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MONGOLIA ENERGY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 276)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2026

The board of directors (the "**Board**") of Mongolia Energy Corporation Limited (the "**Company**") announces the condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2026 (the "**Financial Period**") together with the comparative figures for the corresponding period in the previous year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 September 2026

		Six months ended 30 September	
		2026	2025
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**1,117,214**	871,143
Cost of sales		**(791,529)**	(786,742)
Gross profit		**325,685**	84,401
Other income	*4*	**3,731**	13,178
Other gains and losses	*5*	**(26,725)**	39,388
Administrative expenses		**(121,742)**	(130,788)
Changes in fair value on derivative component of convertible notes	*13(a)*	**145,360**	(216,927)
Loss on derecognition of convertible notes	*13(a)*	**–**	(2,339)
Changes in fair value on loan note		**–**	172,900
Impairment losses on property, plant and equipment	*10*	**(104,422)**	(322,598)
Impairment losses on right-of-use assets	*10*	**(495)**	(1,940)
Impairment losses on intangible assets	*10*	**(9,383)**	(30,891)
Reversal of impairment losses on financial assets		**598**	1,373
Finance costs	*6*	**(294,528)**	(276,944)
Loss before taxation	*7*	**(81,921)**	(671,187)
Income tax expense	*8*	**(40,339)**	(68,965)
Loss for the period attributable to owners of the Company		**(122,260)**	(740,152)
Loss per share attributable to ordinary equity holders of the Company			
– basic and diluted loss per share (HK$)	*9*	**(0.65)**	(3.93)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2026

	Six months ended 30 September	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period	**(122,260)**	(740,152)
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
− Exchange differences on translation of financial statements of group companies	**10,434**	11,737
− Fair value changes on debt instruments at fair value through other comprehensive income	**(1,310)**	(1,000)
Other comprehensive income for the period	**9,124**	10,737
Total comprehensive expense for the period attributable to owners of the Company	**(113,136)**	(729,415)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2026

	Notes	**30 September 2026** ***HK$'000*** **(unaudited)**	31 March 2026 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	*10*	**1,229,272**	1,203,604
Right-of-use assets	*10*	**17,927**	14,494
Intangible assets	*10*	**105,316**	112,687
Exploration and evaluation assets		**14,163**	5,250
Interest in an associate		**–**	–
Deferred tax assets		**62,111**	48,628
Long-term receivable		**221,638**	215,445
		1,650,427	1,600,108
Current assets			
Trade and bills receivables	*11*	**884,039**	1,028,092
Inventories		**363,985**	320,208
Other receivables, prepayments and deposits		**98,339**	142,691
Prepaid taxation		**83**	84
Financial asset at fair value through profit or loss ("**FVTPL**")		**46,522**	85,432
Amount due from an associate		**–**	–
Cash and cash equivalents		**88,537**	55,409
		1,481,505	1,631,916
Current liabilities			
Trade payables	*12*	**275,316**	292,123
Other payables and accruals		**914,036**	863,974
Contract liabilities		**53,878**	42,535
Tax liabilities		**233,499**	225,030
Advances from a Director		**759,355**	891,029
Short-term bank loan		**27,300**	54,600
Lease liabilities		**4,440**	5,369
Deferred income		**159**	173
		2,267,983	2,374,833
Net current liabilities		**(786,478)**	(742,917)
Total assets less current liabilities		**863,949**	857,191

	Notes	**30 September 2026** ***HK$'000*** **(unaudited)**	31 March 2026 *HK$'000* (audited)
Non-current liabilities			
Convertible notes	*13(a)*	**3,866,271**	3,790,603
Loan note	*13(b)*	**577,169**	540,602
Deferred income		**353**	414
Deferred tax liabilities		**48,660**	47,134
Lease liabilities		**7,417**	3,131
Provision for rehabilitation		**39,974**	38,066
		4,539,844	4,419,950
Net liabilities		**(3,675,895)**	(3,562,759)
Financed by:			
Capital and reserves			
Share capital		**3,763**	3,763
Reserves		**(3,679,658)**	(3,566,522)
Capital deficiencies attributable to owners of the Company		**(3,675,895)**	(3,562,759)

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In preparing the condensed consolidated financial statements, the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity of the Group. The Directors have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of at least 12 months from 30 September 2026. The cash flow projections have been determined using the estimation of future cash flows to be generated from the Group's operating activities and its working capital needs.

MoEnCo LLC ("**MoEnCo**"), an indirect wholly-owned subsidiary of the Company, was under two tax demands from the Mongolian Tax Authority ("**MTA**"):

(i) a reassessed tax of approximately HK$902.6 million for the tax period between 2017 and 2020 ("**2017-2020 Tax Act**") mainly on transfer pricing, royalties tax, the treatment of repayment to the Company and unrealised exchange differences. Claims have been filed with the Administrative Court of Mongolia (the "**Administrative Court**") and the Appellate Court of Mongolia (the "**Appellate Court**") against the decision of the Tax Dispute Resolution Committee of Mongolia ("**TDRC**"). On 9 June 2026, the Appellate Court ordered the tax dispute matters in respect of the 2017-2020 Tax Act be remitted to the MTA for reassessment within six months from the issuance date of judgement. This tax reassessment is currently still in progress as of the date of the condensed consolidated financial statements. MoEnCo, with the assistance of its tax adviser, is actively cooperating with the MTA and continues to provide further documents and information in response to the requests made by the MTA.

(ii) a tax demand of approximately HK$1.12 billion mainly on royalties tax for the tax period 2021 and 2022, and the treatment of repayment to the Company and unrealised exchange differences for the tax period between 2021 and 2023 ("**2021-2023 Tax Act**"). An appeal has been filed with TDRC. The appeal remains pending, and no hearing date has been yet scheduled or notified.

Based on the advice from the external tax and legal advisors, management believes that the Group has compelling legal basis to contest the adjudged tax result. The Group has been and will continue to exercise its endeavour to negotiate with the relevant Mongolian authorities for an amicable solution. In this regard, the Group has made a total provision of HK$920.7 million, including tax provision and penalty arising from the above tax acts of HK$527.6 million and royalty tax payables of HK$393.1 million as at 30 September 2026. However, if the outstanding amount continues to remain outstanding, the MTA has the right to take further action including seizure of MoEnCo's assets in Mongolia. If such event happens, MoEnCo's operation would come to a halt.

In addition, Mr. Lo Lin Shing, Simon ("**Mr. Lo**"), a substantial shareholder of the Company who has significant influence over the Group and being the Chairman and Director of the Company, has provided facilities amounting to HK$1,900.0 million by way of advances to the Group. As at 30 September 2026, advances from Mr. Lo in the sum of HK$759.4 million comprised the principal amount and accrued interest of HK$741.8 million and HK$17.6 million respectively. Excluding the accrued interest of HK$17.6 million, the balance of the unutilised facilities of HK$1,158.2 million remains valid until 24 March 2028. Mr. Lo has undertaken not to demand for repayment of the principal amount of the loan and the accrued interest until the Group has sufficient cash to make repayment which will not affect the Group's liquidity position, and to provide financial support to the Group for the unutilised facilities as and when needed.

