber and its associates	1,020,050,571	39.26	303,197,075	5.96	303,197,075	11.93	1,020,050,571	15.78
CTF Subscriber	55,000,000	2.12	3,260,224,374	64.10	55,000,000	2.16	3,260,224,374	50.44
SF Subscribers	—	—	—	—	660,758,274	25.99	660,758,274	10.22
Other directors of the Group	1,820,800	0.07	1,820,800	0.03	1,820,800	0.07	1,820,800	0.03
Other public Shareholders	<u>1,521,240,624</u>	<u>58.55</u>	<u>1,521,240,624</u>	<u>29.91</u>	<u>1,521,240,624</u>	<u>59.85</u>	<u>1,521,240,624</u>	<u>23.53</u>
Total	<u><u>2,598,111,995</u></u>	<u><u>100</u></u>	<u><u>5,086,482,873</u></u>	<u><u>100</u></u>	<u><u>2,542,016,773</u></u>	<u><u>100</u></u>	<u><u>6,464,094,643</u></u>	<u><u>100</u></u>

Note:

1. Among the 303,197,075 Shares, 1,240,000 Shares represent interest of Mr. Lo Lin Shing, Simon (“**Mr. Lo**”) on an individual basis; while 301,519,575 Shares represent interest of the GI Subscriber. The balance of 437,500 Shares represents interest of Ms. Ku Ming Mei, Rouisa, the spouse of Mr. Lo.

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

Hong Kong, 23 January 2017

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