

DATED THE 28TH DAY OF NOVEMBER 2012

MONGOLIA ENERGY CORPORATION LIMITED
(the “Company”)

and

GOLDEN INFINITY CO., LTD.

and

CHOW TAI FOOK NOMINEE LIMITED
(the “Subscribers”)

SUBSCRIPTION AGREEMENT
in respect of the issue of HK\$400,000,000
5% coupon convertible note due 2015 by
MONGOLIA ENERGY CORPORATION LIMITED

CONDITIONS

<u>CLAUSE</u>	<u>PAGE</u>
1. INTERPRETATION	1
2. ISSUE OF THE NOTE AND AGREEMENT TO SUBSCRIBE	5
3. CONDITIONS PRECEDENT	5
4. COMPLETION	6
5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS BY THE COMPANY	6
6. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS BY THE SUBSCRIBERS	10
7. RESCISSION	10
8. NOTICES	10
9. COSTS AND EXPENSES	11
10. GENERAL PROVISIONS RELATING TO AGREEMENT	11
11. COUNTERPARTS	13
12. GOVERNING LAW AND JURISDICTION	13
SCHEDULE 1 -PARTICULARS OF THE COMPANY	14
SCHEDULE 2 - CERTIFICATE A	15
SCHEDULE 3 - CERTIFICATE B	40
SCHEDULE 4 - COMPLETION REQUIREMENTS	65
SCHEDULE 5 - SUBSCRIBERS	66
EXECUTION	67

THIS AGREEMENT is made on this 28th day of November 2012.

BETWEEN:-

- (1) **MONGOLIA ENERGY CORPORATION LIMITED**, a company incorporated in Bermuda with limited liability, whose head office and principal place of business in Hong Kong is situated at 40th and 41st Floors, New World Tower I, 16-18 Queen's Road Central, Hong Kong (the "**Company**");
- (2) **GOLDEN INFINITY CO., LTD.**, a company incorporated in the British Virgin Islands whose registered office is situated at Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands ("**Subscriber A**"); and
- (3) **CHOW TAI FOOK NOMINEE LIMITED**, a company incorporated in Hong Kong with limited liability, whose registered office is situated at 31st Floor, New World Tower, 16 – 18 Queen's Road Central, Hong Kong ("**Subscriber B**", together with Subscriber A, the "**Subscribers**" and each a "**Subscriber**").

WHEREAS:-

- (A) The Company is a company incorporated in Bermuda with limited liability and having an authorised share capital of HK\$300,000,000 divided into 15,000,000,000 Shares (as defined below). As at the date hereof, 6,756,547,828 Shares have been issued and are fully paid up. The entire issued Shares are listed on the main board of the Stock Exchange (as defined below). The particulars of the Company are set out in Schedule 1.
- (B) As at the date hereof, the Company has (i) outstanding Options (as defined below) which entitle the holders thereof to subscribe for 67,300,000 Shares; and (ii) the 3.5% GI Convertible Note (as defined below) convertible into 75,000,000 Shares (subject to adjustments); (iii) the 3.5% SF Convertible Note (as defined below) convertible into 148,662,419 Shares (subject to adjustments); and (iv) the 3% CTF Convertible Note (as defined below) convertible into 1,000,000,000 Shares (subject to adjustments).
- (C) The Company has conditionally agreed to issue the Note (as defined below) and the Subscribers have agreed to subscribe for the Note at the Subscription Price (as defined below) on the terms and conditions set out in this Agreement.

NOW IT IS HEREBY AGREED as follows:-

1. INTERPRETATION

- 1.1 In this Agreement, including the Recitals hereto, the words and expressions set out below shall have the meanings attributed to them below unless the context otherwise requires:-

"Accounts"	the latest published consolidated financial statements of the Company for the period ended on the Accounts Date and all notes, reports and other documents annexed thereto;
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"Accounts Date"	30 September 2012;
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"Agreement"	this subscription agreement entered into between the Company and the Subscriber for the subscription of the Note, as may be from time to time amended or supplemented by agreement between the Parties;
"Announcement"	the announcement to be made by the Company in relation to, <i>inter alia</i> , this Agreement and the transactions contemplated hereunder;
"associate"	has the meaning ascribed to it under the Listing Rules;
"Business Day"	a day (excluding a Saturday, a 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;
"Certificates"	Certificate A and Certificate B, and "Certificate" means any of them;
"Certificate A"	the certificate to be issued to Subscriber A in respect of the principal amount of HK\$200,000,000 under the Note substantially in the form set out in Schedule 2;
"Certificate B"	the certificate to be issued to Subscriber B in respect of the principal amount of HK\$200,000,000 under the Note substantially in the form set out in Schedule 3;
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong;
"Completion"	the performance by the Parties of their respective obligations under Clause 4.1 and Schedule 4 on the Completion Date;
"Completion Date"	the third Business Day after fulfillment of the Conditions Precedent or such other date as may be agreed between the Parties in writing no later than the Long Stop Date;
"Conditions"	the terms and conditions to be attached to or form part of the Note (with such amendments thereto as the Parties may agree), and "Condition" refers to the relative numbered paragraph of the Conditions;
"Conditions Precedent"	the conditions precedent set out in Clause 3.1;
"Conversion Rights"	the rights attached to the Note to convert the outstanding principal amount of the Note or any part

thereof into Conversion Shares;

"Conversion Shares"	the new Shares which fall to be issued by the Company upon exercise by the Noteholder(s) of the Conversion Rights under the Note or otherwise pursuant to the Conditions;
"3% CTF Convertible Note"	3% convertible note due 14 June 2014 issued by the Company on 15 June 2011, the outstanding principal amount of which is HK\$2,000,000,000 as at the date hereof;
"Encumbrance"	(i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person or entity, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable laws; (ii) any proxy, power of attorney, voting trust agreement, trust interest, option, right of first offer, negotiation or refusal or transfer restriction in favour of any person; and (iii) any adverse claim or third party rights as to title, votes, dividends, ownership, possession or use; and " encumber " means to create, or permit to be created or subsisting, any of the foregoing;
"3.5% GI Convertible Note"	3.5% convertible note due 5 September 2013 issued by the Company on 6 September 2010, the outstanding principal amount of which is HK\$300,000,000 as at the date hereof;
"Group"	the Company and its subsidiaries and " member(s) of the Group " or " Group Company(ies) " shall be construed accordingly;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	28 February 2013 or such other date as the Parties may agree in writing;
"Note"	the 5% coupon convertible note due on the third anniversary of the date of its issue in an aggregate principal amount of HK\$400,000,000 to be issued by the Company to the Subscribers convertible into Conversion Shares at an initial conversion price of HK\$0.36 per

	Conversion Share (subject to adjustments) pursuant to the terms of this Agreement and the Conditions;
"Noteholder"	the person who is for the time being the holder of the Note and whose name is recorded on the register kept by the Company and "Noteholders" shall be construed accordingly;
"Options"	the share options granted by the Company pursuant to the share option scheme of the Company adopted on 28 August 2002 which share option scheme has already expired;
"Parties"	the parties to this Agreement and a "Party" shall mean any one of them;
"3.5% SF Convertible Note"	3.5% convertible notes due 11 November 2013 issued by the Company to three subscribers on 12 November 2010, the aggregate outstanding principal amount of which is HK\$466,800,000 as at the date hereof;
"SFC"	the Securities and Futures Commission of Hong Kong;
"Share(s)"	ordinary share(s) of HK\$0.02 each in the share capital of the Company existing on the date of this Agreement and all other (if any) stock or shares from time to time and for the time being ranking <i>pari passu</i> therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription"	the subscription of the Note by the Subscribers under this Agreement;
"Subscription Price"	the aggregate sum of HK\$400,000,000 to be paid by the Subscribers to the Company for the Subscription;
"subsidiary"	as defined in section 2 of the Companies Ordinance;
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers;
"Warranties"	the representations, warranties and undertakings given by the Company in favour of the Subscribers as contained in Clause 5;
"HK\$" and "cents"	Hong Kong dollars and cents, respectively.
1.2	Expressions defined in the Conditions shall, unless the context otherwise requires, have the same meanings when used herein.
1.3	The expressions "Company" and "Subscribers" and "Parties" shall where the context

permits include their respective successors and permitted assigns and any persons deriving title under them.

- 1.4 Save where the context otherwise requires, words and phrases the definitions of which are contained or referred to in the Companies Ordinance shall be construed as having the meaning thereby attributed to them.
- 1.5 The headings to the Clauses of this Agreement are for ease of reference only and shall be ignored in interpreting this Agreement.
- 1.6 References to Clauses and Schedules are references to Clauses and Schedules of or to this Agreement which shall form part of this Agreement.
- 1.7 Unless the context otherwise requires, words and expressions in the singular include the plural and vice versa.
- 1.8 Unless the context otherwise requires, references to persons include any public body and any body of persons, corporate or unincorporate.
- 1.9 Unless the context otherwise requires, references to Ordinances, statutes, legislations or enactments shall be construed as a reference to such Ordinances, statutes, legislations or enactments as may be amended or re-enacted from time to time and for the time being in force.

2. ISSUE OF THE NOTE AND AGREEMENT TO SUBSCRIBE

- 2.1 Subject to the fulfillment of the Conditions Precedent, the Company agrees to issue the Note to the Subscribers or as they may direct in the principal amount as specified against their names in column 2 of Schedule 5 at such proportion of the Subscription Price as set out against their names in column 3 of Schedule 5 on the terms of this Agreement free from all Encumbrances on the Completion Date, and the Note will be subscribed at a price equal to 100 per cent. of the principal amount of the Note, being the Subscription Price.
- 2.2 Subject to the fulfillment of the Conditions Precedent, each of the Subscriber agrees to subscribe and pay for, or procure to be subscribed and paid for, such principal amount of the Note at such proportion of the Subscription Price as specified against its name in columns 2 and 3 of Schedule 5 on the Completion Date on the terms of this Agreement.
- 2.3 Completion of the Subscription of the Note by the Subscribers shall take place simultaneously. The Company shall not be obliged to proceed to Completion unless both Subscribers perform their respective obligations set out in Clause 4.1 and Schedule 4.

3. CONDITIONS PRECEDENT

- 3.1 The obligations of the Parties to effect Completion shall be conditional upon:-
 - (a) the Listing Committee of the Stock Exchange granting or agreeing to grant (either unconditionally or subject only to conditions to which the Parties do not reasonably object) approval for the listing of, and permission to deal in, the Conversion Shares issuable under the Note and such grant remaining in full force and effect;

- (b) the Stock Exchange having approved (either unconditionally or subject only to conditions to which the Parties do not reasonably object) the issue of the Note, or the Company not having received any objection from the Stock Exchange to the issue of the Note;
 - (c) 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 Subscription, issue of the Note and the Conversion Shares;
 - (d) if required, the Bermuda Monetary Authority having approved the issue of the Note and the allotment and issue of the Conversion Shares upon the exercise of the Conversion Rights or otherwise pursuant to the Conditions of the Note and the Conversion Shares; and
 - (e) the passing of the requisite respective resolutions by the board of directors of the Company and the relevant shareholders of the Company at a general meeting of the Company approving the entering into of this Agreement and the performance of the transactions contemplated under this Agreement by the Company.
- 3.2 If all the Conditions Precedent are not fulfilled by the Long Stop Date, this Agreement (save and except Clauses 1, 8, 9, 10, 12 and this Clause 3.2) shall lapse and become null and void, and the Parties shall be released from all their respective obligations hereunder, save for any liability arising out of any antecedent breaches hereof.
- 3.3 The Company shall use its best endeavours to procure satisfaction of Conditions Precedent (to the extent within its power to do so) prior to the Long Stop Date to enable the Subscriber to make the Subscription by the Long Stop Date.
- 4. COMPLETION**
- 4.1 Subject to the terms of this Agreement, Completion shall take place at the offices of 40th Floor, New World Tower I, 16-18 Queen's Road Central, Hong Kong on the Completion Date or at such other time and place as the Parties may agree in writing at which time each Party shall perform its obligations set out in Schedule 4.
- 4.2 If any Subscriber or the Subscribers on the one part or the Company on the other part fails to comply with any of its obligations set out in Schedule 4, the Company (in case of failure of a Subscriber or the Subscribers) or the Subscribers (in case of failure of the Company) may:
- (a) defer Completion to a Business Day which is not more than 28 days after the original date fixed for Completion;
 - (b) proceed to Completion so far as practicable; or
 - (c) terminate this Agreement forthwith.
- 5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS BY THE COMPANY**