While recognising that the Group had net liabilities of approximately HK$3,675.9 million and net current liabilities of approximately HK$786.5 million as at 30 September 2026 and incurred a loss of approximately HK$122.3 million for the period then ended, the Directors are of the opinion that, taking into account of above and the internally generated funds, the Group will be able to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the condensed financial statements have been prepared on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the finance from Mr. Lo will be available. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, if applicable. The effects of these adjustments have not been reflected in the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period.

Other than additional accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2026 are the same as those applied in the preparation of the Group's annual financial statements for the year ended 31 March 2026.

Application of amended HKFRS Accounting Standards

The Group has adopted the following amended HKFRS Accounting Standards for the first time for the current period's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Annual Improvements to HKFRS Accounting Standards − Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The application of the above amended HKFRS Accounting Standards has no material impact on the Group's condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in mining, processing and sale of coal. Revenue arises from the sale of coal to external customers located in the People's Republic of China (the "**PRC**") and Mongolia, and is recognised at a point in time when coal is delivered to and accepted by the customers.

The Group's operating activities focus on the coal mining business. Information is reported to the chief operating decision maker (i.e. the Executive Directors) for the purposes of resource allocation and performance assessment. This is also the basis of organisation whereby management has chosen to organise the Group.

The following is an analysis of the Group's revenue and results by operating segment:

For the six months ended 30 September 2026

	Coal mining	**Total**
	HK$'000	***HK$'000***
Segment revenue	**1,117,214**	**1,117,214**
Segment profit	**138,510**	**138,510**
Unallocated expenses *(Note)*		**(36,977)**
Other income		**15**
Other gains and losses		**(38,908)**
Changes in fair value on derivative component of convertible notes		**145,360**
Impairment loss on financial asset		**(5)**
Finance costs		**(289,916)**
Loss before taxation		**(81,921)**

For the six months ended 30 September 2025

	Coal mining	Total
	HK$'000	*HK$'000*
Segment revenue	871,143	871,143
Segment loss	(332,169)	(332,169)
Unallocated expenses *(Note)*		(37,999)
Other income		11
Other gains and losses		20,405
Changes in fair value on derivative component of convertible notes		(216,927)
Loss on derecognition of convertible notes		(2,339)
Changes in fair value on loan note		172,900
Impairment loss on financial assets		(5)
Finance costs		(275,064)
Loss before taxation		(671,187)

Note:

Unallocated expenses mainly included staff costs for corporate office, office rental and legal and professional fees for both periods.

The following is an analysis of the Group's assets by operating segment:

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
Coal mining	**3,131,932**	3,064,447

4. OTHER INCOME

	Six months ended 30 September	
	2026	2025
	HK$'000	*HK$'000*
Interest income	**216**	9,936
Government grants	**1,624**	1,701
Sundry income	**1,891**	1,541
	3,731	13,178

5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2026	2025
	HK$'000	*HK$'000*
Changes in fair value on financial asset at FVTPL	**(38,910)**	20,301
Gain on disposal of property, plant and equipment	**16**	9
Gain (loss) on discounting of long-term receivable	**11,820**	(8,065)
Loss on write off of property, plant and equipment	**(212)**	–
Net exchange gain	**561**	27,143
	(26,725)	39,388

6. FINANCE COSTS

	Six months ended 30 September	
	2026	2025
	HK$'000	*HK$'000*
Interest on advances from a Director	**32,202**	34,584
Interest on lease liabilities	**251**	287
Interest on short-term bank loan	**2,273**	556
Effective interest expense on convertible notes *(Note 13(a))*	**221,028**	215,797
Effective interest expense on loan note	**36,567**	24,477
Effective interest expense on provision for rehabilitation	**2,207**	1,243
	294,528	276,944

7. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting):

	Six months ended 30 September	
	2026	2025
	HK$'000	*HK$'000*
Total staff costs, including Directors' emoluments (net of reimbursement from a related party)	**81,994**	89,731
Less: staff costs capitalised in inventories	**(37,886)**	(35,952)
	44,108	53,779
(Reversal of impairment losses) impairment losses on:		
Trade and bills receivables	**(603)**	(1,378)
Amount due from an associate	**5**	5
	(598)	(1,373)
Depreciation of property, plant and equipment	**26,107**	15,681
Depreciation of right-of-use assets	**3,078**	3,119
Amortisation of intangible assets	**4,169**	2,695

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2026	2025
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**35,699**	36,684
Mongolian corporate income tax *(Note)*	**17,781**	34,432
Deferred taxation	**(13,141)**	(2,151)
	40,339	68,965

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% on the estimated assessable profits (if any) for both periods.

Mongolian corporate income tax was calculated at 10% to the first Mongolian Tugrik ("**MNT**") 6 billion of annual taxable income and 25% on the remaining annual taxable income for both periods.

The Company is not subject to any taxation in Bermuda. Bermuda levies no tax on the income of the Group.

Note:

2017-2020 Tax Act

On 28 July 2023, MoEnCo received a tax demand letter (the "**First Tax Demand Letter**") from the MTA, arising from the completion of the tax audit. The letter imposed a total tax demand (including additional taxes and penalties) of approximately HK$406.4 million (US$52.1 million) on a number of tax matters, including mainly transfer pricing, the treatment of unrealised exchange differences, and royalty tax.

MoEnCo filed an appeal notice against the First Tax Demand Letter. Following a hearing on 29 January 2024, the TDRC ordered a reinvestigation on a number of tax matters identified in the First Tax Demand Letter. As a result of the reinvestigation, on 21 May 2024, MoEnCo received a revised tax demand letter from the MTA, increasing the total tax demand to MNT413.4 billion (approximately HK$929.8 million). The revision is mainly due to, among others, the MTA assertions of MoEnCo's from a transfer pricing perspective, which was under dispute at the TDRC hearing held on 29 January 2024.

On 24 July 2025, MoEnCo received the written decision resolution from the TDRC re-hearing held on 25 June 2025, where representatives of MoEnCo attended for an appeal against the reassessment of the tax audit by the Mongolia General Tax Office regarding a revised total tax demand of MNT413.4 billion (approximately HK$929.8 million) for the fiscal years 2017 to 2020 (the "**reassessment tax**"). According to the decision, MoEnCo was ordered to pay the reassessment tax in the sum of MNT412.3 billion (approximately HK$902.6 million). The Group has engaged with independent external tax and legal advisors in assessing the findings and disagrees on a number of matters and the underlying calculation included in the above tax assessments. MoEnCo initiated the legal proceedings by filing relevant claims with the Administrative Court and the Appellate Court against the TDRC's decision to annul the entire reassessment tax. In February 2026, MoEnCo received the written judgment in respect of the claims from the Administrative Court which ruled in favour of MTA. Subsequently, MoEnCo lodged an appeal with the Appellate Court against the Administrative Court's decision. On 9 June 2026, the Appellate Court ordered the tax dispute matters in respect of this Tax Act be remitted to the MTA for reassessment within six months from the issuance date of judgement. This tax reassessment is in progress. MoEnCo, with the assistance of its tax adviser, is actively cooperating with the MTA and continues to provide further documents and information in response to requests made by the MTA.

