THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

>**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Mongolia Energy Corporation Limited (the "**Company**"), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

CONNECTED TRANSACTION
IN RELATION TO SUBSCRIPTION OF
THE 2025 GI CONVERTIBLE NOTE; AND
SUBSCRIPTION OF THE 2025 CTF CONVERTIBLE NOTE
AND
NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders of the Company

SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 6 to 41 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 42 to 43 of this circular. A letter from Somerley Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 44 to 64 of this circular.

A notice convening a special general meeting (the "**SGM**") of the Company to be held at 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong, on Friday, 16 May 2025 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you intend to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

25 April 2025

CONTENTS

In this circular (including the cover page), unless the context otherwise requires, the following expressions shall have the following meanings:

"2025 Convertible Notes"	collectively, the 2025 GI Convertible Note and the 2025 CTF Convertible Note
"2025 CTF Conversion Shares"	the Conversion Shares to be issued by the Company upon exercise of the Conversion Rights attaching to the 2025 CTF Convertible Note
"2025 CTF Convertible Note"	the 3% convertible note to be subscribed by CTF under the 2025 CTF Subscription Agreement
"2025 CTF Subscription"	the subscription of the 2025 CTF Convertible Note by CTF pursuant to the 2025 CTF Subscription Agreement
"2025 CTF Subscription Agreement"	the conditional subscription agreement dated 6 March 2025 entered into between the Company and CTF pursuant to which the Company has agreed to issue, and CTF has agreed to subscribe for, the 2025 CTF Convertible Note
"2025 GI Conversion Shares"	the Conversion Shares to be issued by the Company upon exercise of the Conversion Rights attaching to the 2025 GI Convertible Note
"2025 GI Convertible Note"	the 3% convertible note to be subscribed by Golden Infinity under the 2025 GI Subscription Agreement
"2025 GI Subscription"	the subscription of the 2025 GI Convertible Note by Golden Infinity pursuant to the 2025 GI Subscription Agreement
"2025 GI Subscription Agreement"	the conditional subscription agreement dated 6 March 2025 entered into between the Company and Golden Infinity pursuant to which the Company has agreed to issue, and Golden Infinity has agreed to subscribe for, the 2025 GI Convertible Note
"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"Announcement"	the announcement of the Company dated 6 March 2025 in relation to, among other things, the Subscription Agreements
"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 are generally open for business
"BVI"	the British Virgin Islands
"Company"	Mongolia Energy Corporation Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Stock Exchange
"Concert Group"	Golden Infinity and its concert parties, CTF and its concert parties, including but not limited to Dragon Noble Group Limited, Mr. Lo and his spouse, Dr. Cheng Kar Shun and his spouse
"connected person(s)"	has the same meaning ascribed thereto under the Listing Rules
"Conversion Price"	the initial conversion price of HK$0.65 per Conversion Share (subject to adjustment as set out in the 2025 Convertible Notes, from time to time, if any)
"Conversion Right(s)"	the right(s) attaching to the 2025 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 2025 Convertible Notes
"CTF"	Chow Tai Fook Nominee Limited, a company incorporated in Hong Kong with limited liability. Chow Tai Fook (Holding) Limited holds 99.9% interest in Chow Tai Fook Nominee Limited. 81.03% interest of Chow Tai Fook (Holding) Limited is held by Chow Tai Fook Capital Limited in which it is held as to 48.98% by Cheng Yu Tung Family (Holdings) Limited and as to 46.65% by Cheng Yu Tung Family (Holdings II) Limited.

"CTF Completion Date"	the third Business Day after fulfillment of the conditions precedent set out in the 2025 CTF Subscription Agreement or such other date as the parties to the 2025 CTF Subscription Agreement may agree in writing, and in any event no later than the Long Stop Date
"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 Convertible Notes"	collectively, the Existing GI Convertible Note and the Existing CTF Convertible Note
"Existing CTF Convertible Note"	3% convertible note due 6 March 2025 issued by the Company to CTF, the outstanding principal amount of which was HK$2,809,671,052 as at the Latest Practicable Date
"Existing GI Convertible Note "	3% convertible note due 6 March 2025 issued by the Company to Golden Infinity, the outstanding principal amount of which was HK$628,387,371 as at the Latest Practicable Date
"GI Completion Date"	the third Business Day after fulfillment of the conditions precedent set out in the 2025 GI Subscription Agreement or such other date as the parties to the 2025 GI Subscription Agreement may agree in writing, and in any event no later than the Long Stop Date
"Golden Infinity"	Golden Infinity Co., Ltd., a company incorporated in the BVI with limited liability and wholly-owned by Mr. Lo
"Group"	the Company and its subsidiaries
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	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. Tsui Hing Chuen, William *JP*, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank, established for the purpose of advising the independent Shareholders in relation to the Subscriptions
"Independent Shareholders"	Shareholders other than the Subscribers and their respective associates, and those who are interested in the Subscriptions

"Last Trading Day"	5 March 2025, being the last full trading day prior to the date of publication of the Announcement
"Latest Practicable Date"	17 April 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in the circular
"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 May 2025 or such other date as the Company, Golden Infinity and CTF may agree in writing
"Mr. Lo"	Mr. Lo Lin Shing, Simon, an executive Director and the chairman of the Company
"PRC"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreements and the transactions contemplated thereunder
"Share(s)"	the ordinary share(s) of HK$0.02 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Somerley"	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscribers"	collectively, Golden Infinity and CTF

"Subscription Agreements"	collectively, the 2025 GI Subscription Agreement and the 2025 CTF Subscription Agreement
"Subscriptions"	collectively, the 2025 GI Subscription and the 2025 CTF Subscription
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"%"	per cent.

MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

Executive Directors:
Mr. Lo Lin Shing, Simon *(Chairman)*
Ms. Yvette Ong *(Managing Director)*
Mr. Lo, Rex Cze Kei
Mr. Lo, Chris Cze Wai
Mr. Lo, James Cze Chung

Non-executive Director:
Mr. To Hin Tsun, Gerald

Independent non-executive Directors:
Mr. Tsui Hing Chuen, William *JP*
Mr. Lau Wai Piu
Mr. Lee Kee Wai, Frank

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
17th Floor
118 Connaught Road West
Hong Kong

25 April 2025

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
IN RELATION TO SUBSCRIPTION OF
THE 2025 GI CONVERTIBLE NOTE; AND
SUBSCRIPTION OF THE 2025 CTF CONVERTIBLE NOTE
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Subscriptions.

The purpose of this circular is to provide you with information in respect of, among other things, (i) details of the Subscriptions and the 2025 Convertible Notes; (ii) recommendation from the Independent Board Committee in respect of the Subscriptions; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions; and (iv) the notice of the SGM.

THE SUBSCRIPTIONS

After trading hours on 6 March 2025, the Company entered into (i) the 2025 GI Subscription Agreement with Golden Infinity pursuant to which the Company conditionally agreed to issue and Golden Infinity conditionally agreed to subscribe for the 2025 GI Convertible Note; and (ii) the 2025 CTF Subscription Agreement with CTF pursuant to which the Company conditionally agreed to issue and CTF conditionally agreed to subscribe for the 2025 CTF Convertible Note.

The principal terms of each of the Subscription Agreements are set out below.

2025 GI Subscription Agreement

Date: 6 March 2025

Parties: The Company, as issuer
Golden Infinity, as subscriber

Golden Infinity is an investment holding company, it is wholly and beneficially owned by Mr. Lo and it is a substantial Shareholder. As at the Latest Practicable Date, Golden Infinity and its associates (for the avoidance of doubt, each of CTF, Dragon Noble Group Limited and their respective associates is not an associate (as defined under Chapter 14A of the Listing Rules) of Golden Infinity) held 30,319,707 Shares, representing approximately 16.1% of the existing issued share capital of the Company.

Subject

The Company conditionally agreed to issue and Golden Infinity conditionally agreed to subscribe for the 2025 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 GI Convertible Note due and owing by the Company to Golden Infinity on the GI Completion Date. Save and except for (i) the principal amount, the maturity date (and the corresponding date on which conversion rights under the 2025 GI Convertible Note will expire) and the initial conversion price and (ii) consent of the holder of 2025 CTF Convertible Note is required for transfer of the 2025 GI Convertible Note, the principal terms of the 2025 GI Convertible Note are essentially the same as those of the Existing GI Convertible Note. The outstanding sum under the Existing GI Convertible Note (including principal and interest) was HK$722,645,476.65 as at the date of the 2025 GI Subscription Agreement and will be HK$727,035,580.20 as at the Long

Stop Date. Since the issue of the Existing GI Convertible Note and up to the Latest Practicable Date, no redemption or repayment was made, and no conversion shares was issued under the Existing GI Convertible Note.

The principal amount of 2025 GI Convertible Note to be issued will be determined based on the outstanding principal amount and accrued interest of the Existing GI Convertible Note due and owing by the Company to Golden Infinity on the GI Completion Date.

Conditions precedent

Completion of the 2025 GI Subscription Agreement is conditional upon the following being satisfied or fulfilled on or before the Long Stop Date:-

(a) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in the 2025 GI Conversion Shares to be issued pursuant to the 2025 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 2025 GI Subscription and the issue of the 2025 GI Convertible Note and the 2025 GI Conversion Shares upon exercise of the Conversion Rights thereunder 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 2025 GI Subscription Agreement;

(d) the passing of the requisite respective resolutions by the Board and the Shareholders at a general meeting (other than those persons who are precluded from voting under the Listing Rules) approving, *inter alia*, the respective transactions contemplated under the 2025 GI Subscription Agreement and the 2025 CTF Subscription Agreement (including but not limited to the issue of the 2025 GI Convertible Note and the 2025 CTF Convertible Note and the allotment and issue of new Shares upon exercise of the respective Conversion Rights); and

(e) the 2025 CTF Subscription Agreement having become unconditional in all respects, except for the condition therein relating to the 2025 GI Subscription Agreement having become unconditional.

All conditions above are non-waivable, except that condition (e) above is waivable at the discretion of Golden Infinity. As confirmed by Golden Infinity, as at the Latest Practicable Date, it had no intention of waiving condition (e) above.

As at the Latest Practicable Date, none of the conditions above had been satisfied or waived.

Standstill

Golden Infinity has further agreed that, among other things, (i) the Company is not obliged to make payment or repayment of any outstanding sum and further interest accrued on the principal amount of the Existing GI Convertible Note during the moratorium period which commenced on the date of maturity of the Existing GI Convertible Note (being 6 March 2025) and expires on the earlier of (a) 30 June 2025; (b) the GI Completion Date (or such other date as the Company and Golden Infinity may agree in writing); and (c) the Long Stop Date in the event that the conditions precedent under the 2025 GI Subscription Agreement has not been satisfied or fulfilled in accordance with the 2025 GI Subscription Agreement; (ii) the delay in payment of the outstanding sum under the Existing GI Convertible Note or any part thereof shall not be treated as a default on the part of the Company, and default interest chargeable on the outstanding sum under the Existing GI Convertible Note shall not apply during such moratorium period; (iii) the conversion rights under the Existing GI Convertible Note was extinguished on 5 March 2025 in accordance with the terms of the Existing GI Convertible Note; (iv) the interest on the principal amount of the Existing GI Convertible Note shall continue to accrue at a rate of 3% per annum; and (v) the outstanding sum and further interest accrued on the principal amount of the Existing GI Convertible Note will be fully repaid and set off by the subscription price of the 2025 GI Convertible Note payable by Golden Infinity upon the completion of the 2025 GI Subscription.

Completion

Completion of the 2025 GI Subscription shall take place simultaneously with the completion of the 2025 CTF Subscription on the GI Completion Date, while Golden Infinity shall not be obliged to complete the 2025 GI Subscription unless the 2025 CTF Subscription is completed simultaneously.

The Existing GI Convertible Note and the Existing CTF Convertible Note are two of the major outstanding debts of the Group, and under the financial position of the Group, the Group may not be able to continue as going concern if any of the Existing GI Convertible Note or the Existing CTF Convertible Note cannot be adequately settled. For such reasons and for the benefit of the Company, the completion of the 2025 CTF Subscription and the 2025 GI Subscription are set to be completed simultaneously and Golden Infinity shall not be obliged to complete the 2025 GI Subscription unless the 2025 CTF Subscription is completed simultaneously.

Rescission

If any of the following events occurs at any time prior to the completion of the 2025 GI Subscription Agreement, Golden Infinity may, by giving a written notice to the Company, rescind the 2025 GI 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 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 2025 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 materially and adversely affect the business or the financial position of the Group as a whole;

(c) there shall have occurred any of the following: (i) 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 (1) the Announcement; or (2) any other announcement for no more than ten consecutive trading days); (ii) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities, or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; (iii) a change or development involving a prospective change in taxation in Bermuda or Hong Kong materially and adversely affecting the Company, the Shares, the 2025 GI Convertible Note or the transfer thereof; (iv) the outbreak or escalation of hostilities involving Hong Kong or the declaration by Hong Kong of a national emergency or war; or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls, which would have a material adverse effect;

(d) any breach of the representations, warranties and undertakings given by the Company under the 2025 GI Subscription Agreement or any failure by the Company to perform any of the agreements set forth in the 2025 GI Subscription Agreement where any such breach or failure would have a material adverse effect; or

(e) in connection with the 2025 GI Subscription, any of the conditions precedent set out in the 2025 GI Subscription Agreement has not been satisfied or waived by Golden Infinity by the Long Stop Date.

Upon the giving of such notice by Golden Infinity, all obligations of the Company and Golden Infinity under the 2025 GI Subscription Agreement shall cease and determine and no party to the 2025 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 2025 GI Subscription Agreement.

2025 CTF Subscription Agreement

Date: 6 March 2025

Parties: The Company, as issuer
CTF, as subscriber

CTF is an investment holding company and its controlling shareholder is Chow Tai Fook (Holding) Limited. As at the Latest Practicable Date, CTF and its associates (which includes Dragon Noble Group Limited and its associates, for the avoidance of doubt, each of Golden Infinity and their respective associates is not an associate (as defined under Chapter 14A of the Listing Rules) of CTF)) held 15,366,750 Shares, representing approximately 8.2% of the existing issued share capital of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CTF and its ultimate beneficial owners are not connected with the Company under the meaning of the Listing Rules and are not listed companies.

