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SIBERIAN MINING GROUP COMPANY LIMITED

西伯利亞礦業集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1142)

**PROPOSED LOAN CAPITALISATIONS INVOLVING ISSUE OF CERTAIN
CAPITALISATION SHARES TO INDEPENDENT THIRD PARTIES**

**CONNECTED TRANSACTIONS: PROPOSED LOAN CAPITALISATIONS
INVOLVING ISSUE OF CERTAIN CAPITALISATION SHARES TO
GOLDWYN MANAGEMENT LIMITED
AND
CORDIA GLOBAL LIMITED**

**PROPOSED LOAN CAPITALISATIONS INVOLVING ISSUE OF CAPITALISATION
SHARES**

On 1 December 2015 (after trading hours), the Company entered into the Loan Capitalisation Agreements with the Creditors, pursuant to which the Creditors have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a maximum of 694,748,930 Capitalisation Shares at HK\$0.325 per Capitalisation Share by capitalising the Loans.

The completions of the Loan Capitalisation Agreements are not inter-conditional to each other.

Assuming that (a) all Loan Capitalisation Agreements proceed to completion; and (b) there will be no change in the issued share capital of the Company between the date of this announcement and the date(s) of issue of the Capitalisation Shares, a maximum of 694,748,930 Capitalisation Shares will be allotted and issued to the Creditors, which represents (i) approximately 135.3% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 57.5% of the issued share capital of the Company as enlarged by the allotment and issuance of such Capitalisation Shares.

* For identification purpose only

IMPLICATIONS UNDER THE LISTING RULES

(a) Specific Mandates

The Company will seek Specific Mandates from the Independent Shareholders, at the EGM for (i) the allotment and issue of a maximum of 143,162,137 Capitalisation Shares to Cordia under Loan Capitalisation Agreement I; and (ii) the allotment and issue of a maximum of 82,359,033 Capitalisation Shares to Goldwyn under Loan Capitalisation Agreement IV. The Company will also seek Specific Mandates from the Shareholders at the EGM for the allotment and issue of (a) a maximum of 90,030,768 Capitalisation Shares to Lucrezia under Loan Capitalisation Agreement II; (b) a maximum of 84,000,000 Capitalisation Shares to Token Century under Loan Capitalisation Agreement III; (c) a maximum of 58,291,675 Capitalisation Shares to First Glory under Loan Capitalisation Agreement V; (d) a maximum of 162,505,317 Capitalisation Shares to Pioneer under Loan Capitalisation VI; and (e) a maximum of 74,400,000 Capitalisation Shares to Kim Wuju under Loan Capitalisation VII. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Capitalisation Shares.

(b) Connected Transactions: Proposed Loan Capitalisations involving issue of certain Capitalisation Shares to Cordia and Goldwyn

As at the date of this announcement, Cordia holds 10% of the issued share capital of Langfeld, an indirect non-wholly owned subsidiary of the Company (but not an insignificant subsidiary), and therefore, Cordia is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, Loan Capitalisation Agreement I and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the date of this announcement, Cordia (i) holds 5,005,000 Shares, representing approximately 1.0% of the issued share capital of the Company; and (ii) is wholly owned by Mr. Choi Sungmin, who is a director of SMG Development Limited, an insignificant subsidiary of the Company as defined under Rule 14A.09 of the Listing Rules. As at the date of this announcement, Mr. Choi Sungmin does not hold any Shares.

As at the date of this announcement, Goldwyn is wholly owned by Mr. Lim Ho Sok, who is the director of several subsidiaries of the Company (not all of them are insignificant subsidiaries). As such, Goldwyn is an associate of Mr. Lim Ho Sok and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, Loan Capitalisation Agreement IV and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the date of this announcement, neither Goldwyn nor Mr. Lim Ho Sok hold any Shares.

As such, Cordia and its associates will be required to abstain from voting on the resolution to be proposed at the EGM to approve Loan Capitalisation Agreement I and the transactions contemplated thereunder, including the issue and allotment of a maximum of 143,162,137 Capitalisation Shares to Cordia; and Goldwyn and its associates will be required to abstain from voting on the resolution to be proposed at the EGM to approve Loan Capitalisation Agreement IV and the transactions contemplated thereunder, including the issue and allotment of a maximum of 82,359,033 Capitalisation Shares to Goldwyn.

GENERAL

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders in relation to (i) Loan Capitalisation Agreement I and the transactions contemplated thereunder, including the allotment and issue of a maximum of 143,162,137 Capitalisation Shares to Cordia; and (ii) Loan Capitalisation Agreement IV and the transactions contemplated thereunder, including the allotment and issue of a maximum of 82,359,033 Capitalisation Shares to Goldwyn. Bridge Partners Capital Limited has been appointed with the approval from the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be held to consider and, if thought fit, pass resolutions to approve, amongst other things, (i) the Loan Capitalisation Agreements and the transactions contemplated thereunder including the allotment and issue of the Capitalisation Shares; and (ii) the Specific Mandates. The voting in relation to the resolutions to be proposed at the EGM will be by way of poll.