2021-2023 Tax Act

On 27 February 2026, MoEnCo received a notice of tax assessment and demand from the MTA, arising from the completion of the tax audit. This notice imposed a total tax demand (including additional taxes and penalties) of MNT512.2 billion (approximately HK$1.12 billion) on a number of tax matters, primarily on royalties tax for the tax period 2021 and 2022, alongside the treatment of repayments to the Company and unrealised exchange differences for the tax period between 2021 and 2023. On 27 March 2026, MoEnCo filed an appeal with TDRC. The appeal remains pending, and no hearing date has been scheduled or notified.

An assessment has been made on the uncertain tax position and tax provision of HK$7.5 million (2025: HK$34.3 million) was provided for the period ended 30 September 2026.

As at 30 September 2026, the Group has made a total provision of HK$920.7 million (31 March 2026: HK$908.8 million), including tax provision and penalty arising from the above tax acts of HK$527.6 million (31 March 2026: HK$500.4 million) and royalty tax payables of HK$393.1 million (31 March 2026: HK$408.4 million) included in other payables.

9. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	Six months ended 30 September	
	2026	2025
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the Company, as used in the calculation of basic and diluted loss per share	**(122,260)**	(740,152)

	Six months ended 30 September	
	2026	2025
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**188,126**	188,126
Effect of dilutive potential ordinary shares *(Note)*	**N/A**	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	**188,126**	188,126

Note:

The computation of diluted loss per share for the period ended 30 September 2026 and 2025 did not assume the exercise of share options and conversion of the convertible notes.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

Property, Plant and Equipment

The following is an analysis of the Group's addition to property, plant and equipment:

	Six months ended 30 September	
	2026	2025
	HK$'000	*HK$'000*
Mining structures	**90,471**	–
Construction in progress	**6,336**	20,040
Leasehold improvement	**172**	–
Computer equipment	**206**	112
Furniture, fixtures and office equipment	**146**	25
Plant, machinery and other equipment	**55,509**	476
Motor vehicles	**1,459**	950
	154,299	21,603

Intangible Assets

The intangible assets consist of software, exclusive right of use of a paved road and club membership.

There were no significant capital expenditures spent on intangible assets for either periods.

Recoverable Amount Assessment on the Khushuut Related Assets

At the end of the reporting period, there was an indicator of impairment and the Group engaged an independent qualified professional valuer (the "**Independent Valuer**") to determine the recoverable amount of its property, plant and equipment, right-of-use assets and intangible assets related to the Khushuut mine operations (collectively referred to as the "**Khushuut Related Assets**").

For the purposes of impairment testing, the Khushuut Related Assets are treated as a cash-generating unit, which represents the Group's coking coal mining operation in Western Mongolia. The recoverable amount of the Khushuut Related Assets has been determined based on a value in use calculation.

The Group performed an impairment test of the Khushuut Related Assets as at 30 September 2026, of which the recoverable amount determined by the Independent Valuer was lower than their carrying values, and an impairment loss amounting to HK$114,300,000 (2025: HK$355,429,000) was recognised in the condensed consolidated statement of profit or loss for the period ended 30 September 2026.

Carrying values of the Khushuut Related Assets as at 30 September 2026:

	Carrying values before impairment loss	**Impairment loss**	**Carrying values after impairment loss**
	HK$'000	***HK$'000***	***HK$'000***
Property, plant and equipment	**1,321,524**	**(104,422)**	**1,217,102**
Right-of-use-assets	**5,675**	**(495)**	**5,180**
Intangible assets	**107,641**	**(9,383)**	**98,258**
	1,434,840	**(114,300)**	**1,320,540**

Carrying values of the Khushuut Related Assets as at 30 September 2025:

	Carrying values before impairment loss *HK$'000*	Impairment loss *HK$'000*	Carrying values after impairment loss *HK$'000*
Property, plant and equipment	912,425	(322,598)	589,827
Right-of-use-assets	5,113	(1,940)	3,173
Intangible assets	81,391	(30,891)	50,500
	998,929	(355,429)	643,500

The reason for the impairment loss being recognised in profit or loss for the period ended 30 September 2026 was mainly due to the increase in mining and production cost per tonne (2025: the changes in the average current coking coal price per tonne). The above changes have had a significant impact on the value in use assessment performed by the Directors in both periods with the cash flows expected to be received.

11. TRADE AND BILLS RECEIVABLES

	30 September 2026 ***HK$'000***	31 March 2026 *HK$'000*
Trade receivables	**251,574**	329,076
Bills receivables	**634,147**	699,856
	885,721	1,028,932
Less: allowance for credit losses	**(1,682)**	(840)
	884,039	1,028,092

The Group generally allows a credit period of 30 to 45 days to its customers upon the issue of invoices, except for new customers, where payment in advance is normally required.

An ageing analysis of trade and bills receivables (net of impairment loss) based on the overdue date that are neither individually nor collectively considered to be impaired is as follows:

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
Not past due	**710,684**	892,064
Less than 30 days past due	**133,478**	125,077
30 – 60 days past due	**38,757**	63
61 – 90 days past due	**179**	10,003
Over 90 days	**941**	885
	884,039	1,028,092

12. TRADE PAYABLES

The ageing analysis of trade payables presented based on invoice date at the end of the reporting period is as follows:

	30 September 2026	31 March 2026
	HK$'000	*HK$'000*
0 to 30 days	**235,624**	244,518
31 to 60 days	**31,000**	16,835
61 to 90 days	**4,053**	1,982
Over 90 days	**4,639**	28,788
	275,316	292,123

The trade payables are normally settled on 30-day terms.

13. CONVERTIBLE NOTES AND LOAN NOTE

(a) Convertible notes

The movement of the debt and derivative components of convertible notes for the period/year is set out below:

	Debt component *HK$'000*	**Derivative component** *HK$'000*	**Total** *HK$'000*
At 1 April 2025	3,892,989	–	3,892,989
Derecognition of convertible notes	(3,977,221)	–	(3,977,221)
Loss on derecognition of convertible notes	2,339	–	2,339
Issuance of convertible notes	2,931,610	1,045,611	3,977,221
Transaction costs on issuance of convertible notes	(843)	–	(843)
Interest charge	421,757	–	421,757
Changes in fair value of derivative component	–	(525,639)	(525,639)
At 31 March 2026	**3,270,631**	**519,972**	**3,790,603**
Interest charge	**221,028**	**–**	**221,028**
Changes in fair value of derivative component	**–**	**(145,360)**	**(145,360)**
At 30 September 2026	**3,491,659**	**374,612**	**3,866,271**

2020 Convertible Notes with maturity date 6 March 2025

In prior years, the Company issued HK$2,424,822,000 3% convertible note to Chow Tai Fook Nominee Limited ("**CTF**") (the "**3% CTF Convertible Note**"), HK$542,315,000 3% convertible note to Golden Infinity Co., Ltd. ("**Golden Infinity**") (the "**3% GI Convertible Note**") and HK$499,878,000 3% convertible note to another independent third party (the "**3% ZV Convertible Note**"). These convertible notes matured on 21 November 2019.