Subject

The Company conditionally agreed to issue and CTF conditionally agreed to subscribe for the 2025 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 CTF Convertible Note due and owing by the Company to CTF on the CTF Completion Date. Save and except for (i) the principal amount, the maturity date (and the corresponding date on which conversion rights under the 2025 CTF Convertible Note will expire) and the initial conversion price and (ii) consent of the holder of 2025 GI Convertible Note is required for transfer of the 2025 CTF Convertible Note, the principal terms of the 2025 CTF Convertible Note are essentially the same as those of the Existing CTF Convertible Note. The outstanding sum under the Existing CTF Convertible Note (including principal and interest) was HK$3,231,121,709.80 as at the date of the 2025 CTF Subscription Agreement and will be HK$3,250,750,918.52 as at the Long Stop Date. Since the issue of the Existing CTF Convertible Note and up to the Latest Practicable Date, no redemption or repayment was made, and no conversion shares was issued under the Existing CTF Convertible Note.

The principal amount of 2025 CTF Convertible Note to be issued will be determined based on the outstanding principal amount and accrued interest of the Existing CTF Convertible Note due and owing by the Company to CTF on the CTF Completion Date.

Conditions precedent

Completion of the 2025 CTF Subscription Agreement is conditional upon the following being satisfied or fulfilled on or before the Long Stop Date:-

(a) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in the 2025 CTF Conversion Shares to be issued pursuant to the 2025 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 2025 CTF Subscription and the issue of the 2025 CTF Convertible Note and the 2025 CTF Conversion Shares upon exercise of the Conversion Rights thereunder 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 2025 CTF Subscription Agreement;

(d) the passing of the requisite respective resolutions by the Board and the Shareholders at a general meeting (other than those persons who are precluded from voting under the Listing Rules) approving, *inter alia*, the respective transactions contemplated under the 2025 CTF Subscription Agreement and the 2025 GI Subscription Agreement (including but not limited to the issue of the 2025 CTF Convertible Note and the 2025 GI Convertible Note and the allotment and issue of new Shares upon exercise of the respective Conversion Rights); and

(e) the 2025 GI Subscription Agreement having become unconditional in all respects, except for the condition therein relating to the 2025 CTF Subscription Agreement having become unconditional.

All conditions above are non-waivable, except that condition (e) above is waivable at the discretion of CTF. As confirmed by CTF, as at the Latest Practicable Date, it had no intention of waiving condition (e) above.

As at the Latest Practicable Date, none of the conditions above had been satisfied or waived.

Standstill

CTF has further agreed that, among other things, (i) the Company is not obliged to make payment or repayment of any outstanding sum and further interest accrued on the principal amount of the Existing CTF Convertible Note during the moratorium period which commenced on the date of maturity of the Existing CTF Convertible Note (being 6 March 2025) and expires on the earlier of (a) 30 June 2025; (b) the CTF Completion Date (or such other date as the Company and CTF may agree in writing) and (c) the Long Stop Date in the event that the conditions precedent under the 2025 CTF Subscription Agreement has not been satisfied or fulfilled in accordance with the 2025 CTF Subscription Agreement; (ii) the delay in payment of the outstanding sum under the Existing CTF Convertible Note or any part thereof shall not be treated as a default on the part of the Company, and default interest chargeable on the outstanding sum under the Existing CTF Convertible Note shall not apply during such moratorium period; (iii) the conversion rights under the Existing CTF Convertible Note was extinguished on 5 March 2025 in accordance with the terms of the Existing CTF Convertible Note; (iv) the interest on the principal amount of the Existing CTF Convertible Note shall continue to accrue at a rate of 3% per annum; and (v) the outstanding sum and further interest accrued on the principal amount of the Existing CTF Convertible Note will be fully repaid and set off by the subscription price of the 2025 CTF Convertible Note payable by CTF upon the completion of the 2025 CTF Subscription.

Completion

Completion of the 2025 CTF Subscription shall take place simultaneously with the completion of the 2025 GI Subscription on the CTF Completion Date, while CTF shall not be obliged to complete the 2025 CTF Subscription unless the 2025 GI Subscription is completed simultaneously.

The Existing GI Convertible Note and the Existing CTF Convertible Note are two of the major outstanding debts of the Group, and under the financial position of the Group, the Group may not be able to continue as going concern if any of the Existing GI Convertible Note or the Existing CTF Convertible Note cannot be adequately settled. For such reasons and for the benefit of the Company, the completion of the 2025 CTF Subscription and the 2025 GI Subscription are set to be completed simultaneously and CTF shall not be obliged to complete the 2025 CTF Subscription unless the 2025 GI Subscription is completed simultaneously.

Rescission

If any of the following events occurs at any time prior to the completion of the 2025 CTF Subscription Agreement, CTF may, by giving a written notice to the Company, rescind the 2025 CTF 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 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 2025 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 materially and adversely affect the business or the financial position of the Group as a whole;

(c) there shall have occurred any of the following: (i) 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 (1) the Announcement; or (2) any other announcement for no more than ten consecutive trading days); (ii) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities, or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; (iii) a change or development involving a prospective change in taxation in Bermuda or Hong Kong materially and adversely affecting the Company, the Shares, the 2025 CTF Convertible Note or the transfer thereof; (iv) the outbreak or escalation of hostilities involving Hong Kong or the declaration by Hong Kong of a national emergency or war; or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls, which would have a material adverse effect;

(d) any breach of the representations, warranties and undertakings given by the Company under the 2025 CTF Subscription Agreement or any failure by the Company to perform any of the agreements set forth in the 2025 CTF Subscription Agreement where any such breach or failure would have a material adverse effect; or

(e) in connection with the 2025 CTF Subscription, any of the conditions precedent set out in the 2025 CTF Subscription Agreement has not been satisfied or waived by CTF by the Long Stop Date.

Upon the giving of such notice by CTF, all obligations of the Company and CTF under the 2025 CTF Subscription Agreement shall cease and determine and no party to the 2025 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 2025 CTF Subscription Agreement.

Principal terms of the 2025 Convertible Notes

Principal amount	2025 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 Golden Infinity under the Existing GI Convertible Note, which is expected to be not more than HK$727,035,580.20 (being the aggregate outstanding amount calculated up to the Long Stop Date).
	2025 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 CTF under the Existing CTF Convertible Note, which is expected to be not more than HK$3,250,750,918.52 (being the aggregate outstanding amount calculated up to the Long Stop Date).
Maturity	Third anniversary of the date of issue of the 2025 Convertible Notes (or such later date as consented by the respective holders of the 2025 Convertible Notes).	
Interest rate	Interest shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, at the rate of 3% per annum on the principal amount of the 2025 Convertible Notes from time to time outstanding, and, unless previously redeemed, repaid or converted into Shares, payable in arrears on the maturity date of the 2025 Convertible Notes (as the case may be).	
Denomination for conversion	With a minimum aggregate amount of HK$1,000,000 and integral multiples of HK$1,000 save that if at any time the aggregate outstanding amount of the 2025 Convertible Notes held by a holder of the 2025 Convertible Notes is less than HK$1,000,000, the whole (but not part only) of such aggregate outstanding amount may be converted.	

Conversion rights A holder of the 2025 Convertible Notes shall have the right to convert the whole or any part (comprising the outstanding principal amount and any accrued but unpaid interest thereon and in the denomination as stated above) of the 2025 Convertible Notes into Conversion Shares at the Conversion Price (subject to adjustments) on any Business Day from the date of issue of the 2025 Convertible Notes and up to the Business Day immediately prior to the maturity date of the 2025 Convertible Notes.

Conversion price Initially, HK$0.65 per Conversion Share, subject to adjustments.

The Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions:

(a) If and whenever the Shares, by reason of any consolidation, reclassification or sub-division, become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where A = the revised nominal amount
B = the former nominal amount

Each such adjustment shall be effective from the date on which the consolidation, reclassification or sub-division becomes effective.

(b) If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{D}$$

where C = the aggregate nominal amount of the issued Shares immediately before such issue

D = the aggregate nominal amount of the issued Shares immediately after such issue

Each such adjustment shall be effective (if appropriate, retroactively) on the date of such issue of Shares.

(c) In the case of an issue of Shares by way of a scrip dividend (as defined in the terms of the 2025 Convertible Notes) where the aggregate market price on the date of announcement of the terms of the issue of such Shares multiplied by the number of such Shares issued exceeds the amount of the relevant cash dividend (as defined in the terms of the 2025 Convertible Notes) or the relevant part thereof, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where: A is the aggregate number of Shares in issue immediately before such scrip dividend;

B is the aggregate number of Shares which the relevant cash dividend would purchase at such market price; and

C is the aggregate number of Shares to be issued pursuant to such scrip dividend;

or by making such other adjustment as a financial advisor shall certify to the holder of the 2025 Convertible Notes is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares or if the number of such Shares is fixed on announcement and if a record date is fixed therefor, immediately after such record date.

(d) If and whenever the Company shall make any capital distribution (as defined in the terms of the 2025 Convertible Notes) (except where, and to the extent that, the Conversion Price has been adjusted under sub-paragraph (b) above) to the Shareholders (in their capacity as such) (whether on a reduction of capital or otherwise) or shall grant to such Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{E - F}{E}$$

where E = the market price (as defined in the terms of the 2025 Convertible Notes) on the date on which the capital distribution or, as the case may be, the grant is publicly announced or (where no such announcement is required to be made under the Listing Rules) the date immediately preceding the record date of the capital distribution or, as the case may be, of the grant

F = the fair market value (as defined in the terms of the 2025 Convertible Notes) on the day of such announcement or (as the case may require) the date immediately preceding the record date of the capital distribution or, as the case may be, of the grant, as determined in good faith by a financial adviser (as defined in the terms of the 2025 Convertible Notes), of the portion of the capital distribution or of such rights which is attributable to one Share provided that if in the opinion of the relevant financial adviser, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine, and in such event the above formula shall be construed as if F meant the amount of the said market price which should properly be attributed to the value of the capital distribution or rights.

Each such adjustment shall be effective (if appropriate, retroactively) on the date that such capital distribution is made or if a record date is fixed therefor, immediately after such record date.

(e) If and whenever the Company shall, after the date hereof, offer to the Shareholder new Shares for subscription by way of rights, or shall grant to the Shareholders by way of rights any options (other than pursuant to a share option scheme of the Company), warrants or other rights to subscribe for or purchase any Shares at a price which is less than the market price at the date of the announcement of the terms of such offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{G + \frac{H \times I}{J}}{G + H}$$

where G = the number of Shares in issue immediately before the date of such announcement

H = the maximum aggregate number of Shares so offered for subscription or comprised in the options or warrants or other rights to subscribe for new Shares

I = the amount (if any) payable for the rights, options or warrants or other rights to subscribe for each new Share, plus the subscription price payable for each new Share

J = the market price at the date of such announcement

Such adjustment shall become effective (if appropriate, retroactively) on the date of issue of such securities.

(f) If and whenever the Company shall issue securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where: A is the market price of one Share on the date on which such issue or grant is publicly announced; and

B is the fair market value on the date of such announcement of the portion of the rights attributable to one Share as determined in good faith by a financial adviser (as defined in the terms of the 2025 Convertible Notes).

Such adjustment shall become effective on the date of issue of the securities, or issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be on the Stock Exchange.

(g) If and whenever the Company shall issue (otherwise than as mentioned in condition (e) above) wholly for cash any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, or purchase of Shares) or issue or grant (otherwise than as mentioned in condition (e)) wholly for cash any options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares (other than the 2025 Convertible Notes), in each case at a price per Share which is less than 90% of the market price on the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate number of Shares in issue immediately before the issue of such additional Shares or the issue or grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;

B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares or, as the case may be, for the Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such market price per share; and

C is the number of Shares to be issued pursuant to such issue of such Shares or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

(h) (i) If and whenever the Company shall issue wholly for cash any securities which by their terms are (directly or indirectly) convertible into or exchangeable for or carry rights of subscription for new Shares (other than the 2025 Convertible Notes), and the total effective consideration per share (as defined below in this sub-paragraph (h)) initially receivable for such securities is less than 90% of the market price per Share at the date of the announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of Shares in issue immediately before the date of the issue plus the number of Shares which the total effective consideration receivable for the securities issued would purchase at such market price per Share and the denominator is the number of Shares in issue immediately before the date of the issue plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities, at the initial conversion or exchange rate or subscription price. Such adjustment shall become effective (if appropriate, retrospectively) on the date of issue of such securities.

(ii) If and whenever the rights of conversion or exchange or subscription attached to the 2025 Convertible Notes or any such securities as are mentioned in section (i) of this sub-paragraph (h) are modified so that the total effective consideration (as defined below in this sub-paragraph (h)) per Share is less than 90% of the market price per share at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the total effective consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price per share and of which the denominator is the number of Shares in issue immediately before such date of modification plus the number of Shares to be issued upon conversion of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price. Such adjustment shall take effect as at the date upon which such modification takes effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted in accordance with the terms of such securities.

For the purposes of this sub-paragraph (h), the "Total Effective Consideration" receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the total effective consideration per share initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

(i) If and whenever the Company or any of its subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity shall offer any securities in connection with which Shareholders as a class are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under conditions (b) to (h)(i) or would fall to be so adjusted if the relevant issue or grant was at 90% less than the market price per share on the relevant trading day), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the making of such offer by the following fraction:

$$\frac{A - B}{A}$$

where: A is the market price of one share on the date on which the terms of such offer are first publicly announced; and

B is the fair market value on the date of such announcement (less any consideration payable for the same by the Shareholders) of the portion of the relevant offer attributable to one Share as determined in good faith by a financial adviser (as defined in the terms of the 2025 Convertible Notes) on the date of such announcement.

Such adjustment shall become effective on the first date on which the Shares are traded ex-rights on the Stock Exchange.

