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## **MONGOLIA ENERGY CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 276)**

### **INSIDE INFORMATION BUSINESS UPDATE**

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 under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s announcement dated 21 August 2023 (the “**Announcement**”). Unless otherwise defined in this announcement, capitalised terms shall have the same meanings as defined in the Announcement.

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Company will make a partial provision for Additional Taxes of approximately HK\$249.6 million (the “**Provision**”) in response to the Tax Audit for financial reporting purpose. The Provision is assessed from the information and analysis currently available by the management of the Company based on the level of risk on each individual tax audit items. Of all the tax items identified, transfer pricing practices is the major item in terms of amount and complication. As the Provision is prudently made only for accounting purposes, it will not affect the Group’s intention to defend against the Additional Taxes. The Provision is subject to further adjustments in the course of future developments of the tax dispute. As at the date of this announcement, the Group has engaged and is in discussion with its legal and tax advisors for preparation of an appeal to the Tax Dispute Resolution Committee of Mongolia (“**TDRC**”). The Group has lodged an appeal against the Additional Tax to the TDRC and hearing date is yet to be known. If the Group does not agree with the decision of the TDRC after the hearing, the Group may make further appeal to the Mongolia court within 30 days from the receipt of the TDRC decision.

The Company is still in the process of finalising the interim results of the Group for the six-month period ended 30 September 2023 (the “**Financial Period**”). Apart from the Provision, the Group’s financial performance and position in the Financial Period would also be negatively affected by the fall in the average coal selling price. The turnover for the Financial Period is expected to drop by around 17% when compared with last corresponding period; hence, it is expected that profit of the Group for the period will also be affected, among other things, by the reasons discussed above. Nevertheless, the finalisation of the financial results for the Financial Period is still subject to additional works, including the determination of fair value of the derivative component of the convertible notes and the estimated recoverable amount of our mine and related assets. The implication of these estimates on the Group’s profitability is yet to be confirmed. Further announcement will be made as and when necessary.

The information in this announcement is a preliminary assessment by the Board based on the information currently available, including the unaudited consolidated management accounts, which have not been reviewed by the independent auditor or the audit committee of the Company and is subject to adjustments or amendments. Detailed financial information and performance of the Group for the Financial Period will be disclosed in its interim results announcement which is expected to be published in late November 2023 in accordance with the Listing Rules.

**Shareholders and potential investors 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, 7 November 2023

*As at the date of this announcement, the board of directors of the Company comprises nine directors, including Mr. Lo Lin Shing, Simon, Ms. Yvette Ong, Mr. Lo, Rex Cze Kei and Mr. Lo, Chris Cze Wai as executive directors, Mr. To Hin Tsun, Gerald and Mr. Lo, James Cze Chung 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.*