On 6 March 2020, the Company issued 3% convertible notes with a principal amount of HK$2,809,671,052 and HK$628,387,371 to CTF and Golden Infinity respectively (the "**2020 Convertible Notes**") to replace the 3% CTF Convertible Note and the 3% GI Convertible Note.

2025 Convertible Notes with maturity date 28 May 2028

On 6 March 2025, the Company entered into conditional subscription agreements with CTF and Golden Infinity at the subscription price which would be used for full settlement of the outstanding principal amount and accrued interests of the 2020 Convertible Notes held by the noteholders at the maturity date due on 6 March 2025 and such subscription conditions were completed on 28 May 2025.

On 28 May 2025, the Company issued 3% convertible notes with a principal amount of HK$3,250,289,055 and HK$726,932,284 to CTF and Golden Infinity respectively (the "**2025 Convertible Notes**") to replace the 2020 Convertible Notes.

The 2025 Convertible Notes have a maturity period of three years from the issue date to 28 May 2028. They can be converted into 1 ordinary share of the Company of HK$0.02 each for every HK$0.65 at the holders' option at any time since the issue date up to the date immediately prior to their maturity date. The outstanding principal amount would be redeemed at par value on the maturity date or at the issuer's option redeemed at par plus outstanding coupon payment at any time between the issue date and the maturity date. Interest of 3% per annum on the principal amounts would be paid in arrears on the maturity date.

The 2025 Convertible Notes contain two components, a debt component and a derivative component with a conversion option derivative of the holders and a redemption option derivative of the issuer. The effective interest rate of the debt component is 13.92%. The Company may at any time before the maturity date by written notices to the holders, redeem the principal amount of the 2025 Convertible Notes (in whole or in part) with accrued interest. The conversion option and the redemption option are treated as a simple compound embedded derivative measured at fair value.

The major inputs into the Binomial Valuation Model used for the valuation of the derivative component were as follows:

	28 May 2025	**31 March 2026**	**30 September 2026**
Stock price	HK$0.52	HK$0.50	**HK$0.53**
Exercise price	HK$0.65	HK$0.65	**HK$0.65**
Volatility *(Note (i))*	84.72%	85.95%	**69.83%**
Dividend yield	0%	0%	**0%**
Option life *(Note (ii))*	3 years	2.16 years	**1.66 years**
Risk free rate	1.92%	2.26%	**3.58%**

Notes:

(i) The volatility used in the model was determined by reference to the historical volatility of the Company's share price.

(ii) The option life was based on the maturity date of the notes.

The fair value of the derivative component of the 2025 Convertible Notes was determined with reference to a valuation report carried out by an Independent Valuer.

No conversion was made during both periods.

(b) Loan Note

The 3% ZV Convertible Note matured on 21 November 2019. On 21 November 2019, Mr. Lo took up the full amount owing to the 3% ZV Convertible Note holder through Ruby Pioneer Limited ("**Ruby Pioneer**"). Subsequently, the Company and Ruby Pioneer entered into a standstill agreement pursuant to which Ruby Pioneer agreed to extend the note for five years from 21 November 2019 to 21 November 2024 and further extend to 30 June 2025 at a coupon rate of 3% per annum (the "**2019 RP Loan Note**").

On 28 May 2025, the Company and Ruby Pioneer entered into a loan note subscription agreement pursuant to which the Company agreed to issue and Ruby Pioneer agreed to subscribe for a new loan note (the "**2025 RP Loan Note**") for full settlement of the outstanding principals and accrued interests of the 2019 RP Loan Note. The 2025 RP Loan Note with principal amount of HK$657,565,542 carrying 3% coupon interest per annum for 3 years was issued on the same date pursuant to the loan note subscription agreement.

Both loan notes contain no conversion option. Mr. Lo and Mr. Lo, Rex Cze Kei are directors of Ruby Pioneer.

INTERIM DIVIDEND

The Directors do not recommend payment of an interim dividend for the Financial Period (2025: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS ANALYSIS

Revenue

Revenue for the Financial Period surged to HK$1,117.2 million, representing a 28.3% increase compared with HK$871.1 million in the corresponding period in 2025. During the Financial Period, the Group sold approximately 845,800 tonnes (2025: 851,000 tonnes) of clean coking coal, approximately 98,800 tonnes (2025:109,300 tonnes) of thermal coal and approximately 37 tonnes (2025: 51 tonnes) of raw coal. The average selling prices of clean coking coal, thermal coal and raw coal net of sales tax were approximately HK$1,314.0 (2025: HK$1,016.4), HK$40.6 (2025: HK$51.6) and HK$608.9 (2025: HK$391.4) per tonne respectively. The Group's revenue growth was primarily driven by improving conditions in the coking coal market, which led to a higher average coking coal selling price in the People's Republic of China (the "**PRC**") during the Financial Period. The coking coal market in the PRC was characterized by upward pricing pressure and tight supply, largely attributable to domestic safety regulations and import market dynamics. Supply constraints arising from enhanced mine safety inspections and production controls in the PRC have supported coking coal prices since the second quarter of 2026.

Cost of Sales

Cost of sales primarily comprises mining expenses, coal processing costs, transportation charges, coal refuse disposal fees, and other related operating expenditures. For the Financial Period, cost of sales was HK$791.5 million, remaining broadly in line with HK$786.7 million in the corresponding period in 2025. The cost of sales was divided into cash costs of HK$774.8 million (2025: HK$765.5 million) and non-cash costs of HK$16.7 million (2025: HK$21.2 million).

Gross Profit

The gross profit margin was approximately 29.2% (2025: 9.7%), primarily due to the increase in the average selling price of coking coal.

Other Gains and Losses

One of the major components under other gains and losses was a net gain on discounting of value-added tax ("**VAT**") receivables due from the MTA of HK$11.8 million (2025: loss of HK$8.1 million). This is a non-cash accounting item. The refund of these receivables is pending the conclusion of the MTA and the Ministry of Finance. The Group expects that recovery of the VAT receivables will proceed upon final resolution of the current tax dispute. However, given the prolonged delay in settlement, the VAT receivables were discounted to the expected recovery period. The other key components comprised a fair value loss of HK$38.9 million (2025: gain of HK$20.3 million) from an investment in a listed company in Hong Kong, and a net exchange gain of HK$0.6 million (2025: HK$27.1 million).

Changes in Fair Values on Derivative Component of Convertible Notes

The convertible notes issued by the Company in 2025 (the "**2025 Convertible Notes**") contain both debt and derivative components. The conversion option derivative of the 2025 Convertible Notes requires remeasurement at the end of each reporting period and a resulting gain in fair value change amounting to HK$145.4 million was recognized in the Financial Period (2025: loss of HK$216.9 million). The major inputs into the valuation model to work out the valuation of the conversion option derivative for the Financial Period were stated in Note 13(a) to the condensed consolidated financial statements in this announcement.