Without prejudice to the conditions above, if the Company shall at any time or from time to time prior to conversion of the 2025 Convertible Notes issue or sell any Shares or any options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such Shares ("**Equity Securities**") at a price per Share ("**New Issue Price**") that is less than the Conversion Price, then in effect as of the record date or issue date of such Equity Securities, as the case may be (treating the price per Share, in the case of the issuance of any Equity Securities, as equal to (x) the sum of the price for such Equity Securities plus any additional consideration payable (without regard to any anti-dilution adjustments) upon the conversion, exchange or exercise of such Equity Securities divided by (y) the number of Shares initially underlying such Equity Securities, other than issuance of any Shares upon conversion of the 2025 Convertible Notes), the Conversion Price then in effect before the date of announcement of such issue or sale shall be adjusted in accordance with the following formula:

$$NCP = OCP - \left(\frac{A}{B} \times C\right)$$

where:	NCP	means the new Conversion Price
	OCP	means the Conversion Price in effect before the date of announcement of such issue or sale
	A	is the maximum aggregate number of Shares so issued or sold or comprised in the option, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such Shares
	B	is the number of Shares in issue immediately before such issue or sale
	C	means the difference between the OCP and the New Issue Price (provided that such difference shall not be less than zero)

Such adjustment shall be made whenever such Equity Securities are issued, and shall become effective retroactively (x) in the case of an issuance to Shareholders, as such, to a date immediately following the close of business on the record date for the determination of Shareholders entitled to receive such Equity Securities and (y) in all other cases, on the date of such issuance; provided, however, that the determination as to whether an adjustment is required to be made pursuant to this condition shall be made upon the issuance of Equity Securities, and not upon the issuance of any security into which the Equity Securities convert, exchange or may be exercised.

If at any time any Equity Securities or any rights or options to purchase any Equity Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by the Company therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions or discounts paid or allowed by the Company in connection therewith. If Equity Securities or any rights or options to purchase any Equity Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the fair market value of such consideration, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions or discounts paid or allowed by the Company in connection therewith.

The Company undertakes that it will not issue any Equity Securities if and to the extent that such issuance or sale will result in the Company being unable to comply with the adjustment provisions or in breach of the Listing Rules or applicable laws and regulations, and for the avoidance of doubt, a breach of this paragraph shall entitle the holder of the 2025 Convertible Notes to remedies expressly set out in the conditions only.

Transferability	Subject to the consent of the holder of the 2025 CTF Convertible Note (in the case of any transfer in relation to the 2025 GI Convertible Note) or the 2025 GI Convertible Note (in the case of any transfer in relation to the 2025 CTF Convertible Note) being obtained and the terms of the 2025 Convertible Notes (as the case may be), the 2025 Convertible Notes are freely transferrable, in whole or in part (being an authorised denomination) of the outstanding principal amount, to any person, subject to the Listing Rules and all applicable laws and regulations.
Listing	No application will be made for the listing of the 2025 Convertible Notes on the Stock Exchange or any other stock exchange. Application has been 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.
Ranking	Obligations of the Company under the 2025 Convertible Notes are unsecured. 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 of which falls on a date on or after the date of exercise of the Conversion Rights.
Voting	A holder of the 2025 Convertible Notes 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 2025 Convertible Notes.
Redemption and repurchase	The Company shall redeem at 100% of the outstanding principal amounts of the 2025 Convertible Notes (as the case may be) on the third (3rd) anniversary of the issue date of the 2025 Convertible Notes or such later date as consented by the holder of the 2025 Convertible Notes.

The Company or any of its subsidiaries may at any time and from time to time repurchase the 2025 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 2025 Convertible Note(s) (as the case may be). The 2025 Convertible Note(s) or any part thereof so purchased shall forthwith be cancelled by the Company.

The Company may, at any time after the issue date of the 2025 GI Convertible Note or the 2025 CTF Convertible Note (as the case may be) on giving not less than ten (10) Business Days' notice in writing to the holder of the 2025 GI Convertible Note or the 2025 CTF Convertible Note (as the case may be), elect to redeem the whole or any part of the relevant 2025 Convertible Notes (in authorised denominations) then outstanding.

Status

The obligations of the Company arising under the 2025 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

The holders of the 2025 Convertible Notes agree and undertake to the Company that it shall not exercise any of the Conversion Rights to such an extent that results or will result in the holders of the 2025 Convertible Notes (or any of its parties acting in concert with it within the meaning of the Takeovers Code) being obliged to make a mandatory offer for all the Shares under the Takeovers Code unless (i) the mandatory offer obligations under the Takeovers Code have been complied with; or (ii) prior approval or waiver from the Executive, and (where so required) approval of the whitewash waiver by the Shareholders, have been obtained in accordance with the requirements of the Takeovers Code (and where any conditions to which such approval or waiver is subject are duly complied with).

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 2025 Convertible Notes are all the same.

Events of default

Any holder of the 2025 Convertible Notes may give notice in writing that the relevant 2025 Convertible Notes is 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) the listing of the Shares on the main board of the Stock Exchange ceasing permanently or is suspended for a continuous period of 21 Business Days (on each of which the Stock Exchange is generally open for trading) (due to the default of the Company or any of its Directors, officers or employees); (2) change of control of the Company; (3) the Company fails to pay in accordance with the terms of the 2025 Convertible Notes, any sums hereunder when due unless non-payment of such sums is due solely to administrative or technical error and such failure is not remedied for seven Business Days after the holder of the 2025 Convertible Notes has given notice thereof to the Company; (4) an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Company or any of its material subsidiaries (except for a members' voluntary solvent winding up of a material subsidiary), or the Company or any of its material subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the holder of the 2025 Convertible Notes, or (ii) in the case of a material subsidiary, whereby the undertaking and assets of such subsidiary are transferred to or otherwise vested in the Company or another of its subsidiaries; (5) any decree or order is made by any competent court adjudging the Company or any of its material subsidiaries insolvent or bankrupt under the insolvency or bankruptcy laws of any jurisdiction to which it may be subject or any order or application is made for the appointment of any liquidator, receiver, trustee, curator or sequestrator or other similar official of the Company or any of its material subsidiaries in respect of all or substantial part of its or their respective assets and which is not discharged within thirty days (save for the purposes of an amalgamation, merger or reconstruction not involving insolvency); (6) the Company or any of its material subsidiaries is unable to pay its debts as they fall due; stops payment to creditors generally or ceases or threatens to cease to carry on its business or any substantial part thereof; proposes or enters into any composition, arrangement with or any assignment for the benefit of its creditors generally; (7) any consent, licence, approval or authorisation of any governmental agency of any country or state or political subdivision thereof required for or in connection with the execution, delivery, performance, legality, validity, enforceability or admissibility in evidence of the 2025 Convertible Notes is revoked or withheld or materially modified in a manner which, shall materially and adversely affect the ability of the Company to perform its obligations under the 2025 Convertible Notes or otherwise ceases to be in full force and effect; (8) if it is or becomes impossible or unlawful in Hong Kong for the Company to fulfill any of its payment obligations contained in the 2025 Convertible Notes; (9) any failure by the Company to deliver any Shares as and when the Shares are required to be delivered following conversion of the 2025 Convertible Notes; (10) the Company does not perform or comply with any one or more of its other obligations in the 2025 Convertible Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 45 days after written notice of such default shall have been given to the Company by the holder of the 2025 Convertible Notes; (11) (A) any other present or future indebtedness of the Company or any of its material subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual default or event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (C) the Company or any of its material subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events under (A) to (C) mentioned above in this condition have occurred equals or exceeds HK$50,000,000 or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the HK dollar as quoted by any leading bank on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity); (12) a distress, attachment, execution or other legal process is levied or enforced against any material part of the property, assets or revenues of the Company or any of its material subsidiaries and is not discharged or stayed within sixty (60) days; or (13) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Company or any of its material subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and such enforcement is not discharged or stayed within sixty days, provided that notwithstanding the foregoing, if the Company shall fail to issue the Conversion Shares in accordance with the conditions of the 2025 Convertible Notes, the holder of the 2025 Convertible Notes shall be entitled to bring an action against the Company for specific performance.

Negative pledge	So long as any of the 2025 Convertible Notes remains outstanding, the Group will not, and will ensure that none of its subsidiaries will 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, or represented or evidenced by, bonds, notes, debentures, loan stock, bearer participation certificates, 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 2025 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 by the holder of the 2025 Convertible Notes.
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 2025 Convertible Notes or insert any additional provisions which are, in the opinion of any holder of the 2025 Convertible Notes, on terms and conditions more favourable to the 2025 GI Convertible Note or the 2025 CTF Convertible Note (as the case may be) unless at the same time: (a) the Company offers to amend the 2025 GI Convertible Note or the 2025 CTF Convertible Note (as the case may be) the effect of which is to give the benefit of such more favourable terms and conditions to the holders of the 2025 Convertible Notes; and (b) to the extent that the holders of the 2025 Convertible Notes accept such offer.

Upon full conversion of the principal amount of the 2025 GI Convertible Note of HK$727,035,580.20 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing GI Convertible Note calculated up to the Long Stop Date) and the accrued interest thereon of HK$65,433,202.22 (calculated from the date of issue of the 2025 GI Convertible Note until its maturity assuming the date of issuance of the 2025 GI Convertible Note is the Long Stop Date) at the initial Conversion Price, a total of maximum 1,219,182,742 Conversion Shares with aggregate nominal value of HK$24,383,654.84 will be issued, representing approximately 648.1% of the total existing issued share capital of the Company, approximately 86.6% of the Company's total issued share capital as enlarged by the issue of the 2025 GI Conversion Shares and approximately 17.8% of the Company's total issued share capital as enlarged by the issue of the 2025 GI Conversion Shares and the 2025 CTF Conversion Shares assuming full conversion thereof.

Upon full conversion of the principal amount of the 2025 CTF Convertible Note of HK$3,250,750,918.52 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing CTF Convertible Note calculated up to the Long Stop Date) and the accrued interest thereon of HK$292,567,582.67 (calculated from the date of issue of the 2025 CTF Convertible Note until its maturity assuming the date of issuance of the 2025 CTF Convertible Note is the Long Stop Date) at the initial Conversion Price, a total of maximum 5,451,259,232 Conversion Shares with aggregate nominal value of HK$109,025,184.64 will be issued, representing approximately 2,897.7% of the total existing issued share capital of the Company, approximately 96.7% of the Company's total issued share capital as enlarged by the issue of the 2025 CTF Conversion Shares and approximately 79.5% of the Company's total issued share capital as enlarged by the issue of the 2025 GI Conversion Shares and the 2025 CTF Conversion Shares assuming full conversion thereof.

Investors shall note that the conversion of the 2025 Convertible Notes is subject to the conversion restrictions under the 2025 Convertible Notes as set out above. In particular, pursuant to the terms of each of the 2025 Convertible Notes, if the issue of the Conversion Shares pursuant to the exercise of the Conversion Right would result in the Company failing to meet the Public Float Requirement, 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 ("**Maximum Conversion Shares**") under such conversion notice without breaching the Public Float Requirement. In other words, the Company will not issue such amount of Conversion Shares which would lead to a breach the Public Float Requirement. And as the result of the conversion up to the Maximum Conversion Shares, the principal amount shall, after the deduction of the relevant portion representing the conversion of the Maximum Conversion Shares, remain outstanding under the Convertible Notes.

As confirmed by each of the Subscribers, the Subscribers had no intention of exercising the Conversion Rights as at the Latest Practicable Date.

Conversion Price

The initial Conversion Price, being HK$0.65 per Conversion Share, represents:

(i) a premium of 25.0% over the closing price of HK$0.52 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 22.2% over the average closing price of HK$0.532 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

(iii) a premium of approximately 20.6% over the average closing price of HK$0.539 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day; and

(iv) a premium of approximately 32.7% over the closing price of HK$0.490 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Conversion Price was arrived at after arm's length negotiation between the Company, Golden Infinity and CTF after taking into account of (i) the prevailing market price of the Shares; (ii) the financial performance of Group which had been relatively fluctuating in recent years and the Group recorded profit attributable to owners of approximately HK$1.7 billion for the year ended 31 March 2024, but loss attributable to owners of approximately HK$1.6 billion for the year ended 31 March 2023; (iii) the current market condition that, as mentioned in the interim report of the Company for the six months ended 30 September 2024 (the "**2025 Interim Report**"), the coking coal price has been falling continuously since 2023; and (iv) the net current liabilities and net liabilities of the Group as at 30 September 2024 which amounted to approximately HK$4.8 billion and HK$3.1 billion, respectively. Given the financial performance of the Group was fluctuating, the coking coal price showed a downward trend since 2023 and the Group recorded significant net current liabilities and net liabilities positions, the parties did not set the Conversion Price with reference to the financial positions of the Group. Instead, the Conversion Price is set based on the prevailing market price of the Shares and the premium of the initial Conversion Price over the recent closing prices of the Shares represented the support given by the Subscribers to the Company.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is principally engaged in mining, exploration, processing and sale of coal. The principal project of the Group is the Khushuut Coking Coal Project in Western Mongolia.

Although the Group recorded net cash generated from operating activities for the years ended 31 March 2023 and 2024 and the six months ended 30 September 2024 of approximately HK$827.5 million, HK$562.9 million and HK$227.3 million, respectively, the Group still recorded net liabilities of approximately HK$3,121.2 million and net current liabilities of approximately HK$4,751.8 million as at 30 September 2024 according to the 2025 Interim Report. As further stated in the 2025 Interim Report, the Directors' opinion that "the Group will be able to meet its financial obligations as they fall due for the foreseeable future" was mainly based on, among other things, the support from Mr. Lo and the assumption that the Company will exercise its endeavor to reach an agreement with the holders of the convertible notes and loan notes on a debt refinancing plan before the respective maturity dates.

As stated in the annual report of the Company for the year ended 31 March 2024 (the "**2023/24 Annual Report**"), the Group had net liabilities of approximately HK$2,685.3 million and net current liabilities of approximately HK$4,924.3 million as at 31 March 2024, including advances from a Director, convertible notes and a loan note in aggregate of HK$5,251.4 million. The Group's ability to continue as a going concern is dependent on the ongoing availability of finance to the Group, including from a substantial shareholder who is also the Chairman and a director of the Company, and the holders of the convertible notes and loan note. Further, the Company's convertible notes and loan note, with a carrying amount in aggregate of HK$4,244.7 million as at 31 March 2024 have maturity dates due within one year (being March 2025 for the convertible notes and November 2024 for the loan notes). Management plans to negotiate with the existing holders of the convertible notes and loan note in relation to the potential refinancing of these borrowings to allow the Group to continue to meet its financial obligations. If the refinancing from the existing holders of the convertible notes and loan note, and finance from its shareholder were not to be available, the Group would be unable to meet its financial obligations as and when they fall due. The auditors of the Company were unable to assess the likelihood of an agreement being reached, and as such, whether the Group will have sufficient finance available to continue to meet its financial obligations.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. In view of the significance of the extent of the multiple uncertainties relating to the ongoing availability of finance to the Group, the auditors of the Company disclaim its opinion in respect of the year ended 31 March 2024 (the "**Disclaimer Opinion**").