- 5.1 In consideration of the Subscribers entering into this Agreement for the subscription of the Note hereunder, the Company hereby represents, warrants and undertakes to the Subscribers that as at the date hereof and (save as disclosed otherwise prior to Completion and in writing to the Subscribers) as at Completion, each of the following statements is true, correct and accurate in all material respects:
- (a) the Company is duly incorporated and validly existing under the laws of its place of incorporation and has been in continuous existence since its incorporation. The entire existing issued share capital of the Company is listed on the Stock Exchange;
 - (b) save as mentioned in this Agreement and subject to the fulfilment of the Conditions Precedent, the Company has full power and authority to enter into and perform this Agreement and the directors of the Company are authorised to issue the Note and that in entering into this Agreement, the Company does not do so in breach of any applicable legislation or rules and this Agreement constitutes and the Note, when issued, shall constitute legal, valid, binding and enforceable obligations of the Company in accordance with their respective terms;
 - (c) subject to the fulfilment of the Conditions Precedent, the Company has full power and authority to issue the Note and perform its obligations thereunder, and in particular the Company shall at all material times have sufficient authorised but unissued share capital for the Company to perform its obligations under the Note (to the extent unredeemed and unconverted) and the Conversion Shares, when issued, (i) shall be duly authorised and validly issued and fully paid; (ii) shall rank *pari passu* in all respects with all other existing Shares outstanding at the date of conversion and be entitled to all dividends and distributions the record date for which falls on a date on or after the date of the conversion notice; (iii) shall be freely transferable, free from and clear of all Encumbrances; and (iv) shall be duly listed, and admitted to trading, on the main board of the Stock Exchange;
 - (d) subject to the fulfilment of the Conditions Precedent, all necessary consents, authorisations and approvals of any governmental agency or body required in Hong Kong or any other relevant jurisdiction for or in connection with this Agreement and the Note and the performance of the terms hereof and thereof have been obtained or made or shall have been obtained or made by Completion;
 - (e) subject to the fulfilment of the Conditions Precedent, the execution, delivery and performance of this Agreement and the issue of the Note do not infringe and are not contrary to any laws of Hong Kong or any other relevant jurisdiction and do not result in any breach of the terms of the memorandum of association and the bye-laws of the Company and shall not conflict with or result in a breach of any of the terms of or constitute a default under any agreement or obligation to which the Company is a party or by which any of its properties or assets are bound;
 - (f) the obligations of the Company under this Agreement and each document to be executed pursuant to this Agreement at or before Completion are, or when the relevant document is executed, will be, binding and enforceable in accordance with their terms subject to limitation imposed by law;
 - (g) without the prior written consent of the Subscribers, from the date hereof until the issue of the Note, no act will be done and no circumstances will arise which will, had the Note been issued as at the date hereof, give rise to an adjustment of the

Conversion Price (as defined in the Conditions) under Condition 6 of the Note;

- (h) no event exists or has occurred and no condition is in existence which would be (after the issue of the Note) an event of default under Condition 9.1 of the Note and no event or act has occurred which, with the giving of notices, or the lapse of time, or both, would (after the issue of the Note) constitute such an event of default;
- (i) subject to the fulfilment of the Conditions Precedent, no consent of, or filing or registration with, any third party (including any regulatory body) is required by the Company or any Group Company for the issue of the Note and the Conversion Shares and the performance of this Agreement;
- (j) save and except for the 3% CTF Convertible Note, the 3.5% GI Convertible Note, the 3.5% SF Convertible Note and the outstanding Options, (i) there are no outstanding securities issued by the Company or any other member of the Group convertible into or exchangeable for, or warrants, rights or options, or agreements to grant warrants, rights or options, to purchase or to subscribe for, shares of the Company or any other member of the Group, (ii) there are no other or similar arrangements approved by the board of directors of the Company or a general meeting of shareholders of the Company providing for the issue or purchase of Shares or the subscription for Shares (other than the general mandate to issue Shares granted by the shareholders of the Company at the annual general meeting of the Company held on 30 August 2012), and (iii) no unissued share capital of the Company is under option or agreed conditionally or unconditionally to be put under option;
- (k) save and except as disclosed in this Agreement, there is no Encumbrance on, over or affecting the Note or the Conversion Shares or any part of the issued or unissued share capital of the Company and there is no agreement or commitment to give or create any of the foregoing and no claim has been made by any person to be entitled to any of the foregoing which has not been waived in its entirety or satisfied in full;
- (l) the Company is solvent and able to pay its debts as they fall due and has assets of greater value than its liabilities;
- (m) no order has been made or resolution passed for the winding up of any Group Company, nor has any distress, execution or other process been levied against any Group Company or action taken to repossess goods in the possession of any Group Company;
- (n) no order has been made for the appointment of an administrator or receiver of any part of any Group Company's property and no Group Company has made or proposed any arrangement or composition with its creditors or any class of its creditors; and
- (o) no Group Company is a party to any transaction which could be avoided in a winding up.

5.2 The Company undertakes to notify the Subscribers as soon as practicable of any matter or event coming to its attention prior to Completion which shows any of the Warranties to be or to have been untrue or inaccurate in any material respect or which may have any

material adverse effect on the assets or liabilities of the Company.

- 5.3 The Company hereby agrees and acknowledges that each Subscriber is entering into this Agreement in reliance on the Warranties.
- 5.4 If the Company fails to perform any of its obligations (including its obligation at Completion) under this Agreement or breaches any material terms of the Warranties prior to Completion, then without prejudice to all and any other rights and remedies available at any time to the Subscribers (including but not limited to the right to damages for any loss suffered), the Subscriber(s) may by notice, either require the Company to perform such obligations or, insofar as the same is practicable, remedy such breach.
- 5.5 The Company is deemed to have repeated all the Warranties on the basis that such Warranties will, at all times from the date of this Agreement up to and including the date on which all obligations (including payment obligations) of the Company under the Note and under this Agreement have been discharged in full, be true, complete and accurate in all material respects (with respect to facts and circumstances at such time except as specifically provided otherwise) and such Warranties shall have effect as if given at each of such time as well as the date of this Agreement.
- 5.6 The aggregate liability of the Company in respect of any claims for breach of Warranties and any other claims arising from this Agreement, the Note and the transactions contemplated hereunder shall be limited as follows:
- (a) the maximum liability of the Company in respect of all claims for breach of Warranties and any other claims arising from this Agreement, the Note and the transactions contemplated herein shall not exceed the aggregate Subscription Price;
 - (b) no claim may be brought against the Company in respect of a breach of any of the Warranties and/or any other claims arising from this Agreement and/or the Note and/or the transactions contemplated herein at any time after the date falling three (3) calendar months after the Completion Date or the date of full repayment of all amounts under the Note, whichever is earlier (the "**Warranty Expiry Date**") and the Company shall not be liable in respect of any claim for breach of any Warranties and/or any other claims arising from this Agreement and/or the Note and/or the transactions contemplated hereunder unless the Company shall have received written notice from the Subscriber(s) and/or the Noteholder(s) prior to the Warranty Expiry Date giving details of the relevant claim and any such claim shall (if not previously satisfied, settled or withdrawn) be deemed to have been waived or withdrawn at the expiry of three (3) months after the Warranty Expiry Date unless proceedings in respect thereof shall have been commenced against the Company before the expiry of the said three-month period; and
 - (c) the Company shall not be liable for any claim for breach of Warranties and/or any other claims arising from this Agreement and/or the Note and/or the transactions contemplated hereunder which would not have arisen but for a voluntary act or wilful omission or transaction by the Subscriber(s) and/or the Noteholder(s) occurring after Completion or any new legislation not in force at the date of this Agreement or any change in current legislation (all with retrospective effect).

6. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS BY THE SUBSCRIBERS

6.1 Each Subscriber hereby represents warrants and undertakes to the Company that as at the date hereof and as at Completion:

- (a) it is duly incorporated and validly existing under the laws of the place of its incorporation and has the authority to enter into and perform its obligations under this Agreement and that in entering into this Agreement and in performing its obligations hereunder it does not and shall not do so in breach of any applicable legislation; and
- (b) this Agreement constitutes valid, binding and enforceable obligations of the Subscribers.

7. RESCISSION

7.1 If any of the following events occurs at any time prior to 9:30 a.m. on the Completion Date, which in the reasonable opinion of any of the Subscribers, the Subscription would be materially and adversely affected, such Subscriber may, by giving a written notice to the Company, rescind this Agreement:-

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Subscriber materially and adversely affect the business or the financial position of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof, of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Subscriber, materially and adversely affect the business or the financial position of the Group as a whole.

7.2 Upon the giving of notice pursuant to Clause 7.1, all obligations of the Parties hereunder shall cease and determine and no Party shall have any claim against the others in respect of any matter or thing arising out of or in connection with this Agreement save for any antecedent breach of any terms thereof.

8. NOTICES

Any notice required or permitted to be given by or under this Agreement shall be in writing and delivered personally or sent by post (airmail if overseas) or by facsimile message to the Parties due to receive such notice at their addresses or facsimile numbers as shown below:

To the Company:

Address : 40th Floor, New World Tower 1, 16-18 Queen's Road Central,
Hong Kong

Facsimile : (852) 2138 8111
Attention : Ms Yvette Ong

To Subscriber A:

Address : 41st Floor, New World Tower 1, 16-18 Queen's Road Central,
Hong Kong

Facsimile : (852) 2138 8111
Attention : Mr. Lo Lin Shing, Simon

To Subscriber B:

Address : 31st Floor, New World Tower 1, 16-18 Queen's Road Central,
Hong Kong

Facsimile : (852) 2810 4297
Attention : Mr. Wat Chung Wing

or to such other address or facsimile number as the Party concerned may have notified to the other Party pursuant to this Clause and may be given by sending it by registered post or by hand to such address or by facsimile transmission to such facsimile number. Such notice shall be deemed to be served on the day of delivery or facsimile transmission (or, if the day of delivery or transmission is not a Business Day or if the delivery or transmission is made after 5:00 p.m. Hong Kong time, it will be deemed to be served on the immediately following Business Day), or in the case of registered post, 48 hours after posting, or if sooner, upon acknowledgement of receipt by or on behalf of the Party to which it is addressed.

9. COSTS AND EXPENSES

Each Party shall bear its own costs and expenses (if any) incurred by it in connection with the preparation, negotiation and settlement of this Agreement. The capital fees, stamp duty and all other fees and duties (if any) relating to the issue and delivery of the Note, the fulfilment of the Conditions Precedent and the allotment and issue of the Conversion Shares shall be borne by the Company.

10. GENERAL PROVISIONS RELATING TO AGREEMENT

- 10.1 Time shall be of the essence of this Agreement.
- 10.2 This Agreement shall be binding on and enure for the benefit of the successors of each of the Parties and (subject to the other provisions of this Agreement and the Conditions) permitted assigns provided that the benefits and obligations or any part thereof bestowed upon each Party shall not be capable of being assigned, transferred, encumbered or otherwise disposed of, save and except any assignment, transfer, Encumbrance or disposal thereof in connection with a transfer of the Note by any of the Noteholders in accordance with the Conditions.
- 10.3 The exercise of or failure to exercise any right or remedy in respect of any breach of this Agreement shall not, save as provided herein, constitute a waiver by such Party of any other right or remedy it may have in respect of that breach.

- 10.4 Any right or remedy conferred by this Agreement on either Party for breach of this Agreement (including without limitation the breach of any representations and warranties) shall be in addition and without prejudice to all other rights and remedies available to it in respect of that breach.
- 10.5 Any provision of this Agreement which is capable of being performed after Completion but which has not been performed on or before Completion and all representations, warranties and undertakings contained in or entered into pursuant to this Agreement shall remain in full force and effect notwithstanding Completion.
- 10.6 This Agreement (together with the other documents referred to herein including without limitation the Note) constitutes the entire agreement between the Parties with respect to its subject matter (neither Party having relied on any representation, warranty or undertaking made by the other Party which is not contained in this Agreement) and no variation of this Agreement shall be effective unless made in writing and signed by both Parties.
- 10.7 This Agreement supersedes all and any previous agreements, arrangements or understandings between the Parties relating to the matters referred to in this Agreement and all such previous agreements, understanding or arrangements (if any) shall cease and determine with effect from the date hereof.
- 10.8 If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.
- 10.9 Subject to the requirements of the Stock Exchange or of any other regulatory authority or as required by any rules, regulations or laws to which any member of the Group is subject, no Party shall make any press or other announcements relating to this Agreement and the Note without the consent of the other Parties as to the form and manner of such announcement (such consent not to be unreasonably withheld or delayed).
- 10.10 The terms of this Agreement and the Note shall remain valid and enforceable notwithstanding the issue and redemption or conversion of the Note to the extent that any of the terms of this Agreement or the Note has not been fully and properly performed or satisfied.
- 10.11 The Parties agree that each of them shall treat as strictly confidential all information received or obtained by it or its employees or advisers as a result of entering into or performing this Agreement including information relating to the provisions of this Agreement and the Note and the negotiations leading up to this Agreement, the subject matter thereof and, subject to Clause 10.9, it will not at any time hereafter make use of or disclose or divulge to any person any such information and shall use its best endeavours to prevent the publication or disclosure of any such information. For the purposes of this Clause 10.11, confidential information of a Party excludes information of such Party that is:
- (a) in the public domain not resulting from any breach of this Clause 10.11 by any other Party;
 - (b) provided to any other Party by a third party which is not subject to the duty of confidentiality to such Party;

- (c) lawfully in the possession of any other Party without any restriction on use or disclosure prior to the disclosure by such other Party to a third party; or
- (d) independently developed by any other Party.

Nothing in this Clause 10.11 shall prohibit any Party from disclosing any information:

- (i) to its financial, tax, legal or other professional advisers;
- (ii) pursuant to the requirements of any laws and regulations or the rules, orders, judgments or directions of governmental, administrative, judicial, tax or other regulatory authority or body (including without limitation the Stock Exchange); or
- (iii) for the purpose of protecting, defending or enforcing any of its rights under this Agreement.

10.12 Each of the Parties agrees to do and execute or procure to be done and executed all such further acts, deeds, documents and things as may be reasonable and appropriate for such Party to do or execute or procure to be done or executed in order to give full effect to the terms of this Agreement.

11. COUNTERPARTS

This Agreement may be executed by the Parties in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and be binding on the Parties.

12. GOVERNING LAW AND JURISDICTION

This Agreement is governed by and shall be construed in accordance with the laws of Hong Kong and each Party hereby submits to the non-exclusive jurisdiction of the courts of Hong Kong as regards any claim or matter arising under this Agreement.