Recoverable Amount Assessment on Khushuut Related Assets ("Mine Assets")

At the end of the Financial Period, the Group engaged an independent qualified professional valuer to assess the recoverable amount of the Mine Assets. This assessment was conducted using a discounted cash flow model, incorporating the management's best estimates on key factors such as coking coal price trends, coking coal ore grades, production capacity and rates, future capital expenditures, inflation, and operating costs over the life of the mine. The cash flow projection covers the full operational lifespan of the mine. Critical assumptions including selling price trends, capital and operating costs, sales volume, inflation rates, and discount rate play a significant role in the valuation, and the recoverable amount is particularly sensitive to changes in these assumptions.

Key assumptions used in the discounted cash flow model as at 30 September 2026 and 31 March 2026 are set out below:

	Notes	**30 September 2026**	31 March 2026
Discount rate	*(a)*	**24.83%**	26.97%
Average current coking coal price per tonne	*(b)*	**US$162**	US$135
Inflation rate	*(c)*	**1.99%**	1.99%
Predicted average annual growth rate of the coking coal price for the forthcoming four-year period since financial period/year ended	*(d)*	**-1.03%**	1.54%
Annual projected sales volume (tonnes)		**2.2 million**	2.2 million

Notes:

(a) The discount rate is a pre-tax discount rate and is derived from the Group's weighted average cost of capital ("**WACC**") with appropriate adjustments made to reflect the risks specific to the Khushuut Coal Mine. The computation of WACC takes into account both cost of debt and equity, and weighted based on the Group's and comparable peer companies' average capital structure. The cost of equity is derived from the expected return on investment by the Group's investors and based on publicly available market data of comparable peer companies. The cost of debt is based on the borrowing cost of interest-bearing borrowings of comparable peer companies. The change of discount rate from last period was a combined result of the updates on the WACC including the risk-free rate and other risk premium factors. The risk-free rate adopted was the yield of China 10-year government bond as at 30 September 2026. The risk premium factors are to reflect the business risks of the Khushuut Coal Mine;

(b) The average current coking coal price was updated based on latest sales contracts signed by around 30 September 2026;

(c) Inflation rate was updated with reference to external market research data; and

(d) The predicted average annual growth rate was updated based on the latest publicly available market data as at 30 September 2026. For the remaining year of the discounted cash flow model, the growth rate is the same as the inflation rate.

Pursuant to the recoverable amount assessment, an impairment loss amounting to HK$114.3 million was recognized in the Financial Period (2025: HK$355.4 million). The decrease in the recoverable amount of the Mine Assets was primarily attributable to higher mining and production costs per tonne resulting from the Mongolian government's ("**Government**") adoption of a higher royalty tax charging base.

Finance Costs

The major components of finance costs were the effective interest expenses on convertible notes and a loan note, and interest charge on advances from a Director. The interest charge on the debt component of the convertible notes issued by the Company was calculated at an effective interest rate of 13.92% per annum (2025: 13.92%). The interest charge on advances from a Director was calculated at the Hong Kong prime rate plus 3% per annum, which was same as previous financial years. The interest of the loan note was charged at an effective interest rate of 13.92% per annum (2025: 13.92%).

MARKET REVIEW

Coking coal, also known as metallurgical coal, is principally used in steel industry. It is a vital ingredient in the steel making process. Our coking coal demand is predominantly from China; therefore, the steel market performance in China in turn affects our production and planning.

According to the World Steel Association, the world's total crude steel production was 1,367.5 million tonnes in the first nine months of 2026, representing a year-on-year decrease of 0.7%. China remained by far the largest producer, accounting for approximately 53% of global crude steel output during the period. In the first nine months of 2026, China produced approximately 724.8 million tonnes of crude steel, representing a year-on-year decrease of 2.9%.

According to statistics published by the General Administration of Customs of China ("**GAC**"), during the first nine months of 2026, China exported a total of 85.64 million tonnes of steel, representing a 2.6% decrease compared with the corresponding period in 2025. The decline was primarily attributable to the implementation of a new export licensing regime and a challenging international trade environment. During the same period, cumulative imports of finished steel products totalled 4.06 million tonnes, representing a year-on-year decrease of 10.5%, reflecting adequate domestic supply and relatively weak steel demand in China.

From January to September 2026, the raw coal production by China's industrial enterprises above the designated size was 3.45 billion tonnes, representing a year-on-year decline of 3.5%, according to the data published by the National Bureau of Statistics of China ("**NBS**"). The decline was mainly attributable to disruptions in coal production following enhanced safety inspections at certain mining operations during the period.

Notwithstanding the declines in both China's crude steel production and steel exports, imports of coking coal to China increased substantially. China's cumulative coking coal imports in the first nine months of 2026, according to the customs statistics, amounted to approximately 107 million tonnes. Import volumes increased significantly year-on-year, reflecting continued demand from the domestic steel sector and increased procurement from key suppliers. The rise was primarily attributable to supply-side factors, including reduced domestic coal production following enhanced mine safety inspections in major coal-producing regions and increased availability of competitively priced imported coking coal, particularly from Mongolia. Given that crude steel production remained at approximately 724.8 million tonnes during the period, demand for metallurgical coal remained substantial notwithstanding the modest decline in steel output.

Mongolia produced a total of 95.95 million tonnes of coal during the period from January to September 2026, representing an increase of 45.9% year-on-year. According to data published by the Mongolian Customs Service, Mongolia exported a total of 86.17 million tonnes of coal during the period from January to September 2026, representing an increase of 37.6% year-on-year. According to data from Mongolia's Customs General Administration, essentially all of these exports were shipped to China. The increase was primarily driven by strong demand for imported coking coal from Chinese steel and coke producers, logistical improvements in Mongolia, expansion of Mongolian coal production, and the competitive pricing of the Mongolian coal.

BUSINESS REVIEW

Coal Sales

We recorded a revenue of HK$1,117.2 million from the sales of coking coal, thermal coal and raw coal to our customers in China and Mongolia in the Financial Period, representing an increase of 28.3% compared with the corresponding period in the previous year.

Coal Production

During the Financial Period, approximately 4,664,900 bank cubic meters ("**BCM**") of overburden were removed for the purpose of exposing the coal seams for the subsequent coal mining works (2025: 4,433,800 BCM). Production volumes of run-of-mine coking coal ("**ROM coking coal**") and thermal coal were approximately 1,405,500 tonnes and 570,200 tonnes, respectively (ROM coking coal and thermal coal in 2025: 1,680,800 tonnes and 895,100 tonnes respectively).

Coal Processing

During the Financial Period, approximately 1,694,700 tonnes of run-of-mine coal ("**ROM coal**") (2025: 1,530,700 tonnes, including 475,300 tonnes by Khushuut Intelligent Processing Plant) were processed by the Khushuut Intelligent Processing Plant ("**IPP**"), producing approximately 1,281,900 tonnes of raw coking coal (2025: 1,195,500 tonnes (of which 356,110 tonnes were processed by IPP)). The average recovery rate was 75.64 %. The raw coking coal would then stand for export to Xinjiang for further washing before delivery to our customers. In Xinjiang, approximately 1,103,800 tonnes of raw coking coal (2025: 1,385,300 tonnes) were processed by our washing plant or through our subcontractors, producing approximately 874,900 tonnes of clean coking coal (2025: 942,500 tonnes). The average recovery rate was 79.26%.