In order to address the Disclaimer Opinion, the Company has been exercising its best endeavor to engage in negotiations with the holders of the Existing Convertible Notes and the holder of the loan note for the refinancing arrangement prior to the expiry of the respective notes. As a result of the negotiations, the Company, Golden Infinity and CTF reached a mutually acceptable debt restructuring plan by entering into the Subscription Agreements, and the Company and the holder of the loan notes has further entered into a standstill agreement for a six-month moratorium up to 30 June 2025. The Company currently expects that the holder of the existing loan notes will subscribe for a new loan note and the proceed of which will be used to repay the principal and interests of the outstanding loan notes before the publication of the annual results of the Group for the year ended 31 March 2025. As a result of the completion of the Subscriptions and taking into account the maturity of the 2025 Convertible Notes, the current liabilities of the Group will be significantly reduced by the carrying value of the Existing Convertible Notes (which amounted to approximately HK$3,740.7 million, representing approximately 52.2% of the current liabilities of the Group as at 30 September 2024), which will in turn reduce the net current liabilities of the Group.

The Company currently expects that, subject to the respective completion of each of the Subscriptions and the subscription of a new loan note by the holder of the existing loan notes before the publication of the annual results of the Group for the year ended 31 March 2025, no disclaimer opinion regarding going concern of the Group will be issued in the independent auditor's report to be contained in the upcoming annual report of the Company for the year ended 31 March 2025.

The subscription money from the Subscriptions will be used by the Company for full settlement of the outstanding principal amount and accrued interest of the Existing GI Convertible Note and Existing CTF Convertible Note on the respective completion dates. Based on the maximum subscription money from the Subscriptions of approximately HK$3,977.8 million (assuming the completion of the 2025 GI Subscription and the 2025 CTF Subscription will both take place on 30 May 2025, being the Long Stop Date), the estimated expenses attributable to the Subscriptions and the initial Conversion Price of HK$0.65 per Conversion Share and assuming that there is no adjustment to the initial Conversion Price, the net price per Conversion Share is approximately HK$0.65.

After taking into account that: (i) the full settlement of the outstanding principal amounts and accrued interest of the Existing Convertible Notes with the issue of the 2025 Convertible Notes will not exert immediate cash outflow burden on the Group; (ii) the 2025 Convertible Notes bear the same interest rate of 3% per annum as compared to the Existing Convertible Notes of 3% per annum; (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 the net current liabilities and net liabilities positions 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 response; (v) the Company has approached its banker for possible debt financing to repay the Existing Convertible Notes while the bank is reluctant to provide additional and sufficient financing for the repayment of outstanding amounts under the Existing Convertible Notes without asset backing (the required amount is considerably larger than the total assets of the Group as at 30 September 2024) and/or interest rates that are higher than the existing borrowing rates of the Company; and (vi) upon conversion of the 2025 Convertible Notes, the financial position of the Group would be improved, the executive Directors consider that, although the exercise of the Conversion Rights would result in dilution to the existing shareholding of the Company, the issue of the 2025 Convertible Notes is an appropriate debt restructuring plan for the Company.

In view of the above, the Board (including the independent non-executive Directors whose views have been set forth in the "Letter from the Independent Board Committee" of this circular) 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 Latest Practicable Date, the Company had share options granted under its share option schemes entitling the holders thereof to subscribe for an aggregate of 16,300,000 Shares (the "**Outstanding Share Options**"). Save as disclosed above, and given the conversion rights under the Existing GI Convertible Note and the Existing CTF Convertible Note were extinguished on 5 March 2025 in accordance with the terms of the Existing GI Convertible Note and Existing CTF Convertible Note, respectively, as at the Latest Practicable Date, there were 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 Latest Practicable Date under the following scenarios (assuming there is no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date up to the occurrence of the relevant events mentioned below):

Scenario I: immediately upon full conversion of the principal amount of the 2025 GI Convertible Note of HK$727,035,580.20 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing GI Convertible Note calculated up to the Long Stop Date) and the interest to be accrued thereon of HK$65,433,202.22 (calculated from the date of issue of the 2025 GI Convertible Note until its maturity assuming the date of issuance of the 2025 GI Convertible Note is the Long Stop Date) at the initial Conversion Price only;

Scenario II: immediately upon full conversion of the principal amount of the 2025 CTF Convertible Note of HK$3,250,750,918.52 (being the maximum amount equivalent to the aggregate outstanding amount of the principal and accrued interest thereon under the Existing CTF Convertible Note calculated up to the Long Stop Date) and the interest to be accrued thereon of HK$292,567,582.67 (calculated from the date of issue of the 2025 CTF Convertible Note until its maturity assuming the date of issuance of the 2025 CTF Convertible Note is the Long Stop Date) at the initial Conversion Price only;

Scenario III: for illustration purpose only, occurrence of scenarios I and II above; and

Scenario IV: for illustration purpose only, occurrence of scenarios I and II above, and exercise of all Outstanding Share Options.

	As at the Latest Practicable Date		Scenario I		Scenario II		Scenario III		Scenario IV	
	Number of Shares	*Approximate %*	*Number of Shares (Notes 5 & 6)*	*Approximate %*	*Number of Shares (Notes 5 & 6)*	*Approximate %*	*Number of Shares (Notes 5 & 6)*	*Approximate %*	*Number of Shares (Notes 5 & 6)*	*Approximate %*
Concert Group										
Golden Infinity and its associates *(Note 1)*	30,319,707	16.1	1,249,502,449	88.8	30,319,707	0.5	1,249,502,449	18.2	1,254,802,449	18.2
CTF and its associates *(Note 2)*	5,500,000	2.9	5,500,000	0.4	5,456,759,232	96.8	5,456,759,232	79.6	5,456,759,232	79.4
Dragon Noble Group Limited and its associates *(Note 3)*	9,866,750	5.3	9,866,750	0.7	9,866,750	0.2	9,866,750	0.1	9,866,750	0.1
Subtotal	45,686,457	24.3	1,264,869,199	89.9	5,496,945,689	97.5	6,716,128,431	97.9	6,721,428,431	97.7
Other directors of the Group *(Note 4)*	179,780	0.1	179,780	0.0	179,780	0.0	179,780	0.0	3,979,780	0.1
Other public Shareholders	142,259,612	75.6	142,259,612	10.1	142,259,612	2.5	142,259,612	2.1	149,459,612	2.2
Total	**188,125,849**	**100.0**	**1,407,308,591**	**100.0**	**5,639,385,081**	**100.0**	**6,858,567,823**	**100.0**	**6,874,867,823**	**100.0**

Notes:

1. Among the 30,319,707 Shares held as at the Latest Practicable Date, 124,000 Shares represented interest of Mr. Lo on an individual basis; while 30,151,957 Shares represented interest of Golden Infinity. The balance of 43,750 Shares represented interest of Ms. Ku Ming Mei, Rouisa, the spouse of Mr. Lo.

2. Chow Tai Fook (Holding) Limited holds 99.9% interest in CTF. 81.03% interest of Chow Tai Fook (Holding) Limited is held by Chow Tai Fook Capital Limited in which it is held as to 48.98% by Cheng Yu Tung Family (Holdings) Limited and as to 46.65% by Cheng Yu Tung Family (Holdings II) Limited.

3. Dragon Noble Group Limited is a company wholly and beneficially owned by Dr. Cheng Kar Shun. Dr. Cheng Kar Shun is deemed to be interested in 7,889,250 Shares held by Dragon Noble Group Limited and 1,977,500 Shares owned by Ms. Ip Mei Hing (the spouse of Dr. Cheng Kar Shun) through her controlled corporation Brighton Management Limited.

4. Other directors of the Group include Ms. Yvette Ong, Mr. To Hin Tsun, Gerald, Mr. Tsui Hing Chuen, William *JP*, Mr. Lau Wai Piu, and Mr. Lee Kee Wai, Frank.

5. Pursuant to the terms of the 2025 Convertible Notes, each of the holders of the 2025 Convertible Notes agree and undertake to the Company that it shall not exercise any of the Conversion Rights to such an extent that results or will result in the holders of the 2025 Convertible Notes (or any of its parties acting in concert with it within the meaning of the Takeovers Code) being obliged to make a mandatory offer for all the Shares under the Takeovers Code unless (i) the mandatory offer obligations under the Takeovers Code have been complied with; or (ii) prior approval or waiver from the Executive, and (where so required) approval of the whitewash waiver by the Shareholders, have been obtained in accordance with the requirements of the Takeovers Code (and where any conditions to which such approval or waiver is subject are duly complied with). Accordingly, scenarios above are shown for illustrative purpose only.

6. Pursuant to the terms of the 2025 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, the Company ensures that at least 25% of the Company's total number of issued Shares (excluding treasury shares) must at all times be held by the public and, therefore, scenarios 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 the Announcement and up to the Latest Practicable Date.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Golden Infinity held 30,151,957 Shares, representing approximately 16.03% of the existing issued share capital of the Company. As Golden Infinity is a substantial Shareholder and its sole beneficial owner is an executive Director, Golden Infinity is a connected person of the Company and the 2025 GI Subscription constitutes a connected transaction for the Company and is subject to reporting, announcement and independent Shareholders' approval requirements under the Listing Rules. Mr. Lo, who has a material interest in the 2025 GI Subscription, and his family members namely, Mr. Lo, Rex Cze Kei, Mr. Lo, Chris Cze Wai and Mr. Lo, James Cze Chung have abstained from voting on the Board's resolution approving the 2025 GI Subscription.

The 2025 Conversion Shares to be allotted and issued pursuant to the 2025 Convertible Notes are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders 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. Golden Infinity and its associates (who held 30,319,707 Shares in aggregate as at the Latest Practicable Date, representing approximately 16.1% of the existing issued share capital of the Company) and CTF and its associates (who held 15,366,750 Shares in aggregate as at the Latest Practicable Date, including the Shares held by Dragon Noble Group Limited and its associates, representing approximately 8.2% of the existing issued share capital of the Company) will abstain from voting on the proposed resolution(s) to approve the Subscriptions at the SGM.

An application has been made to the Listing Committee for the listing of, and permission to deal in, not more than 6,670,441,974 Conversion Shares. Upon completion of the Subscriptions, an announcement regarding the respective principal amounts of the 2025 Convertible Notes and the number of Conversion Shares issuable thereunder will be made by the Company.

SGM

Set out on pages SGM-1 to SGM-3 is a notice convening the SGM to be held at 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong, on Friday, 16 May 2025 at 11:00 a.m. at which a resolution will be proposed to consider and, if thought fit, to approve the Subscription Agreements and the respective transactions contemplated thereunder.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders on the resolutions to be proposed at the SGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the SGM in manner prescribed under Rule 13.39(5) of the Listing Rules.

As completion of the Subscription Agreements is conditional upon satisfaction of the respective conditions set out in the Subscription Agreements, 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.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 42 to 43 of this circular and the letter from Somerley on pages 44 to 64 of this circular which contains their advice to the Independent Board Committee and the Independent Shareholders regarding the Subscription Agreements and the transactions contemplated thereunder as well as the principal factors and reasons taken into consideration in arriving at their advice.

The Directors, including the independent non-executive Directors, consider that the terms of the Subscription Agreements and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors, including the independent non-executive Directors, recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Subscription Agreements and the respective transactions contemplated thereunder. You are advised to read the letter from the Independent Board Committee and the letter from Somerley mentioned above before deciding how to vote at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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

The following is the full text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscriptions which has been prepared for the purpose of inclusion in this circular.

MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

25 April 2025

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF THE 2025 GI CONVERTIBLE NOTE; AND SUBSCRIPTION OF THE 2025 CTF CONVERTIBLE NOTE

We refer to the circular of the Company dated 25 April 2025 (the "**Circular**"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the Subscription Agreements and the respective transactions contemplated thereunder. Somerley has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 44 to 64 of the Circular.

Your attention is also drawn to the "Letter from the Board" in the Circular and the additional information set out in the appendix thereto.

Having considered the terms of the Subscription Agreements and the respective transactions contemplated thereunder and taking into account the independent advice of Somerley, in particular the principal factors, reasons and recommendation as set out in their letter, we consider that the terms of the Subscription Agreements and the respective transactions contemplated thereunder are on normal commercial terms, the terms of the Subscription Agreements and the respective transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Subscription Agreements and the transactions contemplated thereunder are in the interests of the Company and the Independent

Shareholders as a whole. Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the SGM to approve the entering into of the Subscription Agreements by the Company and the respective transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee
Tsui Hing Chuen, William *JP* **Lau Wai Piu** **Lee Kee Wai, Frank**
Independent non-executive Directors

The following is the text of a letter received from Somerley Capital Limited setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions for inclusion in this circular.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

25 April 2025

To the Independent Board Committee and the Independent Shareholders of Mongolia Energy Corporation Limited

Dear Sir or Madam,

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF THE 2025 GI CONVERTIBLE NOTE; AND SUBSCRIPTION OF THE 2025 CTF CONVERTIBLE NOTE

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions, details of which are set out in the circular of the Company dated 25 April 2025 (the "**Circular**") to the Shareholders, of which this letter form part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 6 March 2025, the Company entered into

(i) the 2025 GI Subscription Agreement with Golden Infinity pursuant to which Golden Infinity has agreed to subscribe for the 2025 GI Convertible Note; and

(ii) the 2025 CTF Subscription Agreement with CTF pursuant to which CTF has agreed to subscribe for the 2025 CTF Convertible Note.

As at the Latest Practicable Date, the Golden Infinity holds 30,151,957 Shares, representing approximately 16.03% of the existing issued share capital of the Company. As Golden Infinity is a substantial Shareholder and its sole beneficial owner is an executive Director, Golden Infinity is a connected person of the Company and the 2025 GI Subscription constitutes a connected transaction for the Company and is subject to reporting, announcement and the independent Shareholders' approval requirements under the Listing Rules.