SCHEDULE 1

PARTICULARS OF THE COMPANY

1. Registered Number : 15584 (Bermuda)
F4794 (Hong Kong)
2. Registered Office : Clarendon House, Church Street,
Hamilton HM 11, Bermuda

Head office and principal place of business : 40th and 41st Floors, New World Tower 1, 16-18
Queen's Road Central, Hong Kong
3. Date of Incorporation : 21 May 1990

Place of Incorporation : Bermuda
4. Business Registration Certificate No. : 14185545-000
5. Business : investment holding
6. Directors : **Executive directors**
Mr. Lo Lin Shing, Simon
Ms. Yvette Ong
Mr. Liu Zhou Wei

Non-executive director
Mr. To Hin Tsun, Gerald

Independent non-executive directors
Mr. Peter Pun
Mr. Tsui Hing Chuen, William
Mr. Lau Wai Piu
7. Secretary : Mr. Tang Chi Kei
8. Authorised Share Capital : HK\$300,000,000 divided into 15,000,000,000
ordinary shares of HK\$0.02 each

Issued Share Capital : HK\$135,130,956.56 divided into 6,756,547,828
ordinary shares of HK\$0.02 each
9. Financial year-end : 31 March

SCHEDULE 2
CERTIFICATE A

Amount: HK\$200,000,000

Certificate No. CN[.]

MONGOLIA ENERGY CORPORATION LIMITED
(the "**Company**")
(Incorporated in Bermuda with limited liability)

5% CONVERTIBLE NOTE DUE 2015

THIS IS TO CERTIFY that the Company shall pay to GOLDEN INFINITY CO., LTD., having its registered office at Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands (the "**Noteholder**"), being the registered holder of this Note, on the Maturity Date (as defined in Condition 1 of the Conditions referred to below) or on such earlier date as such sum may become payable in accordance with the terms and conditions endorsed hereon (the "**Conditions**") upon presentation of this Note the principal sum of HK\$200,000,000 together with such additional amounts (if any) as may be due and payable under the Conditions in accordance with the Conditions unless the principal sum is fully or partially repaid or converted into Conversion Shares (as defined in Condition 1 of the Conditions) at HK\$0.36 per Conversion Share, subject to Adjustment (as defined in Condition 1 of the Conditions), in accordance with the Conditions. No security will be provided by the Company in respect of its obligations under this Note.

The Noteholder is entitled to require the Company to convert the whole or any part of the principal amount of this Note into Conversion Shares (as defined in Condition 1 of the Conditions) subject to and in accordance with the Conditions.

GIVEN under the Seal of **MONGOLIA ENERGY CORPORATION LIMITED** on this
[].

Director

Secretary

Note:

This Note is not transferable except to the extent permitted by Condition 2 of the Conditions..

(For endorsement in the event of partial conversion)

Date	Amount Converted	Amount Redeemed	Amount Outstanding

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TERMS AND CONDITIONS

This Note is issued by Mongolia Energy Corporation Limited (the **“Company”**) in the principal amount of HK\$200,000,000 and is convertible into Conversion Shares and shall be held subject to and with the benefit of the terms and conditions set out below. In this Note, the words and expressions set out below shall have the meanings attributed to them below unless the context otherwise required:

“Adjustment”	means any adjustment to the Conversion Price pursuant to Condition 6.
“authorised denomination(s)”	means HK\$10,000,000 or integral multiples thereof
“Business Day”	a day (excluding a Saturday, a 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.
“CCASS”	means the Central Clearing and Settlement System operated by the Hong Kong Securities Clearing Company Limited.
“closing price per Share”	on any given date the closing price per Share as quoted on the daily quotation list of the Stock Exchange, or, if the Stock Exchange begins to operate on an extended hours basis and does not designate the closing price, then the last traded price of the Shares prior to 4:00 p.m. (Hong Kong time) on that day. If such closing price cannot be calculated for the Shares on a particular date on the foregoing bases, the closing price per Share on such date shall be the fair market value as mutually determined by the Company and the Noteholder. If the Company and the Noteholder are unable to agree upon the fair market value of the Shares, then it shall be determined in good faith by a financial adviser (as defined in Condition 6.2).
“Companies Ordinance”	means the Companies Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented and/or replaced from time to time.
“Company”	means Mongolia Energy Corporation Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange.
“Conditions”	means the terms and conditions attached to or endorsed on this Note and “Condition” refers to the relative numbered paragraph of the Conditions.
“connected person(s)”	has the meaning ascribed to it under the Listing Rules.

“Conversion Notice”	means the notice setting out the exercise of the Conversion Rights of the principal amount of the Note, or part thereof, for Conversion Shares in the Company by the Noteholder in accordance with Condition 7.1 and Appendix A hereto.
“Conversion Price”	means the price of HK\$0.36 per Share, subject to the Adjustment, from time to time, if any.
“Conversion Rights”	means the rights attached to this Note to convert the principal amount or any part thereof into Shares.
“Conversion Shares”	means the new Shares to be issued by the Company under this Note, whether upon exercise by the Noteholder of the Conversion Rights, or otherwise pursuant to the Conditions.
“Event of Default”	means any of the events or circumstances set out under Condition 9.1 hereof.
“Exercise Date”	means any date on which the Conversion Rights (or any of them) are exercised in accordance with Condition 7.1.
“Exercise Period”	means the period commencing from and including the Business Day immediately after the Issue Date up to and including the Business Day immediately prior to the Maturity Date.
“Group”	means the Company and its subsidiaries from time to time.
“HK\$” and “cents”	means Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong.
“Interest Payment Date”	means the date on which interest accruing on the Note becomes payable in accordance with Condition 3.1
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China.
“Issue Date”	means the date of issue of this Note by the Company.
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange.
“Maturity Date”	has the meaning ascribed to it in Condition 1.1.
“month”	means the reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month provided that if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last day in that later month.
“Note”	means this 5% convertible note due on the Maturity Date in the principal amount of HK\$200,000,000 issued by the Company

and this Note is generally not transferable except to the extent permitted by Condition 2 and convertible into Shares of the Company at the Conversion Price, subject to the Adjustment from time to time, or at any time.

“Noteholder”	means the holder, for the time being, of this Note appearing on the Register as the registered holder of this Note.
“Register”	means the register of the Noteholders to be maintained by the Company pursuant to Condition 2.3.
“Share(s)”	means ordinary share(s) of HK\$0.02 each in the share capital of the Company existing on the Issue Date and all other (if any) stock or shares from time to time and for the time being ranking <i>pari passu</i> therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof.
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited.
“Subscription Agreement”	means the subscription agreement dated 28 November 2012 signed by the Company, the Noteholder and Chow Tai Fook Nominee Limited in relation to the subscription of this Note and the 5% CTFN Convertible Note respectively.
"subsidiary"	has the meaning ascribed to it in section 2 of the Companies Ordinance.
“Takeovers Code”	means The Hong Kong Code on Takeovers and Mergers.
“trading day”	means a day on which the Shares are traded on the Stock Exchange for a minimum of three (3) hours and an official closing price per Share is provided by the Stock Exchange.
"3% CTF Convertible Note"	3% convertible note due 14 June 2014 issued by the Company to Chow Tai Fook Nominee Limited on 15 June 2011, the outstanding principal amount of which is HK\$2,000,000,000 as at the date hereof.
“5% CTFN Convertible Note”	5% convertible note due 2015 issued by the Company to Chow Tai Fook Nominee Limited on the Issue Date in the principal amount of HK\$200,000,000.
"3.5% GI Convertible Note"	3.5% convertible note due 5 September 2013 issued by the Company on 6 September 2010, the outstanding principal amount of which is HK\$300,000,000 as at the date hereof.
"3.5% SF Convertible Note"	3.5% convertible notes due 11 November 2013 issued by the Company to three subscribers on 12 November 2010, the aggregate outstanding principal amount of which is HK\$466,800,000 as at the date hereof.

The expressions **“Company”** and **“Noteholder”** and **“Parties”** shall where the context permits

include their respective successors and permitted assigns.

In this Note, unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender or the neuter include both genders and the neuter; references to this Note or any other document shall be construed as references to such document as the same may be amended or supplemented from time to time. Condition headings are inserted for reference only and shall be ignored in construing this Note.

In this Note, unless where the context requires otherwise, words and phrases the definitions of which are contained or referred to in the Companies Ordinance shall be construed as having the meaning thereby attributed to them.

1. Maturity / Early Redemption

- 1.1 Subject as provided herein, the outstanding principal amount of this Note shall, unless previously repaid or converted into Shares of the Company in accordance with the Conditions, be redeemed in accordance with the Conditions on the third anniversary of the Issue Date or such later date consented by the Noteholder (the “**Maturity Date**”).
- 1.2 The Company may, at any time prior to the Maturity Date by giving not less than five (5) Business Days and not more than ten (10) Business Days prior notice to the Noteholder, repay (on a Business Day prior to Maturity Date specified in that notice (the “**Redemption Date**”)) the whole or part of the outstanding principal amount of this Note together with any unpaid interest accrued thereon from the Issue Date up to (but excluding) the Redemption Date.
- 1.3 The Company or any of its subsidiaries may at any time and from time to time repurchase this Note or any part thereof at any price as may be agreed between the Company or such subsidiary and the Noteholder. This Note or any part thereof so purchased shall forthwith be cancelled by the Company.

2. Status of this Note, Transferability and Purpose

- 2.1 This Note may (subject to the provisions of this Condition 2) be transferred to any person.
- 2.2 This Note (or any part thereof) may not be assigned or transferred to a connected person of the Company without the prior written consent of the Company. Without prejudice to the aforesaid, any assignment and/or transfer of this Note is subject to (i) the Listing Rules for so long as the Shares are listed on the Stock Exchange (and the rules of any other stock exchange on which the Shares may be listed at the relevant time) and all applicable laws and regulations; and (ii) the approval of the shareholders of the Company in a general meeting if so required under, and in compliance with, the Listing Rules if such assignment and/or transfer is proposed to be made to a connected person of the Company. A Noteholder shall not be in breach of this Condition 2.2 if it does not know, nor does it have reasonable cause to believe after having made due enquiries, that the transferee is a connected person of the Company.
- 2.3 This Note is in registered form and shall have an identifying number which shall be recorded on the certificate for this Note and in the Register. The Company shall maintain and keep a full and complete register (the “**Register**”) on which shall be kept the name, address (including its registered address and (if different) its correspondence

address), facsimile number of the Noteholder and the particulars of this Note held by it and all transfers, conversions, cancellation and destruction of this Note, any replacement certificate(s) issued in substitution for any defaced, lost, stolen or destroyed certificates from time to time. The Noteholder will (except as otherwise required by law) be treated as the absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it) of this Note and no person will be liable for treating such holder.

2.4 Any assignment or transfer of this Note shall be of the whole or any part (being an authorised denomination) of the outstanding principal amount of the Note. Title to the Notes passes only upon the entry on the Register of the relevant transfer and the issue of a new certificate for this Note to the transferee or assignee of this Note in accordance with Condition 2.5(b). The Company shall use all reasonable endeavours to facilitate any such assignment or transfer of this Note, including but not limited to making any necessary applications to the Stock Exchange for approval, if required under the Listing Rules.

2.5 Subject to Condition 2.2, in relation to any assignment and/or transfer of this Note permitted under or otherwise pursuant to this Condition 2:

- (a) This Note (or any part thereof) may only be transferred by execution of a form of transfer ("**Transfer Form**") substantially in the form annexed hereto as Appendix B (or in such other form as may be approved by the Company, such approval not to be unreasonably withheld or delayed, either generally or on a case-by-case basis) by the transferor and the transferee (or their duly authorised representatives). In this Condition, "**Transferor**" shall, where the context permits or requires, include joint transferors and shall be construed accordingly.
- (b) This Note must be delivered to the Company for cancellation accompanied by: (i) a duly completed and executed (and if required, duly stamped) Transfer Form; (ii) proof reasonably satisfactory to the Company, of the authority of the person or persons to execute and deliver this Note and the related forms of transfer and (if relevant) contract notes and (if relevant) a copy of the constitutional document of such transferor; and (iii) a written confirmation from the proposed transferee (or its duly authorised representative) that the proposed transferee is not a connected person of the Company (provided that this confirmation shall be waived in writing by the Company if the Noteholder is itself a connected person of the Company and the transferee is an associate as defined under the Listing Rules of that Noteholder). The Company shall, within three (3) Business Days of receipt of such documents from the Noteholder, cancel the existing certificate for this Note and issue a new certificate for this Note under the seal of the Company in favour of the transferee or assignee in respect of the outstanding principal of this Note so transferred and, if this Note is assigned or transferred in part only, issue a new certificate under the seal of the Company in favour of the Transferor in respect of any balance thereof retained by the Transferor Noteholder.
- (c) Any new Note issued pursuant to Condition 2.5(b) shall be delivered by registered mail or delivered by hand, in each case at the risk of the holder entitled thereto, to the address specified (in the case of transferee) in the Transfer Form or (in the case of the Transferor) in the Register as its correspondence address or (in the absence of which) its registered address, or (at the election of the

Company) be made available for collection by the holder entitled thereto at the address of the Company as shown in Condition 13(b).

- 2.6 Registration of transfers of this Note in accordance with this Condition shall be effected without charge by or on behalf of the Company, but upon payment (or the giving of such indemnity as the Company may reasonably require) in respect of any taxes, duties or other government charges which may be imposed in relation to such transfer.
- 2.7 The Company shall not be required to register the transfer of this Note (or any part thereof) (i) during the period of 7 days up to and including the due date for any payment of principal or premium, if any, on this Note; or (ii) in respect of which a Conversion Notice has been given in accordance with Condition 7.1.
- 2.8 Any legal and other costs and expenses (including any registration costs arising from the transfer of this Notes) which may be incurred by the Company in connection with any transfer or assignment of any of this Notes (or any part thereof) or any request therefor shall be borne by the Company.
- 2.9 The obligations of the Company arising under this Note 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. This Note is issued with the benefit of and subject to the Conditions.
- 2.10 The obligations of the Company under this Note are unsecured.
- 2.11 No application shall be made for a listing of this Note on any stock exchange.
- 2.12 The Noteholder shall (except as otherwise required by law) be treated as the absolute owner of this Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, this Note) and no person shall be liable for so treating the Noteholder.
- 2.13 The Noteholder acknowledges and confirms that this Note and the 5% CTFN Convertible Note are issued simultaneously on the Issue Date and this Note forms part of the 5% coupon convertible note due on the Maturity Date in the aggregate principal amount of HK\$400,000,000 issued by the Company pursuant to the Subscription Agreement.