Coal Shipping

Apart from the field work contractors, we hired external coal trucking companies with heavy duty trucks to provide coal transportation services for our coal export. During the Financial Period, approximately 1,257,200 tonnes of raw coking coal (2025: 1,348,400 tonnes) were shipped from Mongolia to Xinjiang.

Customers and Sales

No master coal contracts were signed with our customers during the Financial Period. The actual sales, including price and the quantity of coal to be delivered, were negotiated and mutually agreed upon from time to time between us and our customers, monthly in general, during this period. Our sales contract clearing is based on the actual clean coking coal delivered after washing.

During the Financial Period, we sold approximately 392,300 tonnes of clean coking coal to our largest customer and it accounted for approximately 47.5% of our revenue in the Financial Period. In general, our production and shipment of coal are closely linked to the market and other conditions, and shipment negotiations between us and our customers from time to time. Apart from our largest customer, we had five other customers in Xinjiang and fourteen customers in other areas of China for our coking coal during the Financial Period.

Licences

During the Financial Period, the Group had ten mineral licences including nine mining licences, of which eight are for our Khushuut operations and one is for an area not within Khushuut, and one exploration licence. Please refer to the section in the most recent annual report headed "Exploration and Mining Concessions of the Group".

Legal and Political Aspects

In July, 2026, the State Great Khural (Parliament) passed the Law on Economic Freedom and consequential amendments to almost 100 relevant laws including the Investment Law. Together, these legislative pieces make notable changes in the current legal foundation of Mongolia governing the private sector's operations. They target to enforce better protection of business assets and returns on investment, freedom of contracts, fair competition and to enhance the stability of Mongolia's business climate. The inclusion of regulations and measures under such law, together with the amendments, is expected to reduce Mongolia's reliance on the mining sector and its vulnerability to external shocks by promoting investments, enhancing market competitiveness and transparency, restoring investor confidence and supporting sustainable, market-led growth.

The Climate Change Law was adopted in July 2026. It establishes a framework that aims at mitigating, adapting to, and overcoming climate change, and creating an integrated system for the inventory, reporting, and verification of greenhouse gas emissions. It regulates various forms of carbon markets and offers more enabling regulation of climate finance, carbon markets, and systems for greenhouse gas inventory, reporting, and transparency. Adoption of this law, closely aligned with the national development policies, is expected to impact not only the environmental sector but also the economy, investment, energy, agriculture, mining, and expand international cooperation. The Parliament resolution number 46 of 2026 outlines the transitional measures to be realized by the Cabinet for ensuring the due and timely implementation of the Climate Change Law. Among other tasks, the Cabinet is assigned to integrate the existing national climate change platforms, databases, carbon registry, and national greenhouse gas inventory information system, thereby enabling businesses, administrative bodies and local authorities to exchange climate change related information, maintain records, submit reports, and conduct monitoring.

Under the Resolution 27 of May 2026, the Government shall refine the financing instruments for waste management, and improve the legal environment to support waste reduction, recycling, and reuse. The Government will develop and implement a national "deposit − credit − refund" system for recyclable materials, create a more flexible structure that allows waste generators to select waste removers on a competitive basis, and increase the participation of private businesses as opposed to the current dominance of enterprises owned by local governments. Waste collection, transportation, landfilling operations, sorting and recycling of waste, production of compost, delivery of recyclable materials to centralized waste disposal sites, energy and heat from waste shall be further supported monetarily through a differentiated tariff structure, state budget subsidies, tax and customs incentives and financial rewards for necessary equipment and funds. A more advanced inventory of hazardous waste shall be established, which will facilitate an analysis of the population's potential exposure to associated risks, and address the specific hazardous waste generated by the mining and medical sectors.

Another framework law that was approved in June 2026 is the Law on Agriculture. It establishes a framework for integrated development of livestock herding, crop cultivation, fodder production, and agroforestry aligning them under common objectives and cohesive policies. The law emphasizes the development of value chains, from raw materials to finished products, and the operation of centers for collection, sorting, storage, primary processing, and sales of agricultural products through public-private partnerships. The current approach of the governmental support is shifting. Herders and farmers will be encouraged to produce higher-quality goods, enhance their market competitiveness, and increase their potential for greater economic returns. Additionally, the law incorporates provisions for the proactive assessment, prevention, and management of risks such as climate change, drought and dzud (severe winter), and integrates these measures with the agricultural insurance system.

Within the scope of developing the Law on Agriculture, the Government carried out a comprehensive review of enforcement and effects of the package of laws and regulations governing the livestock herding which is one of cornerstones of Mongolia's economy and society. Its findings and recommendations lead to adoption of the resolution number 52 of July, 2026, assigning the Cabinet to realize a number of actions to support herding communities.

Tax

Mongolian Tax

MoEnCo, an indirect wholly-owned subsidiary of the Company, was subject to the following tax issues during the Financial Period.

2017-2020 Tax Act

In respect of the demand by the MTA to MoEnCo for payment of the reassessment tax for the tax years 2017 to 2020 in the sum of approximately MNT412.3 billion (approximately HK$902.6 million) ("**2017-2020 Tax Act**"), in February 2026, MoEnCo received the written judgment in respect of its claims from the Administrative Court of Mongolia (the "**Court**"), which ruled in favour of MTA.

In March 2026, MoEnCo lodged an appeal with the Appellate Court of Mongolia (the "**Appellate Court**") against the Court's decision.

On 9 June 2026, written judgment of the Appellate Court was delivered, whereby the Appellate Court ordered the matters in dispute under the 2017-2020 Tax Act be remitted to the MTA for reassessment within six months.

Accordingly, the MTA can no longer demand or enforce the payment of the relevant tax and penalties under the 2017-2020 Tax Act in its present form during the reassessment period and payment of the relevant tax by MoEnCo is temporarily suspended. The tax reassessment for 2017-2020 tax years is currently in progress. MoEnCo, with the assistance of its tax adviser, is actively cooperating with the MTA in relation to the reassessment and is continuing to provide further documents and information in response to requests made by the MTA.

2021-2023 Tax Act

On 27 February 2026, MoEnCo received a notice of tax assessment and demand dated 10 February 2026 ("**2021-2023 Tax Act**") from the MTA for the tax period between 2021 and 2023, demanding additional tax payments and penalties from MoEnCo.

The total amount under the 2021-2023 Tax Act is MNT 512.2 billion (approximately HK$1.12 billion), mainly comprising: (i) additional taxes of MNT 253 billion (approximately HK$555 million); (ii) penalty of MNT 133.7 billion (approximately HK$293 million); and (iii) undue loss of MNT 125.5 billion (approximately HK$275 million).

The main audit findings and adjustments by the MTA under the 2021-2023 Tax Act are: (i) royalty adjustment by using the market price as determined by the MTA (instead of the contract price fixed by MoEnCo); (ii) the repayment of outstanding payables to the Company should be treated as dividend distribution, which is subject to 20% withholding tax; and (iii) realised foreign exchange loss arising from payment of payables to the Company should be reclassified as non-tax deductible expenses to be taxed at 25% Corporate Income Tax.