The 2025 Conversion Shares to be allotted and issued pursuant to the 2025 Convertible Notes are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders 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. Golden Infinity, CTF and their respective associates will abstain from voting on the proposed resolution(s) to approve the Subscriptions at the SGM.

Pursuant to the Listing Rules, the Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Tsui Hing Chuen, William JP, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank, has been established to advise the Independent Shareholders as to whether the Subscriptions are fair and reasonable and to advise the Independent Shareholders on how to vote on the proposed resolutions in respect thereof at the SGM. We, Somerley Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regards and our appointment has been approved by the Independent Board Committee.

BASIS OF OUR ADVICE

We are not connected with the Company, Golden Infinity, CTF or any of their respective close associates or core connected persons (as defined in the Listing Rules) and accordingly, are considered suitable to give independent advice on the Subscriptions. In the past two years prior to this appointment, we did not have any engagement with the Company or its associates except for having been the independent financial adviser to the Company relating to continuing connected transactions regarding logistics services framework agreement (2023-2026), details of which were set out in the Company's circular dated 30 March 2023. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Golden Infinity, CTF or any of their respective close associates or core connected persons.

In formulating our opinion and recommendation, we have reviewed, amongst others, the Announcement, the Subscription Agreements, the interim report of the Company for the six months period ended 30 September 2024 ("**1H2025**") (the "**2025 Interim Report**"), the annual report of the Company for the year ended 31 March 2024 ("**FY2024**") (the "**2024 Annual Report**"), the existing notes of the Company and the information contained in the Circular. We have also discussed with and reviewed the information provided by the management of the Group regarding the businesses and outlook of the Group.

We have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group, which we have assumed to be true, accurate, complete and not misleading in all material aspects as at the date of this letter and will remain as at the date of the SGM. The Independent Shareholders will be informed as soon as possible if we become aware of any material change to such information up to the date of completion of the Subscriptions. We have sought and received confirmation from the Directors and the management of the Group that no material facts have been omitted from the information supplied and opinions expressed by them to us. We consider that the information which we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth, accuracy or completeness of the information provided to us or to believe that any material information has been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have considered the following principal factors and reasons:

1. Business and financial information of the Group

(a) Business of the Group

The Company is a public limited liability company incorporated in Bermuda and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in coal mining and exploration which is operated by its indirect wholly-owned subsidiary in Mongolia. According to the 2025 Interim Report, the principal project of the Group is the coking coal mining project in Khushuut, Khovd Province, Western Mongolia (the "**Khushuut Coking Coal Project**", the mine site of which is known as the "**Khushuut Coal Mine**"). During the financial period for the six months ended 30 September 2024, approximately 4,244,300 tonnes of run-of-mine ("**ROM**") coal were produced and approximately 1,031,228 tonnes of coal, including clean coking coal, thermal coal and raw coal were sold to customers. During FY2024, approximately 7,112,200 tonnes of ROM coal were produced and approximately 1,873,600 tonnes of coal, including clean coking coal, thermal coal and raw coal were sold to customers.

(b) Financial information on the Group

The following are summaries of the consolidated statement of profit or loss of the Group for each of the year ended 31 March 2023 ("**FY2023**") and FY2024 and each of the six months period ended 30 September 2023 ("**1H2024**") and 1H2025, as extracted from the 2024 Annual Report and the 2025 Interim Report respectively (together, the "**Reports**").

	For the six months ended 30 September		**For the year ended 31 March**	
	2024	**2023**	**2024**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	1,699,926	1,557,257	3,173,215	2,905,309
Cost of sales	(1,059,215)	(978,525)	(1,986,327)	(1,820,213)
Gross profit	640,711	578,732	1,186,888	1,085,096
Other income	3,490	9,981	19,586	16,518
Other gains and losses	(6,497)	(16,676)	(50,744)	31,441
Administrative expenses	(150,113)	(166,869)	(329,940)	(237,848)
Changes in fair value on derivative component of convertible notes	164,952	326,267	959,326	(303,323)
(Impairment losses)/reversal of impairment losses on property, plant and equipment	(541,403)	(604,642)	965,061	(1,231,455)
(Impairment losses)/reversal of impairment losses on right-of-use assets	(526)	(517)	1,081	(1,212)
(Impairment losses)/reversal of impairment losses on intangible assets	(56,564)	(55,784)	125,122	(128,225)
Reversal of impairment losses (impairment losses) on financial assets	4,432	(2,201)	(6,480)	(1,245)
Finance costs	(345,432)	(339,164)	(655,861)	(599,206)
(Loss)/profit before taxation	**(286,950)**	**(270,873)**	**2,214,039**	**(1,369,459)**
Income tax expense	(155,956)	(275,965)	(536,118)	(233,640)
(Loss)/profit for the period/year attributable to owners of the Company	**(442,906)**	**(546,838)**	**1,677,921**	**(1,603,099)**

As stated above, the Group is principally engaged in coal mining and exploration. As such, revenue for the Group is solely contributed from mining and sale of coal. Revenue increased by approximately 9.2% from HK$2,905.3 million in FY2023 to approximately HK$3,173.2 million in FY2024 mainly due to higher sales volumes and average coking coal prices during the year. The Group produced approximately 7.1 million tonnes of ROM coal during FY2024, which was an increase of around 148.3% from 2.9 million tonnes in the previous financial year FY2023 and sold approximately 1.7 million tonnes of clean coking coal, up approximately 29.0% from FY2023, sold approximately 76,900 tonnes of thermal coal, down by approximately 68.9% from FY2023 and approximately 53,800 tonnes of raw coal, up by approximately 74.1% as compared to the previous year FY2023. Revenue increased by approximately 9.2% from HK$1,557.3 million in 1H2024 to approximately HK$1,699.9 million in 1H2025 as a result of increased production capacity and sales volume. During the period, the Group produced approximately 4.2 million tonnes of ROM coal, representing an increase of an 55.6% from 1H2024 and sold approximately 1.03 million tonnes of coal in 1H2025, representing a minor decrease of approximately 1.9% from 1.05 million tonnes in 1H2024.

Cost of sales, which includes items such as mining costs, coal processing costs, transportation costs, costs on disposal of coal refuse and other relevant operating expenses associated with the Company's business operations increased from approximately HK$1,820.2 million in FY2023 to approximately HK$1,986.3 million in FY2024, representing a hike of approximately 9.1%, in line with the growth in revenue. Cost of sales of the Group was HK$1,059.2 million in 1H2025, up by around 8.2% from 1H2024. Gross profit margin was approximately 37.4% in FY2024, which was comparable to the reported gross profit margin of around 37.3% reported for FY2023. Gross profit margin was around 37.7% in 1H2025.

Despite the fact that the Group reported a profit attributable to owners of the Company of approximately HK$1.7 billion for FY2024, the Group reported losses for both FY2023 and for 1H2025. Other than the increase in revenue and gross profit in FY2024 as discussed above, the improvement in profit attributable to owners of the Company for FY2024 was predominately due to the (i) reporting of an positive change in fair value on derivative component of convertible notes in FY2024 as compared to a negative change in FY2023, as a result of changes in inputs used in the binomial valuation model, e.g. conversion option approaching maturity coupled with changes in stock price; (ii) reversal of impairment losses on property, plant and equipment in FY2024 as compared to an impairment loss in FY2023; and (iii) a reversal of impairment losses on intangible assets in FY2024 as compared to the recognition of an impairment loss in FY2023. As disclosed in the Reports, property plant and equipment and intangible assets are mainly in relation to mining structures and mineral properties held by the Group as part of its Khushuut Coking Coal Project, whilst recoverable amounts relating to the Khushuut Coking Coal Project are determined by an independent qualified professional valuer. The aforesaid reversal of impairment loss on property, plant and equipment and intangible assets in FY2024 was largely due to the increase in projected sales quantity based on the mine plans proposed by the management as part of the long-term planning process and taken into account additional coals processed by the third party washing facilities. As compared to 1H2024, loss attributable to owners of the Company reduced in 1H2025 by approximately 19.0% to around HK$442.9 million. This was mainly due to the overall reduction in impairment losses on property, plant and equipment and higher gross profit in 1H2025.

The following are summaries of the consolidated statements of the financial position of the Group as at 31 March 2024 and 30 September 2024 as extracted from the 2024 Interim Report.

	As at 30 September 2024	As at 31 March 2024
	HK$'000	*HK$'000*
Non-current assets		
Property, plant and equipment	1,505,047	2,053,437
Intangible assets	152,228	214,973
Other non-current assets	41,469	37,071
	1,698,744	2,305,481
Current assets		
Trade and bills receivables	1,362,700	1,037,155
Inventories	531,341	402,669
Other receivables, prepayments and deposits	414,491	341,306
Cash and cash equivalents	75,455	97,826
Other current assets	25,034	30,924
	2,409,021	1,909,880
Current liabilities		
Trade payables, other payables and accruals	1,599,588	1,207,985
Advances from a Director	839,636	1,006,689
Convertible notes	3,740,689	3,664,199
Loan note	642,393	580,545
Other current liabilities	338,541	374,721
	7,160,847	6,834,139
Net current liabilities	(4,751,826)	(4,924,259)
Total assets less current liabilities	(3,053,082)	(2,618,778)
Non-current liabilities		
Deferred tax liabilities	30,789	30,143
Provision for rehabilitation	35,381	33,272
Other non-current liabilities	1,913	3,060
	68,083	66,475
Capital deficiencies attributable to owners of the Company	(3,121,165)	(2,685,253)

Non-current assets of the Group as at 30 September 2024 and 31 March 2024 mainly comprised, among other things, property, plant and equipment, intangible assets and other assets mainly associated with the Khushuut Coking Coal Project (''**Mining Assets**''). The balance of total non-current assets declined from approximately HK$2,305.5 million on 31 March 2024 to approximately HK$1,698.7 million on 30 September 2024, representing a decline of approximately 26.3%. Such decrease was mainly due to the recognition of an approximately HK$598.5 million impairment loss on Mining Assets during the period.

Current assets of the Group as at 30 September 2024 and 31 March 2024 mainly comprised trade and bills receivables, inventories, other receivables, prepayments and deposits and cash and cash equivalents. The Group's current assets as at 30 September 2024 showed an increase by approximately 26.1% from the balance as at 31 March 2024, which was contributed to the overall increase in balances of the aforesaid key components. The Group had cash and cash equivalents of approximately HK$75.5 million as at 30 September 2024, decline of approximately 22.8% from the balance of HK$97.8 million as at 31 March 2024.

Current liabilities of the Group as at 30 September 2024 and 31 March 2024 comprised, among other things, the Existing Convertible Notes and the Existing RP Loan Notes. The balance for total current liabilities marginally increased by approximately 4.8% from approximately HK$6.8 billion as at 31 March 2024 to approximately HK$7.2 billion as at 30 September 2024 mainly as a result of the increases in the carrying value of the Existing Convertible Notes and the Existing RP Loan Notes from an aggregated balance of approximately HK$4.2 billion as at 31 March 2024 to approximately HK$4.4 billion as at 30 September 2024 due to ongoing accumulation of interest charged under liabilities outstanding. The balance of the advances from a director as at 30 September 2024 declined by around 16.6% as compared to balance as at 31 March 2024, which was due to partial repayments of the facility owing to Mr. Lo during the period.

As disclosed in the Circular, the Company has been exercising its best endeavor to engage in negotiations with the holders of the Existing Convertible Notes and Existing RP Loan Notes for the refinancing arrangement prior to the expiry of the respective notes and has entered into standstill agreements with the holder of the Existing RP Loan Notes to extend the time for repayment of the indebtedness under the Existing RP Loan Notes until the expiry of 30 June 2025. As disclosed in the 2025 Interim Report, as at 30 September 2024, Mr. Lo has provided facilities amounting to HK$1,900.0 million by way of advances to the Group. As at 30 September 2024, advances from Mr. Lo in the sum of HK$839.6 million represented as principal amount. The balance of the unutilised facilities of HK$1,060.4 million remains valid until 24 March 2026. Mr. Lo has undertaken not to demand for repayment of the principal amount of the loan and the accrued interest until the Group has sufficient cash to make repayment which will not affect the Group's liquidity position.

The balance of non-current liabilities as at 30 September 2024 was mainly comprised of deferred tax liabilities of around HK$30.8 million and provision for rehabilitation of approximately HK$35.4 million which were comparable to the balances reported as at 31 March 2024 of approximately HK$30.1 million and approximately HK$33.3 million respectively.

Capital deficiencies attributable to owners of the Company increased from around HK$2,685.3 million as at 31 March 2024 to around HK$3,121.2 million as at 30 September 2024 which equated to around HK$16.59 per Share (based on the total number of issued Shares of 188,125,849 as at the Latest Practicable Date). It was stated in the 2024 Annual Report that, in view of the significance of the extent of the uncertainty relating to the ongoing availability of finance to the Group, the auditors of the Company disclaimed their opinion in respect of the year ended 31 March 2024 (the "**Disclaimer**").

2. Reasons for the Subscriptions and use of proceeds

As set out in the letter from the Board of the Circular, the subscription money from the Subscriptions will be used by the Company for full settlement of the entire outstanding principal amount and accrued interest under the Existing GI Convertible Note and the Existing CTF Convertible Note on the respective completion dates. As also disclosed in the letter from the Board of the Circular, the Existing GI Convertible Note and the Existing CTF Convertible Note are two of the major outstanding debts of the Group, and under the financial position of the Group, the Group may not be able to continue as going concern if any of the Existing GI Convertible Note or the Existing CTF Convertible Note cannot be adequately settled. For such reasons and for the benefit of the Company, the completion of the 2025 CTF Subscription and the 2025 GI Subscription are set to be completed simultaneously and Golden Infinity shall not be obliged to complete the 2025 GI Subscription unless the 2025 CTF Subscription is completed simultaneously.

We note that after taking into account that: (i) the full settlement of the outstanding principal amounts and accrued interest of the Existing Convertible Notes with the issue of the 2025 Convertible Notes will not exert immediate cash outflow burden on the Group; (ii) the 2025 Convertible Notes bear the same interest rate of 3% per annum as compared to the Existing Convertible Notes of 3% per annum; (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 the net current liabilities and net liabilities positions 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 response; and (v) upon conversion of the 2025 Convertible Notes, the financial position of the Group would be improved, the executive Directors consider that the issue of the 2025 Convertible Notes is an appropriate debt restructuring plan for the Company.