3. Interest

- 3.1 Subject as hereinafter provided, interest will accrue on the outstanding principal amount of this Note from the Issue Date up to and including the day immediately preceding the Maturity Date at the rate specified in Condition 3.2, payable annually in arrears on [*To insert anniversary of the Issue Day*] in each year (each an “**Interest Payment Date**”) commencing on [*To insert first anniversary of the Issue Date*], provided that if any Interest Payment Date would otherwise fall on a day which is not a Business Day, the Interest Payment Date shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which case the Interest Payment Date will be brought forward to the previous Business Day.

- 3.2 Interest on this Note 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 5.0 per cent. per annum on the principal amount of this Note from time to time outstanding.
- 3.3 Interest payable in respect of this Note on any Interest Payment Date shall be calculated from (and including) (i) in the case of the first Interest Payment Date, the Issue Date; or (ii) in any other case, the immediately preceding Interest Payment Date to (and excluding) the date on which interest is payable, plus any interest accrued but unpaid on any earlier Interest Payment Date.
- 3.4 In the event of conversion of the Note, the Company shall, upon delivery to the Noteholder of the certificates for the Conversion Shares to which the Noteholder shall become entitled in consequence of the conversion, pay interest at the rate specified in Condition 3.2 to the Noteholder in respect of the principal amount of the Note being converted calculated from (and including) the last Interest Payment Date immediately preceding the Exercise Date up to (but excluding) the Exercise Date.

4. Payments

- 4.1 All payments by the Company hereunder shall be made in immediately available funds free and clear of any withholdings or deductions for any present or future taxes, imposts, levies, duties or other charges. In the event that the Company is required by law to make any such deduction or withholding from any amount paid, the Company shall pay to the Noteholder such additional amount as shall be necessary so that the Noteholder continues to receive a net amount equal to the full amount which it would have received if such withholding or deduction had not been made.
- 4.2 All payments by the Company shall be made in Hong Kong dollars, not later than 3:00 pm (Hong Kong time) on the due date, by remittance to such bank account as the Noteholder may notify the Company from time to time.
- 4.3 If the due date for payment of any amount in respect of this Note is not a Business Day, the Noteholder shall be entitled to payment on the next following Business Day in the same manner without any accrued interest in respect of such delay.

5. Conversion

- 5.1 Subject to receipt of the Conversion Notice by the Company, the Noteholder shall have the right to convert on any Business Day from the Issue Date and up to the Business Day immediately prior to the Maturity Date, the whole or any part (in authorised denomination(s) save that if at any time the principal outstanding amount of this Note is less than HK\$10,000,000, the whole (but not part only) of the principal outstanding amount of this Note may be converted) of the outstanding principal amount of this Note into Shares at any time and from time to time at the Conversion Price, so that the number of Shares which fall to be issued (subject to Condition 5.2) shall be calculated by applying the formula:

$$n = \frac{x}{y}$$

where n = number of Conversion Shares to be issued
 x = the amount of this Note to be converted

y = the Conversion Price applicable on the Exercise Date

- 5.2 No fraction of a Conversion Share shall be issued on conversion of this Note nor will any moneys be paid in respect of such fraction of a Conversion Share. Fractional entitlements shall be ignored and any sum paid in respect thereof shall be retained by the Company for its own benefit. Conversion Shares issued upon conversion pursuant to Condition 5.1 shall rank *pari passu* in all respects with all other Shares in issue at the Exercise Date and be entitled to all dividends and other distributions the record date of which falls on a date on or after the Exercise Date.
- 5.3 In the event that immediately after the exercise of any Conversion Rights, an obligation to make a general offer in respect of the securities of the Company under the Takeovers Code is triggered, the Noteholder hereby agrees and undertakes that it shall forthwith comply with all relevant provisions under the Takeovers Code and all applicable laws and regulations.
- 5.4 The Company shall be entitled (without penalty on any right of recourse by the Noteholder) to disregard any Conversion Notice and the Conversion Rights thereunder, and the Company shall not be obliged to issue any Conversion Shares, if and to the extent that the issue of the relevant Conversion Shares would lead to an insufficient public float for the Shares (as required under the Listing Rules).

6. Adjustments

- 6.1 Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions and if the event giving rise to any such adjustment shall be that which would be capable of falling within more than one of the sub-paragraphs (a) to (e) inclusive of this Condition 6.1, it shall fall within the first of the applicable sub-paragraphs to the exclusion of the remaining sub-paragraphs:

- (a) If and whenever the Shares, by reason of any consolidation 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 close of business in Hong Kong on the day the consolidation 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:

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

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

D = the aggregate nominal amount of the Shares issued in such issue

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

- (c) If and whenever the Company shall make any Capital Distribution (as defined in Condition 6.2) (except where, and to the extent that, the Conversion Price has been adjusted under sub-paragraph (b) above) to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise) or shall grant to such holders 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 Condition 6.2) of the Share on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date next preceding the date of the Capital Distribution or, as the case may be, of the grant

F = the fair market value on the day of such announcement or (as the case may require) the date immediately preceding the 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 Condition 6.2) or the auditors of the Company for the time being, of the portion of the Capital Distribution or of such rights which is attributable to one Share

provided that:

- (i) if in the opinion of the relevant financial adviser or auditors of the Company (as the case may be), 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; and
- (ii) the provisions of this sub-paragraph (c) shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate, retroactively) on the date that such Capital Distribution or grant is made.

- (d) If and whenever the Company shall, after the date hereof, offer to holders of Shares new Shares for subscription by way of rights, or shall grant to holders of Shares 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 (as defined in Condition 6.2), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer 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 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 greater of either the closing price per Share on the trading day immediately prior to such announcement or the Conversion Price in effect immediately prior to the trading day immediately prior to such announcement

Such adjustment shall become effective (if appropriate, retroactively) on the date of such offer or grant, provided however that no such adjustment shall be made if the Company shall make a like offer at the same time to the Noteholder (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) as if it had exercised the Conversion Rights under this Note in full on the day immediately preceding the record date for such offer.

- (e) (i) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the Total Effective Consideration per Share (as defined below in this sub-paragraph (e)) initially receivable for such securities is less than 90% of the closing price per Share at the date of the announcement of the terms of issue of such securities (for the purpose of this section (i), the "**Applicable Price**"), 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 the Applicable Price 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 any such securities as are mentioned in section (i) of this sub-paragraph (e) are modified so that the Total Effective Consideration (as defined below in this sub-paragraph (e)) per Share is less than 90% of the closing price per Share at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription or the Conversion Price in effect immediately prior to the date of announcement of the proposal to modify such rights of conversion or exchange or subscription (for the purpose of this section (ii), the "**Applicable Price**"), 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 the Applicable Price 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 to take account of rights or capitalisation issues and other events normally giving rise to adjustment of conversion or exchange terms.

For the purposes of this sub-paragraph (e), 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.

6.2 For the purposes of this Condition 6:

"**announcement**" shall include the release of an announcement to the public through the Company's website and the Stock Exchange's website or the delivery or transmission by telephone, telex or otherwise of an announcement to the Stock Exchange and "**date of announcement**" shall mean the date on which the announcement is first so released, delivered or transmitted;

“Capital Distribution” shall (without prejudice to the generality of that phrase) include distributions in cash or specie. Any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a Capital Distribution provided that any such dividend shall not automatically be so deemed if it is paid out of the aggregate of the net profits (less losses) attributable to the holders of Shares for all financial periods after 2010 as shown in the audited consolidated profit and loss account of the Company and its subsidiaries for each financial period ended 31 March;

“financial adviser” means an independent financial adviser registered under the Securities and Futures Ordinance in Hong Kong selected by the Company and approved by the Noteholder (which approval shall not be unreasonably withheld or delayed) for the purpose of providing a specific opinion or calculation or determination hereunder;

“issue” shall include allot;

“market price” mean the average of the closing price per Share on the Stock Exchange for each of the last five (5) trading days ending on such trading day last preceding the day on or as of which the market price is to be ascertained;

“reserves” includes unappropriated profits; and

“rights” includes rights in whatsoever form issued.

6.3 The provisions of sub-paragraphs (b), (c), (d) and (e) of Condition 6.1 shall not apply to:

- (a) subject to sub-paragraphs (b) and (e) below, an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares (including any conversion of any part of this Note) or upon exercise of any rights to acquire Shares provided that an adjustment (if required) has been made under this Condition 6 in respect of the issue of such securities or granting of such rights (as the case may be);
- (b) an issue of Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or rights to acquire, Shares to eligible persons prescribed under any share option scheme of the Company;
- (c) an issue of fully-paid Shares by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities wholly or partly convertible into, or rights to acquire, Shares;
- (d) an issue of Shares pursuant to a scrip dividend scheme; or
- (e) an issue of Shares on conversion of part or the whole of the 3% CTF Convertible Note, the 3.5% GI Convertible Note, the 3.5% SF Convertible Note and the 5% CTFN Convertible Note pursuant to the terms and conditions of their respective notes.

6.4 Any adjustment to the Conversion Price shall be made to the nearest one cent so that any amount under half a cent shall be rounded down and any amount of half of a cent or

more shall be rounded up.

- 6.5 Notwithstanding anything contained herein, no adjustment shall be made to the Conversion Price in any case:
- (a) in which the amount by which the Conversion Price would be reduced in accordance with the foregoing provisions of this Condition would be less than one cent and any adjustment that would otherwise be required to be made shall not be carried forward; and/or
 - (b) if, as a result of such adjustment, the Conversion Price shall fall below the then nominal value of each Share unless Condition 8.4 has been complied with.
- 6.6 Whenever the Conversion Price is adjusted as herein provided, the Company shall give prompt notice of the same to the Noteholder (setting forth the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof).
- 6.7 Any adjustment to the Conversion Price shall not involve an increase in the Conversion Price (except upon any consolidation of the Shares pursuant to Condition 6.1(a)).
- 6.8 Every adjustment to the Conversion Price shall be certified in writing either by the auditors of the Company for the time being or by a financial adviser (as defined in Condition 6.2).
- 6.9 The Company shall make available for inspection at its principal place of business in Hong Kong at all times after the effective date of the adjustment to the Conversion Price and so long as this Note remains outstanding, a signed copy of the certificate of the auditors of the Company or a financial adviser and a certificate signed by a director of the Company setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to the adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request, send a copy thereof to the Noteholder.
- 6.10 If the Company or any subsidiary of the Company shall in any way modify the rights attached to any share or loan capital so as to convert wholly or partly or make convertible such share or loan capital into, or attach thereto any rights to acquire, Shares, the Company shall consider whether any adjustment to the Conversion Price is appropriate and if it is decided that any such adjustment is appropriate, the Conversion Price shall be adjusted accordingly and the provisions of Conditions 6.4, 6.5, 6.6 and 6.9 shall apply.
- 6.11 Notwithstanding the provisions of Condition 6.1, in any circumstances where the Company or the Noteholder shall consider that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said Condition or that an adjustment should take effect on a different date or with a different time from that provided for under the provisions, the Company or the Noteholder may consider whether for any reason whatsoever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if the Company or the Noteholder shall consider this to be the case, the Company or the Noteholder (as the case may be) shall inform the

other party as soon as possible and failing agreement between the Company and the Noteholder on the aforesaid, they shall jointly engage the auditors of the Company or a financial adviser (as defined in Condition 6.2) (who shall act as an expert and not as an arbitrator in accordance with Condition 11 and whose costs to be shared equally between the Company and the Noteholder) to certify in its opinion as to whether the adjustment shall be modified or nullified or an adjustment should be made instead of no adjustment being made in such manner (including without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by the auditors of the Company or a financial adviser to be appropriate and the Noteholder and the Company jointly agree to apply such determination by the auditors of the Company or a financial adviser for the purpose of calculating the Conversion Price as adjusted and/or making and/or modifying and/or nullifying any adjustments.

7. Procedure for Conversion and Share Issue

- 7.1 The Conversion Rights may, subject as provided herein, be exercised on any Business Day during the Exercise Period, by the Noteholder delivering the Conversion Notice to the Company in accordance with Condition 13 stating the intention of the Noteholder to convert this Note into Shares. The Conversion Notice shall be in the form set out under Appendix A annexed to the Conditions.
- 7.2 The Noteholder shall pay all taxes and stamp duty, issue and registration duties (if any) and levies and charges (if any) arising on any conversion and issue of share certificates for the Conversion Shares and replacement certificate(s) for this Note in the event of partial conversion.
- 7.3 (a) The Conversion Shares shall be allotted and issued by the Company, credited as fully paid, to the Noteholder or as it may direct, within ten (10) Business Days after, and with effect from, the later of the Exercise Date or the date on which the certificate for this Note is delivered to and received by the Company for cancellation.
- (b) The certificate(s) (either in a single or multiple instruments) for the Shares to which the Noteholder shall become entitled in consequence of any conversion shall be issued and made available for collection at the Company's address specified in Condition 13 within the ten (10) Business Day period provided for in sub-paragraph (a) above.
- (c) On any partial conversion of this Note, the Noteholder will by reasonable prior appointment with the Secretary or any officer of the Company, attend at the principal place of business of the Company in Hong Kong specified in Condition 13 with the certificate representing this Note and shall join in endorsing the certificate representing this Note with the amount of the relevant outstanding principal sum of this Note so converted.