In accordance with the applicable Mongolian laws, MoEnCo is entitled to lodge an appeal to the Tax Dispute Resolution Committee of Mongolia ("**TDRC**") within 30 days from the receipt of the 2021-2023 Tax Act.

On 27 March 2026, MoEnCo filed an appeal with the TDRC against the 2021-2023 Tax Act. The appeal remains pending, and no hearing date has been scheduled or notified as of the date of this announcement.

Notwithstanding the legal and proceedings above, we remain committed to exploring all possible avenues with the relevant authorities for amicable settlement in hopes of reaching a mutually agreeable outcome.

Uncertainties Relating to Going Concern

As disclosed in the Company's annual report for the year ended 31 March 2026 ("**FY2026**") published on 23 July 2026 ("**FY2026 Annual Report**"), the Company's auditor (the "**Auditor**") did not express an opinion on the consolidated financial statements of the Group for FY2026 (the "**Disclaimer of Opinion**") due to the significance of the matter described in the FY2026 Annual Report. The basis of the Disclaimer of Opinion has been set out in Note 1 to the consolidated financial statements under the FY2026 Annual Report.

The primary cause leading to the event, according to the view of the management of the Company, is the tax dispute of MoEnCo with the MTA. As mentioned, the Group has two outstanding tax demands from the MTA in total of approximately HK$2 billion. These conditions indicate the existence of material uncertainties that cast significant doubt on the Group's ability to continue as a going concern. The main audit issues include (i) transfer pricing; (ii) royalty; (iii) whether withholding tax on the repayment of outstanding payables to the Company should be treated as dividend distribution; and (iv) realised foreign exchange loss.

In response to the tax issues, the Group has obtained professional advice from its tax and legal advisers. Having considered such advice, the management is of the view that legal proceedings are necessary to protect the Group's interests and represent the most appropriate and viable course of action in the circumstances. Accordingly, the Group has commenced legal proceedings. Notwithstanding the foregoing, the Group remains committed to engaging constructively with the relevant government authorities and will continue to use its best endeavours to seek an amicable and mutually acceptable resolution of the matter.

During the Financial Period, the Company has submitted all tax disputes to the Mongolian Court and the TDRC for resolution and, in parallel, engaged constructively with the MTA by providing all necessary information to the tax office to assist in its reassessment of tax and looked for an amicable resolution acceptable to both parties.

FINANCIAL REVIEW

Liquidity and Financial Resources

In preparing the condensed consolidated financial statements, the Directors have given careful consideration of the future liquidity of the Group. While recognising that the Group approximately had net current liabilities of HK$786.5 million as at 30 September 2026, the Directors are of the opinion that the Group will be able to meet its financial obligations as they fall due for the foreseeable future given that: (1) Mr. Lo Lin Shing, Simon ("**Mr. Lo**"), a substantial shareholder of the Company and chairman of the Board (the "**Chairman**") who has significant influence over the Group, has provided facilities amounting to HK$1,900.0 million. The balance of the unutilized facilities of HK$1,158.2 million as at 30 September 2026 remains valid until 24 March 2028; (2) Mr. Lo does not intend to demand immediate repayment of his advances to the Company; and (3) the internally generated funds. The borrowings of the Group as at 30 September 2026 were the convertible notes, loan note, short-term bank loan and advances from Mr. Lo in aggregate of HK$5,230.1 million (31 March 2026: HK$5,276.8 million).

Property, Plant and Equipment

The increase in the carrying values of the property, plant and equipment comprised the impairment loss amounting to HK$104.4 million (2025: impairment loss of HK$322.6 million) and the assets additions of approximately HK$154.3 million (2025: HK$21.6 million).

Long-Term Receivable

It represented a prepaid VAT of HK$221.6 million (31 March 2026: HK$215.4 million), which is expected to be either refunded by the Government or offset against future taxes and royalties payable to the same authority. The utilization of this prepaid VAT is subject to approval by the MTA concerning our Mongolian subsidiary. Due to the uncertainty regarding the exact timing of settlement, the VAT receivables have been discounted based on the anticipated recovery period.

Trade and Bills Receivables

The Group allows a credit period of 30 to 45 days for trade receivables and the maturity dates for bills receivables should be within 180 days or less. As at 30 September 2026, the majority of the trade receivables were within our credit period. For the bills receivables, they were non-interest bearing bank acceptance bills with settlement being guaranteed by the licenced banks in the PRC.

Financial Assets at Fair Value Through Profit or Loss

As at 30 September 2026, the fair value of the financial assets at fair value through profit or loss was HK$46.5 million (31 March 2026: HK$85.4 million), which was approximately 1.5% (31 March 2026: 2.6%) of the total assets of the Group. It represents the Group's interest in Beijing Beida Jade Bird Universal Sci-Tech Company Limited (the "**Jade Bird**"), a company whose shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The principal activities of Jade Bird and its subsidiaries are engaging in the technology research, development, marketing and sale of embedded system products and related products in security and fire alarm systems. The Group's investment is approximately 5.58% (2025: 5.58%) of the total issued share capital of Jade Bird. During the Financial Period, the Group did not receive dividend (2025: Nil) from Jade Bird.

Charge on Group's Assets

As at 30 September 2026 and 31 March 2026, coal inventory at Khushuut mine was provided as collateral with carrying value equivalent to the outstanding short-term bank loan in Mongolia. Apart from it, there was no charge on the Group's assets as at 30 September 2026 and 31 March 2026 respectively. As at 30 September 2026, the gearing ratio of the Group was 1.67 (31 March 2026: 1.63) which was calculated based on the Group's total borrowings to total assets.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures

The Group had no significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures during the Financial Period.

Future Plans for Material Investments and Capital Assets

As at the date of this announcement, the Group did not have any concrete future plans for material investments or capital assets except for a renewable energy project announced on 18 November 2026.

Foreign Exchange

The Group mainly operates in Mongolia, Hong Kong and Mainland China. The Group's assets and liabilities are principally denominated in Mongolian Tugrik, Hong Kong dollar, Renminbi and United States dollar. The Group does not have a foreign currency hedging policy. However, the management will monitor foreign exchange exposure and consider hedging significant currency exposure should the need arise.

Contingent Liabilities

The Group did not have material contingent liabilities as at 30 September 2026 (31 March 2026: Nil).

Significant Subsequent Events after the Financial Period

On 18 November 2026, the Company entered into a joint venture agreement (the "**JV Agreement**") with New Progress Group LLC (the "**JV Partner**"), a company incorporated in Mongolia, in relation to the cooperation in a renewable energy project operated through Western Solar Energy LLC (the "**JV Company**"), a company incorporated in Mongolia with limited liability.

Pursuant to the terms of the JV Agreement, the capital requirement of the JV Company is an aggregate of US$4.5 million (equivalent to approximately HK$35.1 million). A company (the "**BVI Newco**") has been incorporated in the British Virgin Islands as a wholly-owned subsidiary of the Company for the purpose of taking up all the Company's interest, rights and obligations under the JV Agreement. Each of BVI Newco (upon incorporation) and the JV Partner has committed to contribute up to approximately US$2.2 million (equivalent to approximately HK$17.1 million) and US$2.3 million (equivalent to approximately HK$18.0 million) to the JV Company respectively under the JV Agreement, representing 49% and 51% respectively of the initial aggregate capital requirement of the JV Company.