As discussed under the section headed "*1. Business and financial information of the Group*" and as disclosed in the 2024 Annual Report, financial performance of the Group has been volatile over the recent years, fluctuated from loss attributable to Shareholders of the Company of more than HK$1.6 billion (for FY2023) to a profit attributable to Shareholders of approximately HK$1.7 billion (for FY2024). Based on our review, we further note, the Group has been in net liabilities position since at least year ended 31 March 2015 and the current balance is approximately HK$3.12 billion as at 30 September 2024. In addition, the Group's cash and cash equivalents balance of around HK$75.5 million as at 30 September 2024 was evidently not sufficient to repay the Existing GI Convertible Note and the Existing CTF Convertible Note. In view of (i) the encouraging growth recorded in the business of the Khushuut Coking Coal Project as discussed under the section headed "*1. Business and financial information of the Group*" above; and (ii) the abovementioned cash level, existing total debt level of the Group and the pressure of repayment of the Existing GI Convertible Note and the Existing CTF Convertible Note, we agree with the Directors' view that a refinancing arrangement is necessary for the Group and to free up general working capital for the Group for operation of the Khushuut Coking Coal Project.

3. Financing alternatives available to the Group

We have reviewed whether there are other financing alternatives which were available to the Group other than the Subscriptions and examined the reasons why they were not adopted.

As advised by the management of the Group, the Company has considered other forms of equity financing. However, considering the (i) prevailing market prices of the Shares, which is trading around its 52 week low of HK$0.50 per Share and was HK$0.52 per Share on the Last Trading Day; (ii) the thin daily trading volume of the Shares, which averaged at only approximately 65,046 per a day since the beginning of 2025 to the Last Trading Day, which represented an approximate 0.03% of total issued Share capital of the Group of 188,125,849; and (iii) as discussed in the section headed "*1. Business and financial information of the Group*" and further elaborated in the section headed "*2. Reasons for the Subscriptions and use of proceeds*", the instability of the Group's financial performance and its ongoing net liabilities position, any form of equity financing, including those that are pro rata in nature such as rights issue or open offer, may not be favourable without substantial discounts to its Share price.

Based on our understanding the Company has enquired several securities and brokerage houses and there were no favourable responses in this regard. Furthermore, fund raising by way of new Share placement will create immediate dilution on the shareholding of the existing Shareholders. We have further discussed and understand from the management of the Group that the Company has also approached its banker to explore the possibility of additional borrowings. Based on their discussions, the Company was given to understand that the given the current global and regional economic environment, and the current financial performance and position of the Group, the respective bank is reluctant to provide additional and sufficient financing for the repayment of outstanding amounts under the Existing Convertible Notes without adequate asset backing and/or interest rates that are higher than the existing borrowing rates of the Company.

As such, the issue of the 2025 Convertible Notes, which not only could meet the immediate pressing need for the refinancing of the Existing Convertible Notes without causing immediate dilution to the shareholding of the Independent Shareholders, is also priced at a premium over the prevailing market Share price, is therefore considered the most preferable financing option amongst the other alternatives.

4. Principal terms of the 2025 Convertible Notes

(a) Subject

Pursuant to the 2025 GI Subscription Agreement, the Company conditionally agreed to issue and Golden Infinity conditionally agreed to subscribe for the 2025 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 GI Convertible Note due and owing by the Company to Golden Infinity on the GI Completion Date. The outstanding sum under the Existing GI Convertible Note (including principal and interest) was HK$722,645,476.65 as at the date of the 2025 GI Subscription Agreement and will be HK$727,035,580.20 as at the Long Stop Date. Since the issue of the Existing GI Convertible Note and up to the Latest Practicable Date, no redemption or repayment was made, and no conversion shares was issued under the Existing GI Convertible Note.

On the same date, the 2025 CTF Subscription Agreement was entered into, pursuant to which The Company conditionally agreed to issue and CTF conditionally agreed to subscribe for the 2025 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 CTF Convertible Note due and owing by the Company to CTF on the CTF Completion Date. The outstanding sum under the Existing CTF Convertible Note (including principal and interest) was HK$3,231,121,709.80 as at the date of the 2025 CTF Subscription Agreement and will be HK$3,250,750,918.52 as at the Long Stop Date. Since the issue of the Existing CTF Convertible Note and up to the Latest Practicable Date, no redemption or repayment was made, and no conversion shares was issued under the Existing CTF Convertible Note.

The principal terms of the 2025 Convertible Notes are set out in the letter from the Board of the Circular, save and except for:

(i) Principal amount of the 2025 Convertible Notes – the principal amounts of the Existing CTF Convertible Note and the Existing GI Convertible Note are HK$2,809,671,052 and HK$628,387,371 respectively, and the principal amounts of the 2025 CTF Convertible Note and the 2025 GI Convertible Note, assuming they are to be issued at the Long Stop Date, are HK$3,250,750,918.52 and HK$727,035,580.20 respectively;

(ii) Maturity and conversion rights – as stated in the letter from the Board of the Circular, the Existing Convertible Notes matured on 6 March 2025 whereas the 2025 Convertible Notes are due on the third anniversary of the date of issue of the 2025 Convertible Notes (or such later date as consented by the respective holders of the 2025 Convertible Notes), and accordingly, the conversion rights under the Existing Convertible Notes was extinguished on 5 March 2025 whereas the holders of the 2025 Convertible Notes would have conversion rights on any Business Day from the date of issue of the 2025 Convertible Notes and up to the Business Day immediately prior to the maturity date of the 2025 Convertible Notes;

(iii) Initial conversion price – the initial Conversion Price of the 2025 Convertible Notes are HK$0.65 per Conversion Share whereas, according to the 2024 Annual Report, the conversion price of the Existing Convertible Notes were HK$1.20 per conversion share;

(iv) Transferability – transferability of the respective 2025 Convertible Notes is subject to the consent of the holder of the 2025 CTF Convertible Note (in the case of any transfer in relation to the 2025 GI Convertible Note) or the 2025 GI Convertible Note (in the case of any transfer in relation to the 2025 CTF Convertible Note) being obtained and the terms of the 2025 Convertible Notes (as the case may be), and no such consent was required under the Existing Convertible Notes.

the principal terms of the 2025 Convertible Notes are essentially the same as those of the Existing Convertible Notes.

Our analysis of the principal terms of the 2025 Convertible Notes are set out below.

(b) Conversion Price

The initial Conversion Price (subject to adjustments as set out in the section headed "Principal terms of the 2025 Convertible Notes" in the letter from the Board of the Circular), being HK$0.65 per Conversion Share, represents:

(i) a premium of 25.0% over the closing price of HK$0.52 per Share as quoted on the Stock Exchange on the Last Trading Day;

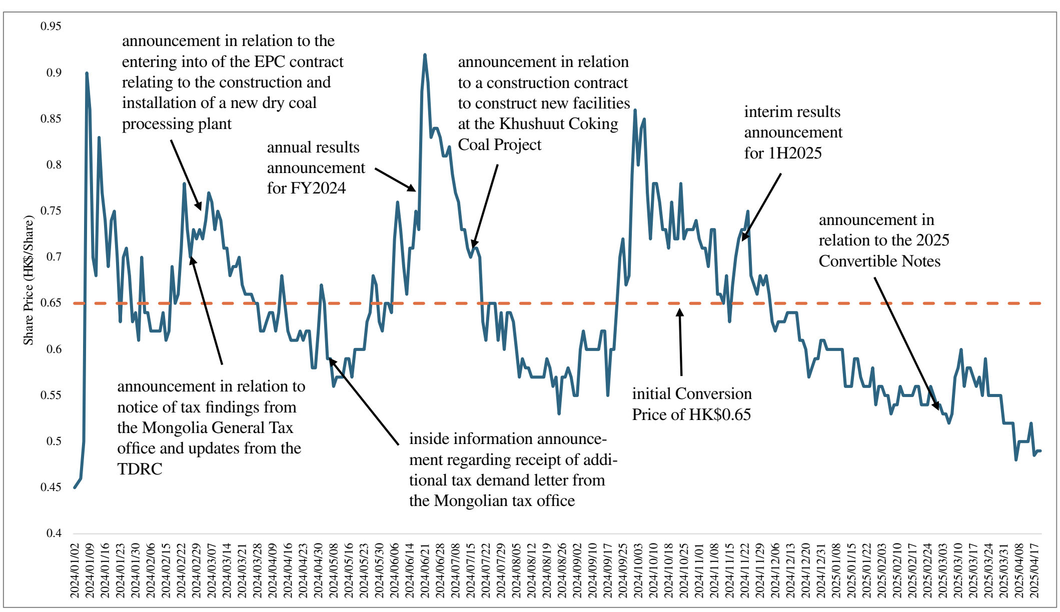
(ii) a premium of approximately 22.2% over the average closing price of HK$0.532 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

(iii) a premium of approximately 20.6% over the average closing price of HK$0.539 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day; and

(iv) a premium of approximately 32.7% over the closing price of HK$0.49 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Conversion Price was arrived at after arm's length negotiation between the Company, Golden Infinity and CTF after taking into account of the prevailing market price of the Shares, the operation and financial performance of the Group, the current market conditions and the consolidated net current liabilities and net liabilities positions of the Company. Please refer to the letter from the Board of the Circular for additional information on the Company's consideration factors in determining the initial Conversion Price.

In order to assess the fairness and reasonableness of setting the initial Conversion Price at HK$0.65 per Conversion Share, we have analysed the recent Share price performance. Set out in the chart below are the historical closing price of the Shares from the beginning of 2024 and up to and including the Latest Practicable Date (the "**Review Period**").



Source: Website of the Stock Exchange

Based on the chart above, the closing prices of the Shares was volatile during the Review Period, fluctuated between HK$0.45 per Share and HK$0.92 per Share with an average of approximately HK$0.64 per Share.

Share closing price was HK$0.45 per Share on 2 January 2024 and quickly increased to a then high of HK$0.90 per Share on 8 January 2024. We have enquired the Company and based on our understanding from the management of the Company, they are not aware of any reasons for the increase in Share price during the period. The Company's Share price then fell back to around HK$0.72 per Share by the end of February 2024. We noted that the Company published an announcement on 28 February 2024 in relation to updates to notice of tax findings from the Mongolia General Tax Office for tax period between 2017 and 2020 which was previously announced in 2023 which stated that the Tax Dispute Resolution Committee of Mongolia ("**TDRC**") has suspended additional taxes demand pending reinvestigation. Share prices remained steady between HK$0.72 and HK$0.73 per Share after the announcement.

On 6 March 2024, the Company published an announcement in relation to the entering into of an EPC contract in relation to the construction and installation of a new dry coal processing plant which constituted a major transaction of the Company under the Listing Rules. Share closing price declined by a mere 1.30% on 7 March 2024 to HK$0.76 per Share from HK$0.77 per Share on the previous day. Trading in the Company's Shares then commenced a downward trend. On 7 May 2024, the Company published an inside information announcement in relation to the receipt of an additional demand letter from the Mongolian tax office. Share prices declined by approximately 5.08% to around HK$0.56 per Share on 8 May 2024.

The Company published its annual results announcement for FY2024 on 19 June 2024 reporting a profit attributable to owners of the Company of HK$1,677.9 million as compared to a previous loss of HK$1,603.1 million. The Company's Share price closed at HK$0.88 per Share on 20 June 2024, which was an increase of around 20.55% from the previous trading day. Share price closed at HK$0.92 per Share on 21 June 2024 which was the highest point of the Review Period on 21 June 2024 before gradually falling back to just above HK$0.70 per Share in mid July 2024. On 16 July 2024, the Company announced its entering into of a construction contract to construct new facilities at the Khushuut Coking Coal Project. No material changes in share closing price immediately after the announcement on 17 July 2024 but shortly after, share closing price began another downward trend.

Share closing price began to rebound at the end of September to early October 2024 to a then high of around HK$0.86 per Share. We have enquired the Company and was being advised that they were not aware of any reasons contributing to the changes in Share price around that period of time. The Company published its interim results announcement in relation to 1H2025 on 25 November 2024. Share price closed at HK$0.68 per Share on 26 November 2024, representing a decrease of approximately 9.33% from the previous day prior to the announcement. Trading in the Company's Shares then continued a downward trend and reached a low of just above HK$0.50 per Share.

As shown above, since then the Shares closed within the range between just under HK$0.50 each and HK$0.60 each and closed at HK$0.49 each on the Latest Practicable Date.

Given (i) that the initial Conversion Price represents a premium over the prevailing market price of the Shares as discussed in detail under the section headed "*4. Principal terms of the 2025 Convertible Notes – (b) Conversion Price*" above; and (ii) the reasons outlined under the section headed "*2. Reasons for the Subscriptions and use of proceeds*", coupled with the current financial performance and position of the Group as a whole, in particular, the net liabilities position and the volatility in the financial performance of the Company as discussed under the section headed "*1. Business and financial information of the Group*" as well as the lack of financing alternatives available to the Group as discussed under the section headed "*3. Financing alternatives available to the Group*", we consider the initial Conversion Price to be fair and reasonable as the prevailing Share trading performance is concerned.

(c) Maturity

Third anniversary of the date of issue of the 2025 Convertible Notes (or such later date as consented by the respective holders of the 2025 Convertible Notes).

(d) Interest rate

Interest shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, at the rate of 3% per annum on the principal amount of the 2025 Convertible Notes from time to time outstanding, and, unless previously redeemed, repaid or converted into Shares, payable in arrears on the maturity date of the 2025 Convertible Notes (as the case may be).

Having taken into account the fact that (i) the refinancing requirement of the Group as discussed in the section headed "*2. Reasons for the Subscriptions and use of proceeds*" above in this letter; (ii) the issue of the 2025 Convertible Notes is the preferred method of financing in light of prevailing market prices and trading volume of the Shares and the current financial position of the Group as discussed in the section headed "*3. Financing alternatives available to the Group*" above in this letter; (iii) the interest rate of 3% per annum of the 2025 Convertible Notes compares favourably against the average interest rates charged by the Comparable Transactions (as defined below) as further discussed in the section headed "*5. Comparable Transactions*" below; and (iv) the unsecured nature of the 2025 Convertible Notes, we consider that the 3% interest rate attached to the 2025 Convertible Notes to be acceptable.