8. Protection of the Noteholder

- 8.1 So long as this Note is outstanding, unless with prior written approval of the Noteholder, which approval shall not be unreasonably withheld or delayed:
- (a) the Company shall from time to time keep available for issue, free from

pre-emptive rights, out of its authorised but unissued capital sufficient Shares to satisfy in full the Conversion Rights at the Conversion Price and all other rights for the time being outstanding of subscription for and conversion into Conversion Shares;

- (b) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the Company shall use its best endeavours to:
 - (i) maintain a listing for all the issued Shares on the Stock Exchange or on such other internationally recognised stock exchange (an “**alternative stock exchange**”) as the Company may from time to time determine; and
 - (ii) obtain and maintain a listing on the Stock Exchange (or an alternative stock exchange) for all the Conversion Shares issued on the exercise of the Conversion Rights;
- (c) the Company shall ensure that all Conversion Shares issued upon conversion of this Note shall be duly and validly issued fully paid and registered;
- (d) as soon as possible and in any event not later than seven (7) Business Days after the announcement of the full terms of any event which would give rise to an adjustment pursuant to Condition 6 (or, if later, as soon as the relevant adjustment thereunder can reasonably be determined), give notice to the Noteholder advising it of the date on which the relevant adjustment of the Conversion Price is likely to become effective and of the effect of exercising the Conversion Rights pending such date;
- (e) the Company shall comply with and procure the compliance of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the issue of this Note or for the listing of and permission to deal in the Shares issued or to be issued on the exercise of the Conversion Rights and the continued compliance thereof (provided in each case that the Noteholder complies with and satisfies all such conditions to the extent the same are applicable to the Noteholder);
- (f) the Company shall not in any way modify the rights attached to the Shares as a class or attach any special restrictions thereto;
- (g) the Company shall procure that at no time shall there be in issue Shares of differing nominal values;
- (h) the Company shall not issue or pay up any securities by way of capitalisation of profits or reserves other than (i) by the issue of fully paid Shares to holders of its Shares; or (ii) as mentioned in Condition 6.3(c); or (iii) by the issue of Shares in lieu of a cash dividend in the manner referred to in Condition 6.3(d);
- (i) the Company shall not, without first having given prior written notice to the Noteholder of its intention to do so, create or permit to be in issue any share capital other than Shares, provided that nothing in this Condition 8.1(i) shall prevent (i) any consolidation or sub-division of the Shares; or (ii) the issue of

share capital which does not participate in dividend or in respect of a certain financial period but is *pari passu* in all other respects with the Shares;

- (j) the Company shall procure that (i) no securities issued by the Company shall be converted into Shares or exchanged for Shares except in accordance with the terms of issue thereof, and (ii) no securities issued by the Company without rights to convert into Shares or to be exchanged for Shares shall subsequently be granted such rights;
- (k) the Company shall not, subject as hereinafter provided, make any reduction or redemption of share capital, share premium account or capital redemption reserve involving the repayment of money to shareholders (other than to shareholders having the right on a winding-up to a return of capital in priority to the holders of Shares) or reduce any uncalled liability in respect thereof unless, in any such case, the same gives rise (or would, but for the provisions of Condition 6.4 or 6.5 give rise) to an Adjustment of the Conversion Price in accordance with Condition 6;
- (l) the Company shall not authorise or effect a voluntary liquidation; and
- (m) the Company shall not enter into any deed, agreement, assignment, instrument or documents whatsoever which may result in any breach of any of the terms and conditions of this Note.

If any of the provisions or restrictions in this Condition 8.1 is or becomes invalid, unenforceable or illegal in any respect under the laws of any relevant jurisdiction, the relevant part of this Condition shall be severed from the other parts of the Conditions, and neither the validity, enforceability or legality of such other provisions under the laws of that jurisdiction, nor the validity, enforceability or legality of all such provisions under the laws of other jurisdictions shall in any way be thereby affected or impaired.

- 8.2 In the event of the consolidation or amalgamation of the Company with, or merger of the Company into, any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), or in the case of any sale or transfer of all or substantially all of the assets of the Company, the Company shall forthwith give notice of such event to the Noteholder.
- 8.3 If an offer is made to all holders of Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons associated or acting in concert with the offeror) to acquire all or a portion of the Shares and such offer comes to the knowledge of the Company, the Company shall forthwith give notice of such offer to the Noteholder and shall use all its reasonable endeavours to procure that a similar offer is extended in respect of this Note or in respect of any Shares issued on conversion of this Note during the period of the offer.
- 8.4 The Company shall not do any act or engage in any transaction the result of which, having regard to the provisions of Condition 6, would be to reduce the Conversion Price to below the nominal amount of a Share unless:
 - (a) the bye-laws of the Company shall be in such form, or shall have been altered or added to in such manner, as may be necessary or appropriate to enable the following provisions of this Condition 8.4 to be implemented; and

- (b) implementation of such provisions is not prohibited by and is in compliance with the laws of the place of incorporation of the Company.

8.5 The Company shall not close its register of shareholders for more than ten (10) Business Days each year (in addition to any period required by law or regulation including the Listing Rules) or take any other action which prevents the transfer of its Shares generally unless, under the laws of Hong Kong and Bermuda and the bye-laws of the Company as then in effect, this Note may be converted legally into Shares and the Shares so converted may be transferred at all times during the period of such closure. The Company shall not take any action which prevents the conversion of this Note or delivery of Shares in respect thereof.

9. Events of Default

9.1 If any of the following events ("Events of Default") occurs, the Noteholder may give notice in writing that this Note 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 (the giving of which notice is the sole remedy of the Noteholder):

- (a) the listing of the Shares (as a class) on the Stock Exchange:-
 - (i) ceases; or
 - (ii) is suspended for a continuous period of twenty one (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);
- (b) the Company breaches any of the Warranties (as defined in the Subscription Agreement) or defaults in performance or in compliance with any of its obligations contained in the Conditions, which breach or default is incapable of remedy or, if capable of remedy, is not remedied within fifteen (15) Business Days after notice of such breach or default is sent from the Noteholder to the Company;
- (c) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company or any of its subsidiaries and is not discharged, paid out, withdrawn or remedied within fifteen (15) Business Days thereof;
- (d) the Company defaults in the payment of any sum due from it under this Note when and as the same ought to be paid unless non-payment of such sums is due solely to administrative or technical error and such failure is not remedied for five (5) Business Days after the Noteholder has given notice thereof to the Company;
- (e) any order is made by any competent court adjudging the Company insolvent or bankrupt under the insolvency or bankruptcy laws of any jurisdiction to which it may be subject or any order is made for the appointment of any liquidator, receiver, trustee, curator or sequestrator or other similar official of the Company in respect of all or substantial part of its assets (save for the purposes of an

amalgamation, merger or reconstruction not involving insolvency);

- (f) the Company admits inability 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;
- (g) any consent, licence, approval or authorization 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 this Note 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 this Note or otherwise ceases to be in full force and effect;
- (h) any governmental authority or agency seizes, compulsorily purchases or expropriates all or any material part of the assets of the Company without any compensation; or
- (i) if it is or becomes impossible or unlawful in Hong Kong for the Company to fulfill any of its payment obligations contained in this Note.

provided that notwithstanding the foregoing, if the Company shall fail to issue the Conversion Shares in accordance with the Conditions, the Noteholder shall be entitled to bring an action against the Company for either specific performance or damages.

9.2 The Company shall forthwith on becoming aware of any such event as is mentioned in Condition 9.1 give notice in writing thereof to the Noteholder. Notwithstanding the foregoing, if the Company shall fail to issue the Conversion Shares in accordance with the Conditions, the Noteholder shall be entitled to bring an action against the Company for either specific performance or damages.

9.3 The Company shall indemnify and always keep indemnified the Noteholder, upon demand, against any damages, losses, costs, expenses (including legal costs and expenses) or other liabilities which the Noteholder may suffer or incur as a result of or in connection with any breach or non-performance or non-compliance by the Company of any of the agreements, undertakings and obligations herein contained or any other terms and conditions of this Note.

10. Voting

The Noteholder shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the Noteholder.

11. Experts

In giving any certificate or making the adjustment to the Conversion Price, the auditors of the Company or (as the case may be) any financial adviser (as defined in Condition 6.2) appointed shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be conclusive and binding on the Company and the Noteholder and all persons claiming through or under them respectively.

12. Replacement Note

12.1 If the certificate for this Note is lost or mutilated, the Noteholder shall forthwith notify the Company and a replacement certificate shall be issued if the Noteholder provides the Company with:

- (a) a declaration by the Noteholder or its officer that the certificate for this Note had been lost or mutilated (as the case may be) or other evidence that the certificate for this Note had been lost or mutilated, together with the mutilated certificate for this Note (if applicable); and
- (b) an appropriate indemnity in such form and content as the Company may reasonably require.

12.2 The certificate for this Note replaced in accordance with this Condition shall forthwith be cancelled.

13. Notices

Any notice required or permitted to be given by or under this Note shall be in writing and delivered to the address or facsimile number shown below:

- (a) in the case of the Noteholder, at the following address:

41st Floor, New World Tower 1, 16-18 Queen's Road Central, Hong Kong

Facsimile : (852) 2138 8111

Attention : Mr. Lo Lin Shing, Simon

- (b) in the case of the Company, at the following address:

40th Floor, New World Tower 1, 16-18 Queen's Road Central, Hong Kong

Facsimile : (852) 2138 8111

Attention : Ms. Yvette Ong

or to such other Hong Kong address or facsimile number as the Company may have notified to the Noteholder or vice versa pursuant to this Condition and may be given by sending it by registered post or by hand to such address or to such other address as the party concerned may have notified to the other party in accordance with this Condition and such notice shall be deemed to have been served on the day of delivery (or on the immediately following Business Day, if the day of delivery is not a Business Day or if the delivery or transmission is made after 5:00 p.m. Hong Kong time), or in the case of registered post, 48 hours after posting, or if sooner, upon acknowledgement of receipt by or on behalf of the party to which it is addressed. Acknowledgement in writing of receipt of a notice by or on behalf of a Party, signed or initialled by any employee of such party, shall be evidence that such notice has been duly served in accordance with this Condition.

14. Amendment

The terms and conditions of this Note may be varied, expanded or amended by agreement in writing between the Company and the Noteholder.

15. Governing Law and Jurisdiction

This Note is governed by and shall be construed in accordance with the laws of Hong Kong and the Company and the Noteholder (by its acceptance hereof) submit to the non-exclusive jurisdiction of the courts of Hong Kong in connection herewith.

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Appendix A

Conversion Notice

The undersigned hereby irrevocably elects to convert the following principal amount of the Convertible Note (the "**Note**") attached hereto issued to us on [date] into shares of HK\$0.02 each in Mongolia Energy Corporation Limited (the "**Company**") in accordance with the terms and conditions of the Note and the terms below.

Note No.: CN[.]

Principal Amount of the Note: HK\$
(the Note must be attached to this notice)

Amount to be converted: HK\$

Exercise Date: _____
(the date this notice is given, or deemed to be given, by the Noteholder)

Applicable Conversion Price: _____

Name in which Shares to be issued: _____

Address of shareholder: _____

Signature of Noteholder: _____

Name of Noteholder: _____

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Appendix B
TRANSFER FORM
5% CONVERTIBLE NOTES DUE 2015

Terms defined in the enclosed Note (as it may be amended from time to time) shall bear the same meaning in this Transfer Form.

FOR VALUE RECEIVED the undersigned transfers hereby to the transferee (the “**Transferee**”) whose particulars are set out below HK\$.....principal amount of the enclosed Note, and all rights in respect thereof and irrevocably requests the Company to register and to issue new certificate(s) for the Note in accordance with the terms of the Note (as it may be amended from time to time).

Particulars of the Transferee are as follows:-

(PLEASE PRINT OR TYPE IN THE RELEVANT INFORMATION)

Name of Transferee:	
Registered Address:	
Correspondence Address:	
Facsimile:	
HK dollar registered account for the purposes of payments under the Notes:	<ul style="list-style-type: none"> • Name of Account • Account No. • Sort Code: • Name of Bank: • Address of Bank:

The Transferee hereby irrevocably represents, warrants and undertakes to the Company that it is not a connected person of the Company.

Dated:

Transferor's Name:

Transferee's Name:

Transferor's authorised signature:

Transferee's authorised signature:

Witness to Transferor's signature:

Witness to Transferee's signature:

[signature]

[signature]

name

name

Notes:

1. *A representative of the Noteholder should state the capacity in which he signs (e.g. director).*
2. *In the case of joint holders, all joint holders must sign this transfer form.*
3. *The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Company may require.*
4. *A transfer must be in an amount equal to the whole of the Note being transferred or an authorised denomination.*

SCHEDULE 3

CERTIFICATE B

Amount: HK\$200,000,000

Certificate No. CN[.]

MONGOLIA ENERGY CORPORATION LIMITED

(the "Company")

(Incorporated in Bermuda with limited liability)

5% CONVERTIBLE NOTE DUE 2015

THIS IS TO CERTIFY that the Company shall pay to CHOW TAI FOOK NOMINEE LIMITED, having its registered office at 31st Floor, New World Tower, 16 – 18 Queen's Road Central, Hong Kong (the "Noteholder"), being the registered holder of this Note, on the Maturity Date (as defined in Condition 1 of the Conditions referred to below) or on such earlier date as such sum may become payable in accordance with the terms and conditions endorsed hereon (the "Conditions") upon presentation of this Note the principal sum of HK\$200,000,000 together with such additional amounts (if any) as may be due and payable under the Conditions in accordance with the Conditions unless the principal sum is fully or partially repaid or converted into Conversion Shares (as defined in Condition 1 of the Conditions) at HK\$0.36 per Conversion Share, subject to Adjustment (as defined in Condition 1 of the Conditions), in accordance with the Conditions. No security will be provided by the Company in respect of its obligations under this Note.

The Noteholder is entitled to require the Company to convert the whole or any part of the principal amount of this Note into Conversion Shares (as defined in Condition 1 of the Conditions) subject to and in accordance with the Conditions.