Please refer to the announcement of the Company dated 18 November 2026 for further details.

Save as disclosed above and in the paragraph headed "Tax" in the Business Review section above, the Group has no significant subsequent events up to the date of this announcement.

OUTLOOK

China's economic performance in the first three quarters of 2026 exceeded earlier expectations. From January to September, against the backdrop of international and domestic challenges, the gross domestic product ("**GDP**") growth of China was at 4.6 percent year-on-year, according to the data from the NBS. Supported by resilient exports and high-tech manufacturing, the Chinese economy is expected to achieve growth close to the Government's annual target of 4.5-5.0 percent. However, persistent weakness in the property sector and subdued domestic demand may limit growth towards the middle of the target range.

Steel supply and demand in China are anticipated to remain subdued in 2026. Crude steel production in China fell about 2.9 percent year-on-year to approximately 724.8 million tonnes in the first nine months of 2026. Its steel sector is expected to remain under pressure during 2026 as the property market downturn persists. The prolonged weakness in the property market, together with contracting construction activity, continued to constrain growth in steel consumption and weigh on demand for steel and other property-related commodities.

Despite weaker steel output, China's coking coal imports remain strong as China's domestic coking coal supply has been affected by safety-related mine closures. The impact is expected to linger into 2027, with domestic production only gradually recovering. As Mongolian coking coal has the price advantage, market analyses showed that China's imports of Mongolian coking coal could reach around 80 million tonnes in 2026, compared with 60.07 million tonnes in 2025.

The Government set a target of exporting 95 million tonnes of coal in 2026, compared with approximately 83.9 million tonnes in 2025. Supported by improved cross-border logistics and strong demand from China, it is expected that Mongolian coking coal exports will remain elevated for the remainder of 2026, continue gaining market share from seaborne suppliers, and will potentially exceed the official target if border logistics remain smooth.

The outlook for 2026 is moderately positive for Mongolian coking coal exports and cautiously positive for overall coking coal demand in China. The principal factors are mainly driven by the favourable pricing of Mongolian coal, suitability for blending with domestic coal, and the tightened domestic supply in China. However, coking coal prices are expected to remain volatile, reflecting uncertainties in steel demand, domestic supply dynamics and broader market conditions.

The Group is actively relocating its mining infrastructures from one location to another in the mine site during 2026 including the construction of the mining administration office and other ancillary facilities. On the other hand, the Group is still facing with challenges, including the tax assessments by the authorities which constrained our cash flow and hindered operations. The Group has been actively cooperating with the Mongolian tax office in relation to the reassessment by providing necessary documents and information in response to its requests. The Group will exercise its best endeavours to engage with the government officials of the relevant Mongolian authorities for an amicable solution on the outstanding tax issues acceptable to both parties.

The Group will continue to strengthen its core mining business through ongoing investments in mining infrastructure, production facilities and operational efficiencies, thereby enhancing its competitiveness and supporting sustainable growth. At the same time, the Group will prudently explore investment opportunities in energy-related and other complementary sectors that align with its business development strategy, with a view to generating synergies and delivering long-term value to shareholders of the Company ("**Shareholders**").

HUMAN RESOURCES

As at 30 September 2026, excluding site and construction workers directly employed by our contractors, the Group employed 804 full-time employees in Hong Kong, Mongolia, and the PRC. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on a periodic basis. Apart from the retirement scheme and year-end bonus, share options are awarded to the employees according to performance of the Group, assessment of individual performance, and industry practice. Appropriate training programs are also offered for staff training and development.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the Financial Period.

CORPORATE GOVERNANCE

The Board recognises the importance of maintaining a high standard of corporate governance practice to protect and enhance the benefits of the Shareholders. The Board and the management of the Company have collective responsibilities to maintain the interest of the Shareholders and the sustainable development of the Group. The Board also believes that good corporate governance practices can facilitate growth of a company under a healthy governance structure and strengthen the confidence of the Shareholders and investors, thereby enabling Shareholders' evaluation of the Company's application of the principles and code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Rules ("**Listing Rules**") Governing The Listing of Securities on the Stock Exchange (the "**CG Code**").

During the Financial Period, the Company had applied the principles of and met the code provisions of the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules, save for the following deviations:

i. Code provision F.1.3 of the CG Code stipulates that the chairman of the board should attend the annual general meeting ("**AGM**").

   Due to another business engagement, the Chairman was unable to attend the 2026 AGM. The chairman of each of the audit committee (the "**Audit Committee**") and remuneration committee of the Board and a member of nomination committee of the Board took the chair of the 2026 AGM and answered questions raised by the Shareholders. The AGM provides a channel for communication between the Board and the Shareholders. Other than the AGM, the Shareholders may communicate with the Company through the contact methods listed on the Company's website.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted its own Code for Securities Transactions by Directors (the "**Code**"), which are on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules (the "**Model Code**"). The Code is sent to each Director on his/her initial appointment and from time to time when the same is amended or restated.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "**Employees' Guidelines**") for securities transactions by relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company.

To enhance corporate governance transparency, the Code and the Employees' Guidelines have been published on the Company's website at www.mongolia-energy.com.

During the period of sixty days immediately preceding and including the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to and including the publication date of the annual results, all the Directors and the relevant employees are restricted to deal in the securities and derivatives of the Company until such results have been published.

During the period of thirty days immediately preceding and including the publication date of the half year results or, if shorter, the period from the end of the half year period up to and including the publication date of the half year results, all the Directors and relevant employees are restricted to deal in the securities and derivatives of the Company until such results have been published.

The company secretary and the legal and compliance department of the Company will send reminders prior to the commencement of such periods to all the Directors and relevant employees respectively.

It is stipulated under the Code and/or the Employees' Guidelines that all dealings of the Company's securities must be conducted in accordance with the provisions stated therein. Under the Code, the Directors are required to notify the Chairman and receive a dated written acknowledgement before dealing in the securities and derivatives of the Company, and in the case of the Chairman himself, he must notify the designated Director and receive a dated written acknowledgement before any dealings.

Having made specific enquiry by the Company, all the Directors confirmed that they had complied with the required standards as set out in the Model Code and the Code regarding directors' securities transactions during the Financial Period. Besides, no incident of non-compliance by the relevant employees was noted by the Company for the Financial Period.

AUDIT COMMITTEE

The Audit Committee currently comprises four independent non-executive Directors, namely Mr. Lau Wai Piu (chairman of the Audit Committee), Mr. Tsui Hing Chuen, William $_{JP}$, Mr. Lee Kee Wai, Frank and Mr. Wei, Chi Kuan Kenny. Chairman of the Audit Committee has appropriate professional qualifications, accounting and related financial management expertise.

The Audit Committee had reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2026 with no disagreement with the accounting treatment adopted by the Company.

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

Hong Kong, 27 November 2026

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