(e) Conversion, repurchase and redemption

A holder of the 2025 Convertible Notes shall have the right to convert the whole or any part (comprising the outstanding principal amount and any accrued but unpaid interest thereon and in the denomination as stated above) of the 2025 Convertible Notes into Conversion Shares at the Conversion Price (subject to adjustments) on any Business Day from the date of issue of the 2025 Convertible Notes and up to the Business Day immediately prior to the maturity date of the 2025 Convertible Notes.

The holders of the 2025 Convertible Notes agree and undertake to the Company that it shall not exercise any of the Conversion Rights to such an extent that results or will result in the holders of the 2025 Convertible Notes (or any of its parties acting in concert with it within the meaning of the Takeovers Code) being obliged to make a mandatory offer for all the Shares under the Takeovers Code unless (i) the mandatory offer obligations under the Takeovers Code have been complied with; or (ii) prior approval or waiver from the Executive, and (where so required) approval of the whitewash waiver by the Shareholders, have been obtained in accordance with the requirements of the Takeovers Code (and where any conditions to which such approval or waiver is subject are duly complied with).

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 2025 Convertible Notes are all the same.

The Company shall redeem at 100% of the outstanding principal amounts of the 2025 Convertible Notes (as the case may be) on the third (3rd) anniversary of the issue date of the 2025 Convertible Notes or such later date as consented by the holder of the 2025 Convertible Notes. The Company or any of its subsidiaries may at any time and from time to time repurchase the 2025 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 2025 Convertible Note(s) (as the case may be). The 2025 Convertible Note(s) or any part thereof so purchased shall forthwith be cancelled by the Company. The Company may, at any time after the issue date of the 2025 GI Convertible Note or the 2025 CTF Convertible Note (as the case may be) on giving not less than ten (10) Business Days' notice in writing to the holder of the 2025 GI Convertible Note or the 2025 CTF Convertible Note (as the case may be), elect to redeem the whole or any part the relevant 2025 Convertible Notes (in authorised denominations) then outstanding.

We consider the above terms of the 2025 Convertible Notes to be favourable to the Company as the Company has more flexibility in the timing of retiring the 2025 Convertible Notes.

(f) Other terms of the 2025 Convertible Notes

Subject to the consent of the holder of the 2025 CTF Convertible Note (in the case of any transfer in relation to the 2025 GI Convertible Note) or the 2025 GI Convertible Note (in the case of any transfer in relation to the 2025 CTF Convertible Note) being obtained and the terms of the 2025 Convertible Notes (as the case may be), the 2025 Convertible Notes are freely transferrable, in whole or in part (being an authorised denomination) of the outstanding principal amount, to any person, subject to the Listing Rules and all applicable laws and regulations. We consider the availability of such terms provides protection to the Company for the purposes of general regulatory compliance and such terms are also in line with market practice.

5. Comparable Transactions

In assessing the terms of the 2025 Convertible Notes, we have also reviewed a number of comparable transactions took place during the Review Period which involved the issue of convertible bonds/notes under specific mandate (the "**Comparable Transactions**"). The Comparable Transactions are selected based on the following criteria: (i) the issuers are listed on the Main Board of the Stock Exchange (excluding company(ies) under prolonged suspension) and such transactions are publicly announced pursuant to the Listing Rules since 1 January 2024 and up to the Latest Practicable Date; (ii) the convertible bonds/notes have a duration of 3 to 5 years; (iii) the transactions has not been terminated or lapsed as at the Latest Practicable Date; and (iv) the convertible bonds/notes were not issued as a form of consideration issue. The Comparable Transactions were considered an exhaustive list of transactions based on the aforesaid criteria.

We note that although the business activities, financial positions, business performances, size of the offering, intended use of proceeds, the relationship between the respective subscriber(s) and the issuer (i.e. regardless of whether the respective subscribers are connected persons of the issuer or independent third parties to the issuer) and future prospects of the issuers engaging in the Comparable Transactions vary from company to company, we consider that the terms of the Comparable Transactions (regardless of, among other things as mentioned above, including whether the issue was made to connected persons of the issuer or independent third parties), were determined under similar market conditions and sentiments as the 2025 Convertible Notes and the Comparable Transactions serve as a reasonable proxy of the recent trend in convertible bonds/notes issues in the Hong Kong market. Furthermore, as there were 10 Comparable Transactions in the 16-month review period, representing a reasonable number for our comparison purpose, we consider the selection of the 16-month review period appropriate for our analysis and the Comparable Transactions are a fair and representative sample.

The Comparable Transactions are set out in the table below:

Date of announcement	Name of company	Stock code	Principal amount of the convertible bonds/notes (HK$)	Maturity (years)	Interest rate (per annum)	Premium/(discount) of conversion price over/(to) the share price of last trading day prior to the publication of the relevant announcement (%)	Premium/(discount) of conversion price over/(to) the share price of last 5 trading days prior to the publication of the relevant announcement (%)	Redemption on maturity	Connected Transaction
26-Jan-24	Changyou Alliance Group Limited ("**Changyou**")	1039	126,000,000	3	8.0%	342.00	308.00	100%	Yes
6-Mar-24	Grand Field Group Holdings Limited	115	100,969,093	3	6.0%	5.70	3.30	100%	Yes
5-Apr-24	MicroPort Scientific Corporation	853	up to 1,556,000,000	5	5.75%	10.19	18.53	100% to 140%	Yes
30-Apr-24	Sinolink Worldwide Holdings Limited	1168	200,000,000	3	0.00%	0.00	10.10	100%	Yes
29-May-24	Lenovo Group Limited	992	15,623,000,000	3	0.00%	–13.50	–7.00	100%	No
21-Jun-24	China Ruifeng Renewable Energy Holdings Limited	527	259,701,291	3	5.50%	–21.28	–21.28	110%	No
14-Aug-24	China Baoli Technologies Holdings Limited ("**China Baoli**")	164	139,003,790	5	4.00%	2,025.43	1,807.44	100%	No
2-Dec-24	E&P Global Holdings Limited	1142	3,123,042,000	5	0.00%	–21.88	–24.92	115%	No
11-Apr-25	Wai Chun Group Holdings limited	1013	45,000,000	3	2.00%	–5.26	–16.36	98%	Yes
14-Apr-25	Wai Chun Bio-Technology Limited	660	15,000,000	3	2.00%	–7.89	–13.37	98%	Yes
				Average	**3.33%**	**231.35**	**206.44**		
				Median	**3.00%**	**–2.63**	**–1.85**		
				Maximum	**8.00%**	**2,025.43**	**1,807.44**		
				Minimum	**0.00%**	**–21.88**	**–24.92**		
			Excluding Changyou and China Baoli	**Average**	**–**	**–6.74**	**–6.38**		
				Median	**–**	**–6.58**	**–10.19**		
				Maximum	**–**	**10.19**	**18.53**		
				Minimum	**–**	**–21.88**	**–24.92**		
	The Company – The 2025 Convertible Notes		**3,977,786,499**	**3**	**3.00%**	**25.00**	**22.20**		

Sources: Website of the Stock Exchange

As set out in the table above, the interest rate of the 2025 Convertible Notes of 3.00% per annum is lower than the average of 3.33% and equal to the median of 3.00% of the interest rates of the Comparable Transactions which is considered more favourable to the Company of bearing less interest of the convertible notes.

As also shown in the table above, the premiums of the initial Conversion Price over the closing price of the Shares on the Last Trading Day and last five trading days immediately prior to the Last Trading Day for the 2025 Convertible Notes are around 25.00% and 22.20% respectively, which are within the respective range of premiums/ discounts, and are higher than the corresponding medians of 2.63% discount and 1.85% discount, under the Comparable Transactions respectively.

We also observe from the table above the exceptionally high premiums of over 300% and 2,000% respectively in the issuances by Changyou and China Baoli over their respective prevailing market prices which may have distorted the results and for illustrative purposes, if they are excluded, the premium of the initial Conversion Price over the closing price of Shares on the Last Trading Day and the last five trading days immediately prior to the Last Trading Day for the 2025 Convertible Notes would be higher than the average discount of 6.74% and 6.38% and the maximum premiums of 10.19% and 18.53% respectively in such scenario. Regardless this observation, having considered that in particular, the premiums of the initial Conversion Price over the prevailing closing price of the Shares on the Last Trading Day and last five trading days immediately prior to the Last Trading Day for the 2025 Convertible Notes are within the respective range of the discount/ premiums, and are higher than the corresponding medians, under all the Comparable Transactions, we are of the view that the premiums represented by the initial Conversion Price is in line with the market.

As shown in the section above headed "*1. Business and financial information of the Group (b) Financial information on the Group*", the Group is still in net liabilities position. For this reason, no meaningful premium/discount over/to net asset value can be determined and hence compared to that of the issuers of the Comparable Transactions.

At maturity, the 2025 Convertible Notes will be redeemed at 100% of the outstanding principal amounts. We consider this as in line with the results from our Comparable Transactions analysis where upon maturity, the relevant convertible bonds/notes are redeemed at between 100% to 140% outstanding principal value.

Based on our analyses in section headed "*4. Principal terms of the 2025 Convertible Notes*" and our analysis in the section headed "*2. Reasons for the Subscriptions and use of proceeds*", and as shown by the Comparable Transactions analysis in this section, we are of the view that the terms of the Subscriptions are on normal commercial terms and fair and reasonable, in line with market practice and the transactions contemplated under the Subscription Agreements are in the interests of the Company and the Shareholders as a whole.

6. Financial effects of the Subscriptions on the Group

(a) Net asset value

As advised by the management of the Company and based on the accounting policies of the Group, the 2025 Convertible Notes to be issued by the Company will contain both debt and conversion option components, both being accounted for as liabilities, and will be classified separately on initial recognition. As the subscription prices of the 2025 Convertible Notes will be used by the Company for refinancing the Existing Convertible Notes in full, it is anticipated that, save for the relevant transaction costs, the impact of the Subscriptions on the net asset value of the Company will not be significant upon completion of the Subscriptions.

(b) Earnings

As advised by the management of the Company and based on the accounting policies of the Group, the debt component of the 2025 Convertible Notes will be carried at amortised cost using the effective interest method in subsequent periods. The effective interest expenses of the 2025 Convertible Notes will be charged to the consolidated statement of profit or loss of the Group subsequent to the issue of the 2025 Convertible Notes. The finance costs which are calculated based on effective interest of the 2025 Convertible Notes will continuously be incurred by the Group until conversion and/or redemption of the 2025 Convertible Notes in full. In addition, the conversion option (i.e. derivative) component of the 2025 Convertible Notes will be measured at fair value with changes in fair value recognised in the consolidated statement of profit and loss of the Group.

Although the finance costs and the changes in fair value of the conversion option component of the 2025 Convertible Notes may create negative impact on the future earnings of the Group, the issue of the 2025 Convertible Notes is considered necessary in order to allow the Group to facilitate its mining operation in the Khushuut Coking Coal Project and the refinancing requirement of the Group as discussed in section headed "*2. Reasons for the Subscriptions and use of proceeds*" above in this letter.

(c) Working capital

As at 30 September 2024, the Group had cash and cash equivalents balance of approximately HK$75.5 million and net current liabilities of approximately HK$4,751.8 million. Upon completion of the Subscriptions, the subscription price of the 2025 Convertible Notes will be used for the settlement of all the Existing Convertible Notes of the Company, all of which are current liabilities. As the duration of the 2025 Convertible Notes will be 3 years, the 2025 Convertible Notes will be initially classified as non-current liabilities. This effectively refinances the aforesaid current liabilities with non-current liabilities. In addition, total interests to be charged under the 2025 Convertible Notes will be payable in arrears only on the maturity date of the 2025 Convertible Notes unless previously redeemed, repaid or converted into Shares (as the case may be), which will substantially ease the working capital pressure of the Group in terms of finance costs before the maturity of the 2025 Convertible Notes.

Based on all the above, the working capital position of the Group are expected to be improved upon and immediately following completion of the Subscriptions.

7. Potential dilution effect on the shareholdings of the Independent Shareholders

Assuming that there is no other change to the issued share capital and shareholding structure of the Company from the Latest Practicable Date up to the date when all the 2025 Convertible Notes are converted, the full conversion of the 2025 Convertible Notes will result in an allotment and issue of no more than approximately 6,670,441,974 Conversion Shares, which represents approximately 3,445.73% of the total existing issued share capital of the Company at the Latest Practicable Date.

Dilution effect on the existing public Shareholders is up to approximately 73.5% (from approximately 75.6% to approximately 2.1%). In light of (i) the low level of cash holdings of the Group of approximately HK$75.5 million as at 30 September 2024; (ii) the pressing need to refinance the Existing Convertible Notes of the Group which have fallen due; and (iii) the other forms of equity financing are limited, we consider the aforesaid dilution effect commercially acceptable.

However, investors should note that the conversion of the 2025 Convertible Notes is subject to the conversion restrictions under the 2025 Convertible Notes. In particular, pursuant to the terms of each of the 2025 Convertible Notes, if the issue of the Conversion Shares pursuant to the exercise of the Conversion Right would result in the Company failing to meet the Public Float Requirement, 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 ("**Maximum Conversion Shares**") under such conversion notice without breaching the Public Float Requirement. In other words, the Company will not issue such amount of Conversion Shares which would lead to a breach the Public Float Requirement. And as the result of the conversion up to the Maximum Conversion Shares, the principal amount shall, after the deduction of the relevant portion representing the conversion of the Maximum Conversion Shares, remain outstanding under the Convertible Notes.

DISCUSSION AND ANALYSIS

Operation of the Khushuut Coking Coal Project, being the principal project of the Group, has shown gradual improvement with increased production and sales over the years, which has contributed to the increase in revenue of the Group in the recent years. Despite of such encouraging development, the cash and cash equivalent balances of the Group has remained low over the years and continues to be in net liabilities position since 2015. In view of the substantial amount of the existing liabilities of the Group, majority of it being the Existing Convertible

Notes, have fallen due and the low level of cash and bank balance of the Group as at 30 September 2024, we agree that a refinancing arrangement is necessary for the Group to refinance the Existing Convertible Notes and to retain sufficient general working capital for the normal operation of the Khushuut Coking Coal Project.