GIVEN under the Seal of **MONGOLIA ENERGY CORPORATION LIMITED** on this [].

Director

Secretary

Note:

This Note is not transferable except to the extent permitted by Condition 2 of the Conditions..

(For endorsement in the event of partial conversion)

Date	Amount Converted	Amount Redeemed	Amount Outstanding

The rest of this page is intentionally left blank.

TERMS AND CONDITIONS

This Note is issued by Mongolia Energy Corporation Limited (the “**Company**”) in the principal amount of HK\$200,000,000 and is convertible into Conversion Shares and shall be held subject to and with the benefit of the terms and conditions set out below. In this Note, the words and expressions set out below shall have the meanings attributed to them below unless the context otherwise required:

“ Adjustment ”	means any adjustment to the Conversion Price pursuant to Condition 6.
“ authorised denomination(s) ”	means HK\$10,000,000 or integral multiples thereof
“ Business Day ”	a day (excluding a Saturday, a 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.
“ CCASS ”	means the Central Clearing and Settlement System operated by the Hong Kong Securities Clearing Company Limited.
“ closing price per Share ”	on any given date the closing price per Share as quoted on the daily quotation list of the Stock Exchange, or, if the Stock Exchange begins to operate on an extended hours basis and does not designate the closing price, then the last traded price of the Shares prior to 4:00 p.m. (Hong Kong time) on that day. If such closing price cannot be calculated for the Shares on a particular date on the foregoing bases, the closing price per Share on such date shall be the fair market value as mutually determined by the Company and the Noteholder. If the Company and the Noteholder are unable to agree upon the fair market value of the Shares, then it shall be determined in good faith by a financial adviser (as defined in Condition 6.2).
“ Companies Ordinance ”	means the Companies Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented and/or replaced from time to time.
“ Company ”	means Mongolia Energy Corporation Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange.
“ Conditions ”	means the terms and conditions attached to or endorsed on this Note and “ Condition ” refers to the relative numbered paragraph of the Conditions.
“ connected person(s) ”	has the meaning ascribed to it under the Listing Rules.

“Conversion Notice”	means the notice setting out the exercise of the Conversion Rights of the principal amount of the Note, or part thereof, for Conversion Shares in the Company by the Noteholder in accordance with Condition 7.1 and Appendix A hereto.
“Conversion Price”	means the price of HK\$0.36 per Share, subject to the Adjustment, from time to time, if any.
“Conversion Rights”	means the rights attached to this Note to convert the principal amount or any part thereof into Shares.
“Conversion Shares”	means the new Shares to be issued by the Company under this Note, whether upon exercise by the Noteholder of the Conversion Rights, or otherwise pursuant to the Conditions.
“Event of Default”	means any of the events or circumstances set out under Condition 9.1 hereof.
“Exercise Date”	means any date on which the Conversion Rights (or any of them) are exercised in accordance with Condition 7.1.
“Exercise Period”	means the period commencing from and including the Business Day immediately after the Issue Date up to and including the Business Day immediately prior to the Maturity Date.
“Group”	means the Company and its subsidiaries from time to time.
“HK\$” and “cents”	means Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong.
“Interest Payment Date”	means the date on which interest accruing on the Note becomes payable in accordance with Condition 3.1
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China.
“Issue Date”	means the date of issue of this Note by the Company.
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange.
“Maturity Date”	has the meaning ascribed to it in Condition 1.1.
“month”	means the reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month provided that if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last day in that later month.
“Note”	means this 5% convertible note due on the Maturity Date in the principal amount of HK\$200,000,000 issued by the Company and this Note is generally not transferable except to the extent

	permitted by Condition 2 and convertible into Shares of the Company at the Conversion Price, subject to the Adjustment from time to time, or at any time.
“Noteholder”	means the holder, for the time being, of this Note appearing on the Register as the registered holder of this Note.
“Register”	means the register of the Noteholders to be maintained by the Company pursuant to Condition 2.3.
“Share(s)”	means ordinary share(s) of HK\$0.02 each in the share capital of the Company existing on the Issue Date and all other (if any) stock or shares from time to time and for the time being ranking <i>pari passu</i> therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof.
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited.
“Subscription Agreement”	means the subscription agreement dated 28 November 2012 signed by the Company, the Noteholder and Golden Infinity Co., Ltd. in relation to the subscription of this Note and the 5% GI Convertible Note respectively.
"subsidiary"	has the meaning ascribed to it in section 2 of the Companies Ordinance.
“Takeovers Code”	means The Hong Kong Code on Takeovers and Mergers.
“trading day”	means a day on which the Shares are traded on the Stock Exchange for a minimum of three (3) hours and an official closing price per Share is provided by the Stock Exchange.
"3% CTF Convertible Note"	3% convertible note due 14 June 2014 issued by the Company to the Noteholder on 15 June 2011, the outstanding principal amount of which is HK\$2,000,000,000 as at the date hereof.
"3.5% GI Convertible Note"	3.5% convertible note due 5 September 2013 issued by the Company to Golden Infinity Co., Ltd. on 6 September 2010, the outstanding principal amount of which is HK\$300,000,000 as at the date hereof.
“5% GI Convertible Note”	5% convertible note due 2015 issued by the Company to Golden Infinity Co., Ltd. on the Issue Date in the principal amount of HK\$200,000,000.
"3.5% SF Convertible Note"	3.5% convertible notes due 11 November 2013 issued by the Company to three subscribers on 12 November 2010, the aggregate outstanding principal amount of which is HK\$466,800,000 as at the date hereof.

The expressions **“Company”** and **“Noteholder”** and **“Parties”** shall where the context permits include their respective successors and permitted assigns.

In this Note, unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender or the neuter include both genders and the neuter; references to this Note or any other document shall be construed as references to such document as the same may be amended or supplemented from time to time. Condition headings are inserted for reference only and shall be ignored in construing this Note.

In this Note, unless where the context requires otherwise, words and phrases the definitions of which are contained or referred to in the Companies Ordinance shall be construed as having the meaning thereby attributed to them.

1. Maturity / Early Redemption

- 1.1 Subject as provided herein, the outstanding principal amount of this Note shall, unless previously repaid or converted into Shares of the Company in accordance with the Conditions, be redeemed in accordance with the Conditions on the third anniversary of the Issue Date or such later date consented by the Noteholder (the “**Maturity Date**”).
- 1.2 The Company may, at any time prior to the Maturity Date by giving not less than five (5) Business Days and not more than ten (10) Business Days prior notice to the Noteholder, repay (on a Business Day prior to Maturity Date specified in that notice (the “**Redemption Date**”)) the whole or part of the outstanding principal amount of this Note together with any unpaid interest accrued thereon from the Issue Date up to (but excluding) the Redemption Date.
- 1.3 The Company or any of its subsidiaries may at any time and from time to time repurchase this Note or any part thereof at any price as may be agreed between the Company or such subsidiary and the Noteholder. This Note or any part thereof so purchased shall forthwith be cancelled by the Company.

2. Status of this Note, Transferability and Purpose

- 2.1 This Note may (subject to the provisions of this Condition 2) be transferred to any person.
- 2.2 This Note (or any part thereof) may not be assigned or transferred to a connected person of the Company without the prior written consent of the Company. Without prejudice to the aforesaid, any assignment and/or transfer of this Note is subject to (i) the Listing Rules for so long as the Shares are listed on the Stock Exchange (and the rules of any other stock exchange on which the Shares may be listed at the relevant time) and all applicable laws and regulations; and (ii) the approval of the shareholders of the Company in a general meeting if so required under, and in compliance with, the Listing Rules if such assignment and/or transfer is proposed to be made to a connected person of the Company. A Noteholder shall not be in breach of this Condition 2.2 if it does not know, nor does it have reasonable cause to believe after having made due enquiries, that the transferee is a connected person of the Company.
- 2.3 This Note is in registered form and shall have an identifying number which shall be recorded on the certificate for this Note and in the Register. The Company shall maintain and keep a full and complete register (the “**Register**”) on which shall be kept the name, address (including its registered address and (if different) its correspondence address), facsimile number of the Noteholder and the particulars of this Note held by it

and all transfers, conversions, cancellation and destruction of this Note, any replacement certificate(s) issued in substitution for any defaced, lost, stolen or destroyed certificates from time to time. The Noteholder will (except as otherwise required by law) be treated as the absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it) of this Note and no person will be liable for treating such holder.

- 2.4 Any assignment or transfer of this Note shall be of the whole or any part (being an authorised denomination) of the outstanding principal amount of the Note. Title to the Notes passes only upon the entry on the Register of the relevant transfer and the issue of a new certificate for this Note to the transferee or assignee of this Note in accordance with Condition 2.5(b). The Company shall use all reasonable endeavours to facilitate any such assignment or transfer of this Note, including but not limited to making any necessary applications to the Stock Exchange for approval, if required under the Listing Rules.
- 2.5 Subject to Condition 2.2, in relation to any assignment and/or transfer of this Note permitted under or otherwise pursuant to this Condition 2:
- (a) This Note (or any part thereof) may only be transferred by execution of a form of transfer ("**Transfer Form**") substantially in the form annexed hereto as Appendix B (or in such other form as may be approved by the Company, such approval not to be unreasonably withheld or delayed, either generally or on a case-by-case basis) by the transferor and the transferee (or their duly authorised representatives). In this Condition, "**Transferor**" shall, where the context permits or requires, include joint transferors and shall be construed accordingly.
 - (b) This Note must be delivered to the Company for cancellation accompanied by: (i) a duly completed and executed (and if required, duly stamped) Transfer Form; (ii) proof reasonably satisfactory to the Company, of the authority of the person or persons to execute and deliver this Note and the related forms of transfer and (if relevant) contract notes and (if relevant) a copy of the constitutional document of such transferor; and (iii) a written confirmation from the proposed transferee (or its duly authorised representative) that the proposed transferee is not a connected person of the Company (provided that this confirmation shall be waived in writing by the Company if the Noteholder is itself a connected person of the Company and the transferee is an associate as defined under the Listing Rules of that Noteholder). The Company shall, within three (3) Business Days of receipt of such documents from the Noteholder, cancel the existing certificate for this Note and issue a new certificate for this Note under the seal of the Company in favour of the transferee or assignee in respect of the outstanding principal of this Note so transferred and, if this Note is assigned or transferred in part only, issue a new certificate under the seal of the Company in favour of the Transferor in respect of any balance thereof retained by the Transferor Noteholder.
 - (c) Any new Note issued pursuant to Condition 2.5(b) shall be delivered by registered mail or delivered by hand, in each case at the risk of the holder entitled thereto, to the address specified (in the case of transferee) in the Transfer Form or (in the case of the Transferor) in the Register as its correspondence address or (in the absence of which) its registered address, or (at the election of the Company) be made available for collection by the holder entitled thereto at the address of the Company as shown in Condition 13(b).

- 2.6 Registration of transfers of this Note in accordance with this Condition shall be effected without charge by or on behalf of the Company, but upon payment (or the giving of such indemnity as the Company may reasonably require) in respect of any taxes, duties or other government charges which may be imposed in relation to such transfer.
- 2.7 The Company shall not be required to register the transfer of this Note (or any part thereof) (i) during the period of 7 days up to and including the due date for any payment of principal or premium, if any, on this Note; or (ii) in respect of which a Conversion Notice has been given in accordance with Condition 7.1.
- 2.8 Any legal and other costs and expenses (including any registration costs arising from the transfer of this Notes) which may be incurred by the Company in connection with any transfer or assignment of any of this Notes (or any part thereof) or any request therefor shall be borne by the Company.
- 2.9 The obligations of the Company arising under this Note 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. This Note is issued with the benefit of and subject to the Conditions.
- 2.10 The obligations of the Company under this Note are unsecured.
- 2.11 No application shall be made for a listing of this Note on any stock exchange.
- 2.12 The Noteholder shall (except as otherwise required by law) be treated as the absolute owner of this Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, this Note) and no person shall be liable for so treating the Noteholder.
- 2.13 The Noteholder acknowledges and confirms that this Note and the 5% GI Convertible Note are issued simultaneously on the Issue Date and this Note forms part of the 5% coupon convertible note due on the Maturity Date in the aggregate principal amount of HK\$400,000,000 issued by the Company pursuant to the Subscription Agreement.

3. Interest

- 3.1 Subject as hereinafter provided, interest will accrue on the outstanding principal amount of this Note from the Issue Date up to and including the day immediately preceding the Maturity Date at the rate specified in Condition 3.2, payable annually in arrears on [***To insert anniversary of the Issue Day***] in each year (each an “**Interest Payment Date**”) commencing on [***To insert first anniversary of the Issue Date***], provided that if any Interest Payment Date would otherwise fall on a day which is not a Business Day, the Interest Payment Date shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which case the Interest Payment Date will be brought forward to the previous Business Day.
- 3.2 Interest on this Note 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 5.0 per cent. per annum on the principal amount of this Note from time to time outstanding.

3.3 Interest payable in respect of this Note on any Interest Payment Date shall be calculated from (and including) (i) in the case of the first Interest Payment Date, the Issue Date; or (ii) in any other case, the immediately preceding Interest Payment Date to (and excluding) the date on which interest is payable, plus any interest accrued but unpaid on any earlier Interest Payment Date.

3.4 In the event of conversion of the Note, the Company shall, upon delivery to the Noteholder of the certificates for the Conversion Shares to which the Noteholder shall become entitled in consequence of the conversion, pay interest at the rate specified in Condition 3.2 to the Noteholder in respect of the principal amount of the Note being converted calculated from (and including) the last Interest Payment Date immediately preceding the Exercise Date up to (but excluding) the Exercise Date.

4. Payments

4.1 All payments by the Company hereunder shall be made in immediately available funds free and clear of any withholdings or deductions for any present or future taxes, imposts, levies, duties or other charges. In the event that the Company is required by law to make any such deduction or withholding from any amount paid, the Company shall pay to the Noteholder such additional amount as shall be necessary so that the Noteholder continues to receive a net amount equal to the full amount which it would have received if such withholding or deduction had not been made.

4.2 All payments by the Company shall be made in Hong Kong dollars, not later than 3:00 pm (Hong Kong time) on the due date, by remittance to such bank account as the Noteholder may notify the Company from time to time.

4.3 If the due date for payment of any amount in respect of this Note is not a Business Day, the Noteholder shall be entitled to payment on the next following Business Day in the same manner without any accrued interest in respect of such delay.

5. Conversion

5.1 Subject to receipt of the Conversion Notice by the Company, the Noteholder shall have the right to convert on any Business Day from the Issue Date and up to the Business Day immediately prior to the Maturity Date, the whole or any part (in authorised denomination(s) save that if at any time the principal outstanding amount of this Note is less than HK\$10,000,000, the whole (but not part only) of the principal outstanding amount of this Note may be converted) of the outstanding principal amount of this Note into Shares at any time and from time to time at the Conversion Price, so that the number of Shares which fall to be issued (subject to Condition 5.2) shall be calculated by applying the formula:

$$n = \frac{x}{y}$$

where n = number of Conversion Shares to be issued
x = the amount of this Note to be converted
y = the Conversion Price applicable on the Exercise Date

5.2 No fraction of a Conversion Share shall be issued on conversion of this Note nor will any moneys be paid in respect of such fraction of a Conversion Share. Fractional

entitlements shall be ignored and any sum paid in respect thereof shall be retained by the Company for its own benefit. Conversion Shares issued upon conversion pursuant to Condition 5.1 shall rank *pari passu* in all respects with all other Shares in issue at the Exercise Date and be entitled to all dividends and other distributions the record date of which falls on a date on or after the Exercise Date.

- 5.3 In the event that immediately after the exercise of any Conversion Rights, an obligation to make a general offer in respect of the securities of the Company under the Takeovers Code is triggered, the Noteholder hereby agrees and undertakes that it shall forthwith comply with all relevant provisions under the Takeovers Code and all applicable laws and regulations.
- 5.4 The Company shall be entitled (without penalty on any right of recourse by the Noteholder) to disregard any Conversion Notice and the Conversion Rights thereunder, and the Company shall not be obliged to issue any Conversion Shares, if and to the extent that the issue of the relevant Conversion Shares would lead to an insufficient public float for the Shares (as required under the Listing Rules).

6. Adjustments

- 6.1 Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions and if the event giving rise to any such adjustment shall be that which would be capable of falling within more than one of the sub-paragraphs (a) to (e) inclusive of this Condition 6.1, it shall fall within the first of the applicable sub-paragraphs to the exclusion of the remaining sub-paragraphs:

- (a) If and whenever the Shares, by reason of any consolidation 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 close of business in Hong Kong on the day the consolidation 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:

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

where

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

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

- (c) If and whenever the Company shall make any Capital Distribution (as defined in Condition 6.2) (except where, and to the extent that, the Conversion Price has been adjusted under sub-paragraph (b) above) to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise) or shall grant to such holders 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 Condition 6.2) of the Share on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date next preceding the date of the Capital Distribution or, as the case may be, of the grant

F = the fair market value on the day of such announcement or (as the case may require) the date immediately preceding the 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 Condition 6.2) or the auditors of the Company for the time being, of the portion of the Capital Distribution or of such rights which is attributable to one Share

provided that:

- (i) if in the opinion of the relevant financial adviser or auditors of the Company (as the case may be), 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; and
- (ii) the provisions of this sub-paragraph (c) shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate, retroactively) on the date that such Capital Distribution or grant is made.

- (d) If and whenever the Company shall, after the date hereof, offer to holders of Shares new Shares for subscription by way of rights, or shall grant to holders of Shares 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 (as defined in Condition

6.2), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer 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 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 greater of either the closing price per Share on the trading day immediately prior to such announcement or the Conversion Price in effect immediately prior to the trading day immediately prior to such announcement

Such adjustment shall become effective (if appropriate, retroactively) on the date of such offer or grant, provided however that no such adjustment shall be made if the Company shall make a like offer at the same time to the Noteholder (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) as if it had exercised the Conversion Rights under this Note in full on the day immediately preceding the record date for such offer.

- (e) (i) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the Total Effective Consideration per Share (as defined below in this sub-paragraph (e)) initially receivable for such securities is less than 90% of the closing price per Share at the date of the announcement of the terms of issue of such securities (for the purpose of this section (i), the "**Applicable Price**"), 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 the Applicable Price 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 any such securities as are mentioned in section (i) of this sub-paragraph (e) are modified so that the Total Effective Consideration (as defined below in this sub-paragraph (e)) per Share is less than 90% of the closing price per Share at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription or the Conversion Price in effect immediately prior to the date of announcement of the proposal to modify such rights of conversion or exchange or subscription (for the purpose of this section (ii), the "**Applicable Price**"), 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 the Applicable Price 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 to take account of rights or capitalisation issues and other events normally giving rise to adjustment of conversion or exchange terms.

For the purposes of this sub-paragraph (e), 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.

6.2 For the purposes of this Condition 6:

"**announcement**" shall include the release of an announcement to the public through the Company's website and the Stock Exchange's website or the delivery or transmission by telephone, telex or otherwise of an announcement to the Stock Exchange and "**date of announcement**" shall mean the date on which the announcement is first so released, delivered or transmitted;

"**Capital Distribution**" shall (without prejudice to the generality of that phrase) include distributions in cash or specie. Any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a Capital Distribution provided that any such dividend shall not automatically be so

deemed if it is paid out of the aggregate of the net profits (less losses) attributable to the holders of Shares for all financial periods after 2010 as shown in the audited consolidated profit and loss account of the Company and its subsidiaries for each financial period ended 31 March;

“**financial adviser**” means an independent financial adviser registered under the Securities and Futures Ordinance in Hong Kong selected by the Company and approved by the Noteholder (which approval shall not be unreasonably withheld or delayed) for the purpose of providing a specific opinion or calculation or determination hereunder;

“**issue**” shall include allot;

“**market price**” mean the average of the closing price per Share on the Stock Exchange for each of the last five (5) trading days ending on such trading day last preceding the day on or as of which the market price is to be ascertained;

“**reserves**” includes unappropriated profits; and

“**rights**” includes rights in whatsoever form issued.

6.3 The provisions of sub-paragraphs (b), (c), (d) and (e) of Condition 6.1 shall not apply to:

- (a) subject to sub-paragraphs (b) and (e) below, an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares (including any conversion of any part of this Note) or upon exercise of any rights to acquire Shares provided that an adjustment (if required) has been made under this Condition 6 in respect of the issue of such securities or granting of such rights (as the case may be);
- (b) an issue of Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or rights to acquire, Shares to eligible persons prescribed under any share option scheme of the Company;
- (c) an issue of fully-paid Shares by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities wholly or partly convertible into, or rights to acquire, Shares;
- (d) an issue of Shares pursuant to a scrip dividend scheme; or
- (e) an issue of Shares on conversion of part or the whole of the 3% CTF Convertible Note, the 3.5% GI Convertible Note, the 3.5% SF Convertible Note and the 5% GI Convertible Note pursuant to the terms and conditions of their respective notes.

6.4 Any adjustment to the Conversion Price shall be made to the nearest one cent so that any amount under half a cent shall be rounded down and any amount of half of a cent or more shall be rounded up.

6.5 Notwithstanding anything contained herein, no adjustment shall be made to the Conversion Price in any case:

- (a) in which the amount by which the Conversion Price would be reduced in accordance with the foregoing provisions of this Condition would be less than one cent and any adjustment that would otherwise be required to be made shall not be carried forward; and/or
 - (b) if, as a result of such adjustment, the Conversion Price shall fall below the then nominal value of each Share unless Condition 8.4 has been complied with.
- 6.6 Whenever the Conversion Price is adjusted as herein provided, the Company shall give prompt notice of the same to the Noteholder (setting forth the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof).
- 6.7 Any adjustment to the Conversion Price shall not involve an increase in the Conversion Price (except upon any consolidation of the Shares pursuant to Condition 6.1(a)).
- 6.8 Every adjustment to the Conversion Price shall be certified in writing either by the auditors of the Company for the time being or by a financial adviser (as defined in Condition 6.2).
- 6.9 The Company shall make available for inspection at its principal place of business in Hong Kong at all times after the effective date of the adjustment to the Conversion Price and so long as this Note remains outstanding, a signed copy of the certificate of the auditors of the Company or a financial adviser and a certificate signed by a director of the Company setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to the adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request, send a copy thereof to the Noteholder.
- 6.10 If the Company or any subsidiary of the Company shall in any way modify the rights attached to any share or loan capital so as to convert wholly or partly or make convertible such share or loan capital into, or attach thereto any rights to acquire, Shares, the Company shall consider whether any adjustment to the Conversion Price is appropriate and if it is decided that any such adjustment is appropriate, the Conversion Price shall be adjusted accordingly and the provisions of Conditions 6.4, 6.5, 6.6 and 6.9 shall apply.
- 6.11 Notwithstanding the provisions of Condition 6.1, in any circumstances where the Company or the Noteholder shall consider that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said Condition or that an adjustment should take effect on a different date or with a different time from that provided for under the provisions, the Company or the Noteholder may consider whether for any reason whatsoever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if the Company or the Noteholder shall consider this to be the case, the Company or the Noteholder (as the case may be) shall inform the other party as soon as possible and failing agreement between the Company and the Noteholder on the aforesaid, they shall jointly engage the auditors of the Company or a financial adviser (as defined in Condition 6.2) (who shall act as an expert and not as an arbitrator in accordance with Condition 11 and whose costs to be shared equally between the Company and the Noteholder) to certify in its opinion as to whether the adjustment

shall be modified or nullified or an adjustment should be made instead of no adjustment being made in such manner (including without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by the auditors of the Company or a financial adviser to be appropriate and the Noteholder and the Company jointly agree to apply such determination by the auditors of the Company or a financial adviser for the purpose of calculating the Conversion Price as adjusted and/or making and/or modifying and/or nullifying any adjustments.

7. Procedure for Conversion and Share Issue

- 7.1 The Conversion Rights may, subject as provided herein, be exercised on any Business Day during the Exercise Period, by the Noteholder delivering the Conversion Notice to the Company in accordance with Condition 13 stating the intention of the Noteholder to convert this Note into Shares. The Conversion Notice shall be in the form set out under Appendix A annexed to the Conditions.
- 7.2 The Noteholder shall pay all taxes and stamp duty, issue and registration duties (if any) and levies and charges (if any) arising on any conversion and issue of share certificates for the Conversion Shares and replacement certificate(s) for this Note in the event of partial conversion.
- 7.3 (a) The Conversion Shares shall be allotted and issued by the Company, credited as fully paid, to the Noteholder or as it may direct, within ten (10) Business Days after, and with effect from, the later of the Exercise Date or the date on which the certificate for this Note is delivered to and received by the Company for cancellation.
- (b) The certificate(s) (either in a single or multiple instruments) for the Shares to which the Noteholder shall become entitled in consequence of any conversion shall be issued and made available for collection at the Company's address specified in Condition 13 within the ten (10) Business Day period provided for in sub-paragraph (a) above.
- (c) On any partial conversion of this Note, the Noteholder will by reasonable prior appointment with the Secretary or any officer of the Company, attend at the principal place of business of the Company in Hong Kong specified in Condition 13 with the certificate representing this Note and shall join in endorsing the certificate representing this Note with the amount of the relevant outstanding principal sum of this Note so converted.

8. Protection of the Noteholder

- 8.1 So long as this Note is outstanding, unless with prior written approval of the Noteholder, which approval shall not be unreasonably withheld or delayed:
- (a) the Company shall from time to time keep available for issue, free from pre-emptive rights, out of its authorised but unissued capital sufficient Shares to satisfy in full the Conversion Rights at the Conversion Price and all other rights for the time being outstanding of subscription for and conversion into Conversion Shares;

- (b) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the Company shall use its best endeavours to:
 - (i) maintain a listing for all the issued Shares on the Stock Exchange or on such other internationally recognised stock exchange (an “**alternative stock exchange**”) as the Company may from time to time determine; and
 - (ii) obtain and maintain a listing on the Stock Exchange (or an alternative stock exchange) for all the Conversion Shares issued on the exercise of the Conversion Rights;
- (c) the Company shall ensure that all Conversion Shares issued upon conversion of this Note shall be duly and validly issued fully paid and registered;
- (d) as soon as possible and in any event not later than seven (7) Business Days after the announcement of the full terms of any event which would give rise to an adjustment pursuant to Condition 6 (or, if later, as soon as the relevant adjustment thereunder can reasonably be determined), give notice to the Noteholder advising it of the date on which the relevant adjustment of the Conversion Price is likely to become effective and of the effect of exercising the Conversion Rights pending such date;
- (e) the Company shall comply with and procure the compliance of all conditions imposed by the Stock Exchange or by any other competent authority (in Hong Kong or elsewhere) for approval of the issue of this Note or for the listing of and permission to deal in the Shares issued or to be issued on the exercise of the Conversion Rights and the continued compliance thereof (provided in each case that the Noteholder complies with and satisfies all such conditions to the extent the same are applicable to the Noteholder);
- (f) the Company shall not in any way modify the rights attached to the Shares as a class or attach any special restrictions thereto;
- (g) the Company shall procure that at no time shall there be in issue Shares of differing nominal values;
- (h) the Company shall not issue or pay up any securities by way of capitalisation of profits or reserves other than (i) by the issue of fully paid Shares to holders of its Shares; or (ii) as mentioned in Condition 6.3(c); or (iii) by the issue of Shares in lieu of a cash dividend in the manner referred to in Condition 6.3(d);
- (i) the Company shall not, without first having given prior written notice to the Noteholder of its intention to do so, create or permit to be in issue any share capital other than Shares, provided that nothing in this Condition 8.1(i) shall prevent (i) any consolidation or sub-division of the Shares; or (ii) the issue of share capital which does not participate in dividend or in respect of a certain financial period but is *pari passu* in all other respects with the Shares;
- (j) the Company shall procure that (i) no securities issued by the Company shall be converted into Shares or exchanged for Shares except in accordance with the

terms of issue thereof, and (ii) no securities issued by the Company without rights to convert into Shares or to be exchanged for Shares shall subsequently be granted such rights;

- (k) the Company shall not, subject as hereinafter provided, make any reduction or redemption of share capital, share premium account or capital redemption reserve involving the repayment of money to shareholders (other than to shareholders having the right on a winding-up to a return of capital in priority to the holders of Shares) or reduce any uncalled liability in respect thereof unless, in any such case, the same gives rise (or would, but for the provisions of Condition 6.4 or 6.5 give rise) to an Adjustment of the Conversion Price in accordance with Condition 6;
- (l) the Company shall not authorise or effect a voluntary liquidation; and
- (m) the Company shall not enter into any deed, agreement, assignment, instrument or documents whatsoever which may result in any breach of any of the terms and conditions of this Note.