The terms of the 2025 Convertible Notes, including but not limited to, the Conversion Price, maturity, repurchase, redemption and interest rate, are considered to be reasonable and acceptable to the Company. In particular, the interest rate of the Convertible Notes compares favourably with the average interest rate of the Comparable Transactions and the comparison of the initial Conversion Price of the 2025 Convertible Notes against the prevailing closing price of the Shares is also considered in line with that of the Comparable Transactions.

Though there could be a possible maximum dilution effect on the existing public Shareholders of approximately 73.5% (from approximately 75.6% to approximately 2.1%) resulting from a full conversion of the 2025 Convertible Notes, we consider the aforesaid dilution effect commercially acceptable in light of (i) the low level of cash holdings of the Group; (ii) the pressing need to refinance the Existing Convertible Notes which have already fallen due; (iii) other forms of equity financing being limited; and (iv) that the Subscriptions will enhance the working capital position of the Group upon completion of the Subscriptions.

OPINION AND RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the Subscriptions, though not entered into in the ordinary and usual course of business of the Group, are on normal commercial terms, and the terms of the Subscription Agreements and the transactions contemplated thereunder are fair and reasonable as far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution approving the Subscriptions at the SGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Lyan Tam
Director

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley Capital Limited to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE NOTES

(a) Share Capital

Assuming there is no other change in the authorised and issued share capital of the Company since the Latest Practicable Date, the authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon full conversion of the 2025 Convertible Notes (based on the maximum respective principal amounts thereof to be issued and the interest to be accrued thereon) at the initial Conversion Price are as follows:

(i) As at the Latest Practicable Date

Authorised capital:

		HK$
15,000,000,000	Shares of HK$0.02 each	300,000,000.00

Issued and fully paid or credited as fully paid:

188,125,849	Shares of HK$0.02 each as at the Latest Practicable Date	3,762,516.98

(ii) Immediately upon full conversion of the 2025 Convertible Notes (based on the maximum respective principal amounts thereof to be issued and the interest to be accrued thereon) at the initial Conversion Price

Authorised capital:

		HK$
15,000,000,000	Shares of HK$0.02 each	300,000,000.00

Issued and fully paid or credited as fully paid:

188,125,849	Shares of HK$0.02 each	3,762,516.98
1,219,182,742	2025 GI Conversion Shares to be allotted and issued upon full conversion of the 2025 GI Convertible Note	24,383,654.84
5,451,259,232	2025 CTF Conversion Shares to be allotted and issued upon full conversion of the 2025 CTF Convertible Note	109,025,184.64
6,858,567,823	Shares of HK$0.02 each	137,171,356.46

188,125,849 Shares have been in issue since 31 March 2024 (being the end of last financial year of the Company) up to the Latest Practicable Date. All the Shares currently in issue rank *pari passu* in all respects with each other, including in particular, as to dividends, voting rights and return of capital.

The Conversion Shares to be issued upon exercise of the Conversion Rights will rank *pari passu* in all respects among themselves and with all Shares in issue as at the date of allotment and issue of the Conversion Shares, including in particular, as to voting rights, return on capital and the right to any dividends or distributions made or declared on or after the date of allotment and issue of the Conversion Shares. The Conversion Shares will be listed and traded on the Stock Exchange.

(b) Share Options

Details of the Outstanding Share Options as at the Latest Practicable Date were as follows:

					Number of Shares subject to options
Name and category of participants	**Date of Grant**	**Exercise Price** *(HK$)*	**Exercise period**	**Vesting Period**	**As at the Latest Practicable Date**
Directors					
Mr. Lo	18-01-2021	1.310	18-01-2021 to 17-01-2026	N/A	1,800,000
Ms. Yvette Ong	18-01-2021	1.310	18-01-2021 to 17-01-2026	N/A	1,800,000
Mr. Lo, Rex Cze Kei	18-01-2021	1.310	18-01-2021 to 17-01-2026	N/A	1,500,000
Mr. Lo, Chris Cze Wai	18-01-2021	1.310	18-01-2021 to 17-01-2026	N/A	1,500,000
Mr. Lo, James Cze Chung	18-01-2021	1.310	18-01-2021 to 17-01-2026	N/A	500,000
Mr. To Hin Tsun, Gerald	18-01-2021	1.310	18-01-2021 to 17-01-2026	N/A	500,000
Mr. Tsui Hing Chuen, William *JP*	18-01-2021	1.310	18-01-2021 to 17-01-2026	N/A	500,000
Mr. Lau Wai Piu	18-01-2021	1.310	18-01-2021 to 17-01-2026	N/A	500,000
Mr. Lee Kee Wai, Frank	18-01-2021	1.310	18-01-2021 to 17-01-2026	N/A	500,000
Employees in aggregate (including a director of certain subsidiaries)	18-01-2021	1.310	18-01-2021 to 17-01-2026	N/A	7,200,000
TOTAL					16,300,000

Save as disclosed above, the Company had 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 Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares and underlying Shares

	Number of Shares				Number of underlying Shares				
Name of Directors	Personal interests	Spouse interests	Corporate interests		Personal interests pursuant to share options	Corporate interests		Total interests	Percentage of shareholding
Mr. Lo	124,000	43,750	30,151,957	(Note)	1,800,000	1,219,182,742	(Note)	1,251,302,449	665.14%
Ms. Yvette Ong	27,250	–	–		1,800,000	–		1,827,250	0.97%
Mr. Lo, Rex Cze Kei	–	–	–		1,500,000	–		1,500,000	0.80%
Mr. Lo, Chris Cze Wai	–	–	–		1,500,000	–		1,500,000	0.80%
Mr. Lo, James Cze Chung	–	–	–		500,000	–		500,000	0.27%
Mr. To Hin Tsun, Gerald	135,000	–	–		500,000	–		635,000	0.34%
Mr. Tsui Hing Chuen, William$_{JP}$	12,500	–	–		500,000	–		512,500	0.27%
Mr. Lau Wai Piu	5,030	–	–		500,000	–		505,030	0.27%
Mr. Lee Kee Wai, Frank	–	–	–		500,000	–		500,000	0.27%

Note: The relevant Shares were held by Golden Infinity.

Save as disclosed above and in the section headed "Share Options" under the section headed "2. SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE NOTES" above, as at the Latest Practicable Date, none of the Directors, chief executive and their respective associates had any interests in the Shares, underlying Shares and debentures of the Company or its associates corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

4. SERVICE CONTRACT

As at the Latest Practicable Date, Mr. Lo had a director service contract with the Company for a fixed term of three years, particulars of which are as follows:

Name	Term	Commencement date	Expiry date	Monthly remuneration	Early termination compensation
Mr. Lo	3 years	1 April 2025	31 March 2028	HK$500,000	Either party may early terminate the service contract by a compensation equivalent to twelve months' remuneration

Save as disclosed above, none of the Directors had entered into any service agreement with any member of the Group nor were there any other service agreements proposed which would not expire or be determinable by the member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, save and except as disclosed below:

(i) tenancy agreement entered into between Cambo Management Limited as Landlord and a wholly-owned subsidiary of the Company as tenant on 8 May 2023 in respect of the head office and the principal place of business of the Company in Hong Kong, which the Group has been leasing and using the subject premises since 2015. The landlord is an investment holding company wholly and beneficially owned by Mr. Lo. As Mr. Lo is a connected person of the Company, the tenancy agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. The term of the tenancy agreement is two years commenced from 8 May 2023 which is due for renewal in May 2025. For details, please refer to the announcement made by the Company on 8 May 2023;

(ii) logistics services framework agreement (2023-2026) entered into between the Company and VVLJV（新疆遠見鴻業物流有限公司）on 3 March 2023 in relation to coal transport in the PRC. VVLJV is indirectly held as to 60% by Vision Values Holdings Limited ("**VVH**"). Mr. Lo, the substantial Shareholder, the chairman and executive Director of the Company, is also the controlling shareholder, chairman and executive director of VVH. In view of Mr. Lo's shareholding and his corporate position in both the Company and VVH, accordingly, the transactions contemplated under the logistics services framework agreement (2023-2026) constitute continuing connected transactions for the Company under Rule 14A of the Listing Rules. For details, please refer to the circular of the Company dated 30 March 2023;

(iii) Existing GI Convertible Note;

(iv) 2025 GI Subscription Agreement;

(v) the 3% notes due 21 November 2019 (and will not be payable until the expiry of the period on 30 June 2025 as agreed by the holder thereof) issued by the Company to Ruby Pioneer Limited, and the standstill agreements in relation thereto; and

(vi) a standby revolving facility provided by Mr. Lo to the Company with a facility amount of HK$1,900 million carrying interest at 3% above the prime rate quoted by The Hongkong and Shanghai Banking Corporation Limited,

which, Mr. Lo, Mr. Rex Lo, Mr. Chris Lo and Mr. James Lo had interest in the above, there was no contract or arrangement subsisting at as the Latest Practicable Date in which any Director was materially interested and which was significant in relation to any business of the Group and none of the Directors had any interest, direct or indirect, in any asset which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. COMPETING INTEREST

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors nor their respective associates was considered to have any interests in the businesses which compete or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as Directors to represent the interests of the Company and/or the Group.

7. MATERIAL ADVERSE CHANGE

The Directors are of the opinion that, based on the information currently available to the Group as at the Latest Practicable Date, save for information including the continuous falling of the coking coal price which may affect the Group's performance in the challenging market conditions as disclosed in the 2025 Interim Report and the information as disclosed in the announcements dated 21 August 2023, 7 November 2023, 28 February 2024, 7 May 2024 and 23 May 2024 in relation to a notice of tax finding for additional payment of taxes and penalty of approximately HK$928.8 million, which MoEnCo LLC, an indirect wholly-owned subsidiary of the Company ("**MoEnCo**") has made an appeal to the Tax Dispute Resolution Committee of Mongolia, and the demand notice for an amount of HK$403.3 million for additional tax mainly relating to royalty tax for the period from 2022 to 2024 which MoEnCo has filed an opposition and complaint to the Administrative Court of Mongolia, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2024, being the date to which the latest published audited financial statements of the Group were made up.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given advice or opinion contained in this circular:

Name	Qualifications
Somerley	a corporation licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Somerley did not have any shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. As at the Latest Practicable Date, Somerley did not have any direct or indirect interest in any assets which have been, since 31 March 2024 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be displayed on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.mongolia-energy.com, in accordance with the Listing Rules for a period of not less than 14 days from the date of this circular:

(a) the 2025 GI Subscription Agreement; and

(b) the 2025 CTF Subscription Agreement.

10. MISCELLANEOUS

The English text of this circular and accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Mongolia Energy Corporation Limited (the "**Company**") will be held at 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 16 May 2025 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT**:–

(a) the entering into of the two subscription agreements both dated 6 March 2025 between the Company as issuer and (i) Golden Infinity Co., Ltd.; and (ii) Chow Tai Fook Nominee Limited (collectively the "**Subscribers**") as subscribers respectively (the "**Subscription Agreements**", copies of which have been produced to the Meeting and marked "A" and "B" respectively and signed by the Chairman of the Meeting for the purpose of identification) in relation to the issue by the Company to the Subscribers of the 3% convertible notes for a term of three (3) years from the date of issue (collectively the "**Notes**") in the respective principal amounts equivalent to the respective aggregate outstanding amounts (including the principal amounts and any outstanding accrued interest up to date of completion of the Subscription Agreements) owing by the Company to the Subscribers under the existing notes issued by the Company to the Subscribers, which the holders of the Notes shall be entitled to convert all or any part thereof (comprising the outstanding principal amounts and any accrued but unpaid interest thereon) into ordinary shares of the Company (the "**Conversion Shares**") at an initial conversion price of HK$0.65 per Conversion Share (subject to adjustments as provided in the Notes), and the performance of the respective transactions contemplated under the Subscription Agreements by the Company be hereby ratified, confirmed and approved (as appropriate) in all respects;

(b) the creation and issue of the Notes by the Company upon and subject to the respective terms of the Subscription Agreements be hereby approved in all respects;

(c) subject to and conditional upon the granting by The Stock Exchange of Hong Kong Limited of the listing of, and permission to deal in, the Conversion Shares, the allotment and issue of the Conversion Shares which may fall to be issued upon exercise of the conversion rights attaching to the Notes be hereby approved and the directors of the Company (the "**Directors**") be hereby authorised to exercise all the powers of the Company to allot and issue the Conversion Shares pursuant to and in accordance with the respective terms of the Notes; and

(d) any one Director or, if the affixation of the common seal of the Company is required, any one Director and the company secretary of the Company or any two Directors or such other person or persons as the board of the Directors may appoint be hereby authorised for and on behalf of the Company to approve, sign, seal, execute, perfect and deliver all documents and to do all such acts, deeds and things which he/she/they may in his/her/their absolute discretion consider desirable, necessary or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Subscription Agreements and the Notes and the respective transactions contemplated thereunder, including without limitation to the issue of the Notes, the allotment and issue of the Conversion Shares and the execution, amendment, supplement, delivery, submission and implementation of any further documents or agreements in connection therewith."

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

Hong Kong, 25 April 2025

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
17th Floor
118 Connaught Road West
Hong Kong

Notes:

1. Any member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or, if he is a holder of more than one share, more proxies to attend and vote on his behalf. A proxy need not be a member of the Company but he must be present in person at the Meeting to represent the member. If more than one proxy is appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the Meeting is enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. In order to be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney or authority, shall be delivered to the office of the Company's branch share registrar office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and delivery of a form of proxy will not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the form of proxy shall be deemed to be revoked.

3. In the case of joint holders of a share, if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of such joint holding.

4. The resolution proposed to be approved at the Meeting will be voted by way of poll.

5. For the purpose of ascertaining the members' right to attend and vote at the Meeting, the register of members of the Company will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Meeting, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 May 2025.

6. As at the date of this notice, the board of Directors comprises nine Directors, of which Mr. Lo Lin Shing, Simon, Ms. Yvette Ong, Mr. Lo, Rex Cze Kei, Mr. Lo, Chris Cze Wai and Mr. Lo, James Cze Chung are executive Directors, Mr. To Hin Tsun, Gerald is a non-executive Director, and Mr. Tsui Hing Chuen, William *JP*, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank are independent non-executive Directors.