If any of the provisions or restrictions in this Condition 8.1 is or becomes invalid, unenforceable or illegal in any respect under the laws of any relevant jurisdiction, the relevant part of this Condition shall be severed from the other parts of the Conditions, and neither the validity, enforceability or legality of such other provisions under the laws of that jurisdiction, nor the validity, enforceability or legality of all such provisions under the laws of other jurisdictions shall in any way be thereby affected or impaired.

- 8.2 In the event of the consolidation or amalgamation of the Company with, or merger of the Company into, any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), or in the case of any sale or transfer of all or substantially all of the assets of the Company, the Company shall forthwith give notice of such event to the Noteholder.
- 8.3 If an offer is made to all holders of Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons associated or acting in concert with the offeror) to acquire all or a portion of the Shares and such offer comes to the knowledge of the Company, the Company shall forthwith give notice of such offer to the Noteholder and shall use all its reasonable endeavours to procure that a similar offer is extended in respect of this Note or in respect of any Shares issued on conversion of this Note during the period of the offer.
- 8.4 The Company shall not do any act or engage in any transaction the result of which, having regard to the provisions of Condition 6, would be to reduce the Conversion Price to below the nominal amount of a Share unless:
 - (a) the bye-laws of the Company shall be in such form, or shall have been altered or added to in such manner, as may be necessary or appropriate to enable the following provisions of this Condition 8.4 to be implemented; and
 - (b) implementation of such provisions is not prohibited by and is in compliance with the laws of the place of incorporation of the Company.

- 8.5 The Company shall not close its register of shareholders for more than ten (10) Business Days each year (in addition to any period required by law or regulation including the Listing Rules) or take any other action which prevents the transfer of its Shares generally unless, under the laws of Hong Kong and Bermuda and the bye-laws of the Company as then in effect, this Note may be converted legally into Shares and the Shares so converted may be transferred at all times during the period of such closure. The Company shall not take any action which prevents the conversion of this Note or delivery of Shares in respect thereof.

9. Events of Default

- 9.1 If any of the following events ("**Events of Default**") occurs, the Noteholder may give notice in writing that this Note 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 (the giving of which notice is the sole remedy of the Noteholder):

- (a) the listing of the Shares (as a class) on the Stock Exchange:-
 - (i) ceases; or
 - (ii) is suspended for a continuous period of twenty one (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);
- (b) the Company breaches any of the Warranties (as defined in the Subscription Agreement) or defaults in performance or in compliance with any of its obligations contained in the Conditions, which breach or default is incapable of remedy or, if capable of remedy, is not remedied within fifteen (15) Business Days after notice of such breach or default is sent from the Noteholder to the Company;
- (c) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company or any of its subsidiaries and is not discharged, paid out, withdrawn or remedied within fifteen (15) Business Days thereof;
- (d) the Company defaults in the payment of any sum due from it under this Note when and as the same ought to be paid unless non-payment of such sums is due solely to administrative or technical error and such failure is not remedied for five (5) Business Days after the Noteholder has given notice thereof to the Company;
- (e) any order is made by any competent court adjudging the Company insolvent or bankrupt under the insolvency or bankruptcy laws of any jurisdiction to which it may be subject or any order is made for the appointment of any liquidator, receiver, trustee, curator or sequestrator or other similar official of the Company in respect of all or substantial part of its assets (save for the purposes of an amalgamation, merger or reconstruction not involving insolvency);
- (f) the Company admits inability 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;

- (g) any consent, licence, approval or authorization 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 this Note 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 this Note or otherwise ceases to be in full force and effect;
- (h) any governmental authority or agency seizes, compulsorily purchases or expropriates all or any material part of the assets of the Company without any compensation; or
- (i) if it is or becomes impossible or unlawful in Hong Kong for the Company to fulfill any of its payment obligations contained in this Note.

provided that notwithstanding the foregoing, if the Company shall fail to issue the Conversion Shares in accordance with the Conditions, the Noteholder shall be entitled to bring an action against the Company for either specific performance or damages.

- 9.2 The Company shall forthwith on becoming aware of any such event as is mentioned in Condition 9.1 give notice in writing thereof to the Noteholder. Notwithstanding the foregoing, if the Company shall fail to issue the Conversion Shares in accordance with the Conditions, the Noteholder shall be entitled to bring an action against the Company for either specific performance or damages.
- 9.3 The Company shall indemnify and always keep indemnified the Noteholder, upon demand, against any damages, losses, costs, expenses (including legal costs and expenses) or other liabilities which the Noteholder may suffer or incur as a result of or in connection with any breach or non-performance or non-compliance by the Company of any of the agreements, undertakings and obligations herein contained or any other terms and conditions of this Note.

10. Voting

The Noteholder shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the Noteholder.

11. Experts

In giving any certificate or making the adjustment to the Conversion Price, the auditors of the Company or (as the case may be) any financial adviser (as defined in Condition 6.2) appointed shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be conclusive and binding on the Company and the Noteholder and all persons claiming through or under them respectively.

12. Replacement Note

- 12.1 If the certificate for this Note is lost or mutilated, the Noteholder shall forthwith notify the Company and a replacement certificate shall be issued if the Noteholder provides the

Company with:

- (a) a declaration by the Noteholder or its officer that the certificate for this Note had been lost or mutilated (as the case may be) or other evidence that the certificate for this Note had been lost or mutilated, together with the mutilated certificate for this Note (if applicable); and
- (b) an appropriate indemnity in such form and content as the Company may reasonably require.

12.2 The certificate for this Note replaced in accordance with this Condition shall forthwith be cancelled.

13. Notices

Any notice required or permitted to be given by or under this Note shall be in writing and delivered to the address or facsimile number shown below:

- (a) in the case of the Noteholder, at the following address:

31st Floor, New World Tower 1, 16-18 Queen's Road Central, Hong Kong

Facsimile : (852) 2810 4297

Attention : Mr. Wat Chung Wing

- (b) in the case of the Company, at the following address:

40th Floor, New World Tower 1, 16-18 Queen's Road Central, Hong Kong

Facsimile : (852) 2138 8111

Attention : Ms. Yvette Ong

or to such other Hong Kong address or facsimile number as the Company may have notified to the Noteholder or vice versa pursuant to this Condition and may be given by sending it by registered post or by hand to such address or to such other address as the party concerned may have notified to the other party in accordance with this Condition and such notice shall be deemed to have been served on the day of delivery (or on the immediately following Business Day, if the day of delivery is not a Business Day or if the delivery or transmission is made after 5:00 p.m. Hong Kong time), or in the case of registered post, 48 hours after posting, or if sooner, upon acknowledgement of receipt by or on behalf of the party to which it is addressed. Acknowledgement in writing of receipt of a notice by or on behalf of a Party, signed or initialled by any employee of such party, shall be evidence that such notice has been duly served in accordance with this Condition.

14. Amendment

The terms and conditions of this Note may be varied, expanded or amended by agreement in writing between the Company and the Noteholder.

15. Governing Law and Jurisdiction

This Note is governed by and shall be construed in accordance with the laws of Hong Kong and the Company and the Noteholder (by its acceptance hereof) submit to the non-exclusive jurisdiction of the courts of Hong Kong in connection herewith.

The rest of this page is intentionally left blank.

Appendix A

Conversion Notice

The undersigned hereby irrevocably elects to convert the following principal amount of the Convertible Note (the "**Note**") attached hereto issued to us on [date] into shares of HK\$0.02 each in Mongolia Energy Corporation Limited (the "**Company**") in accordance with the terms and conditions of the Note and the terms below.

Note No.: CN[.]

Principal Amount of the Note: HK\$
(the Note must be attached to this notice)

Amount to be converted: HK\$

Exercise Date: _____
(the date this notice is given, or deemed to be given, by the Noteholder)

Applicable Conversion Price: _____

Name in which Shares to be issued: _____

Address of shareholder: _____

Signature of Noteholder: _____

Name of Noteholder: _____

The rest of this page is intentionally left blank.

Appendix B
TRANSFER FORM
5% CONVERTIBLE NOTES DUE 2015

Terms defined in the enclosed Note (as it may be amended from time to time) shall bear the same meaning in this Transfer Form.

FOR VALUE RECEIVED the undersigned transfers hereby to the transferee (the "Transferee") whose particulars are set out below HK\$.....principal amount of the enclosed Note, and all rights in respect thereof and irrevocably requests the Company to register and to issue new certificate(s) for the Note in accordance with the terms of the Note (as it may be amended from time to time).

Particulars of the Transferee are as follows:-

(PLEASE PRINT OR TYPE IN THE RELEVANT INFORMATION)

Name of Transferee:	
Registered Address:	
Correspondence Address:	
Facsimile:	
HK dollar registered account for the purposes of payments under the Notes:	<ul style="list-style-type: none"> • Name of Account • Account No. • Sort Code: • Name of Bank: • Address of Bank:

The Transferee hereby irrevocably represents, warrants and undertakes to the Company that it is not a connected person of the Company.

Dated:

Transferor's Name:

Transferee's Name:

Transferor's authorised signature:

Transferee's authorised signature:

Witness to Transferor's signature:

Witness to Transferee's signature:

[signature]

[signature]

name

name

Notes:

- 1. A representative of the Noteholder should state the capacity in which he signs (e.g. director).*
- 2. In the case of joint holders, all joint holders must sign this transfer form.*
- 3. The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Company may require.*
- 4. A transfer must be in an amount equal to the whole of the Note being transferred or an authorised denomination.*

SCHEDULE 4

COMPLETION REQUIREMENTS

1. Obligations of the Company

At Completion, the Company:-

- (a) shall deliver to each Subscriber a certified copy of the board resolutions of the Company approving and authorising the execution and completion of this Agreement and the issue of the Certificates in respect of the Note to the Subscriber;
- (b) shall issue Certificate A and Certificate B for the Note at full face value in favour of Subscriber A and Subscriber B respectively or as they may direct and shall deliver the same to the Subscribers or as they may direct and register the Subscribers or as they may direct in the register of the Noteholders in accordance with the Conditions; and
- (c) shall deliver to each Subscriber evidence to the reasonable satisfaction of the Subscribers of the fulfilment of the Conditions Precedent.

2. Obligations of the Subscribers

At Completion, each Subscriber shall pay to the Company (or as the Company may direct in writing one Business Day prior to the Completion Date) funds in Hong Kong dollars in the amount of such proportion of the Subscription Price as is set out against its name in column 3 of Schedule 5. The delivery by such Subscriber to the Company of wiring instructions (in the form of an email to the wiring bank) to pay such amount to such account as may be notified in writing by the Company to such Subscriber one Business Day prior to the Completion Date and the acknowledgment (in the form of an email) by the wiring bank of such wiring instructions shall constitute a complete discharge of the obligations of such Subscriber under the Subscription, including without limitation its obligations under this paragraph 2.

SCHEDULE 5

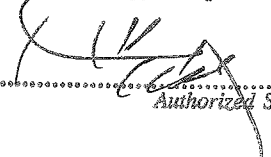
SUBSCRIBERS

Subscriber	The principal amount of the Note to be issued by the Company and subscribed by each Subscriber	Proportion of the Subscription Price to be paid by the Subscriber
Subscriber A	HK\$200,000,000	HK\$200,000,000
Subscriber B	HK\$200,000,000	HK\$200,000,000

IN WITNESS whereof this Agreement has been duly executed on the date first above written.

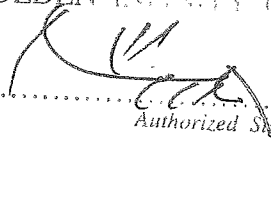
SIGNED by *Mr. Lo Lin Shing, Simon*)
)
duly authorised director for and on behalf of)
MONGOLIA ENERGY)
CORPORATION LIMITED)
in the presence of:-)

For and on behalf of
Mongolia Energy Corporation Limited


.....
Authorized Signature(s)

SIGNED by *Mr. Lo Lin Shing, Simon*)
)
duly authorised for and on behalf of)
GOLDEN INFINITY CO., LTD)
in the presence of:-)

For and on behalf of
GOLDEN INFINITY CO., LTD.


.....
Authorized Signature(s)

SIGNED by *Dr. Cheng Kai Shun*)
)
duly authorised for and on behalf of)
CHOW TAI FOOK)
NOMINEE LIMITED)
in the presence of:-)

CHOW TAI FOOK NOMINEE LTD.


.....
Director(s)