A circular, which will contain, among other things, details of the Loan Capitalisation Agreements, the recommendation of the Independent Board Committee to the Independent Shareholders, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to (i) Loan Capitalisation Agreement I; and (ii) Loan Capitalisation Agreement IV, together with a notice convening the EGM is expected to be despatched to the Shareholders within 15 business days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules.

Warning: As the Loan Capitalisations are subject to the fulfilment of a number of conditions precedent referred to in this announcement, including the approval by the Shareholders (or, as the case may be, the Independent Shareholders) of the Loan Capitalisation Agreements and the Specific Mandates, the Loan Capitalisations may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

INTRODUCTION

Reference is also made to the announcement of the Company dated 22 April 2015 and published on 23 April 2015, in connection with, amongst other things, the resumption of trading in Shares of the Company.

According to the announcement of the Company dated 22 April 2015 and published on 23 April 2015, in order to improve the net liability position of the Group, the Company has sought undertakings from the Creditors in February 2015 that, where the Company intends to issue new Shares after resumption of trading in the Shares on the Stock Exchange, each of the Creditors agrees to subscribe for such new Shares, provided that (a) the Company has complied with all the relevant requirements of the Stock Exchange and the Listing Rules; and (b) such subscription of new Shares will not trigger any mandatory obligation on the part of the Creditors to make a general offer in respect of the securities of the Company under the Takeovers Code. The Creditors agreed not to dispose of or create encumbrances in respect of any of the new Shares within one year from the issuance of such new Shares by the Company to the Creditors. The summary of such undertakings are set out below:

- Cordia undertook to the Company to convert the entire outstanding principal and interests amounts of (a) its loans advanced to the Company with a total principal amount of US\$366,644 as of 31 January 2015; (b) its loans to Langfeld with a total principal amount of US\$2,417,460.98 as of 31 January 2015; and (c) the Company's promissory notes of an aggregate principal amount of US\$2,000,000, into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange;
- Lucrezia undertook to the Company to convert the entire outstanding principal and interests amounts (if any) of the Company's promissory note of a principal amount of US\$3,751,282 into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange;
- Token Century undertook to the Company to convert the entire outstanding principal and interests amounts (if any) of the Company's promissory note of a principal amount of US\$3,500,000 into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange;
- Goldwyn undertook to the Company to convert the entire outstanding principal and interests amounts of its loans advanced to the Company with a total principal amount of US\$3,020,641.02 into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange;
- First Glory undertook to the Company to convert the entire outstanding principal and interests amounts of its loan advanced to the Company with a principal amount of HK\$14,500,000 into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange;
- Pioneer undertook to the Company to convert the entire outstanding principal and interests amounts of its loans advanced to the Company with a total principal amount of US\$6,550,000 into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange;

- Kim Wuju undertook to the Company to convert the entire outstanding principal (and interests, if any) amounts of the coal trading deposit placed with the Group with an amount of US\$3,100,000 into new Shares which may be issued after resumption of trading in the Shares on the Stock Exchange.

Therefore, on 1 December 2015 (after trading hours), the Company entered into the Loan Capitalisation Agreements with the Creditors, pursuant to which the Creditors have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a maximum of 694,748,930 Capitalisation Shares at HK\$0.325 per Capitalisation Share by capitalising the Loans.

LOAN CAPITALISATION AGREEMENTS

A summary of the major terms of Loan Capitalisation Agreements are set out below:

Loan Capitalisation Agreements	Parties		Maximum number of Capitalisation Shares to be subscribed for by the relevant Creditor	Maximum amount of the loans to be capitalised (Note 1)
	Creditor	Issuer		
Loan Capitalisation Agreement I	Cordia	Company	143,162,137 Capitalisation Shares at HK\$0.325 per Share	HK\$46,527,694.53 (Notes 2 and 3)
Loan Capitalisation Agreement II	Lucrezia	Company	90,030,768 Capitalisation Shares at HK\$0.325 per Share	HK\$29,259,999.60
Loan Capitalisation Agreement III	Token Century	Company	84,000,000 Capitalisation Shares at HK\$0.325 per Share	HK\$27,300,000.00
Loan Capitalisation Agreement IV	Goldwyn	Company	82,359,033 Capitalisation Shares at HK\$0.325 per Share	HK\$26,766,685.73 (Note 2)
Loan Capitalisation Agreement V	First Glory	Company	58,291,675 Capitalisation Shares at HK\$0.325 per Share	HK\$18,944,794.38 (Note 2)
Loan Capitalisation Agreement VI	Pioneer	Company	162,505,317 Capitalisation Shares at HK\$0.325 per Share	HK\$52,814,228.03 (Notes 2 and 3)
Loan Capitalisation Agreement VII	Kim Wuju	Company	74,400,000 Capitalisation Shares at HK\$0.325 per Share	HK\$24,180,000.00

Note 1: Where the debt owed by the Group to a Creditor is denominated in US\$, the amount is converted to HK\$ at the exchange rate of US\$1=HK\$7.8.

Note 2: Each such amount includes the principal debt amount and the interest accrued thereon.

Note 3: The Creditor had extended more loans to the Group after it gave the share subscription undertaking in February 2015 as described in the section headed "Introduction" above.

Immediately upon completions of Loan Capitalisations, the Company will be irrevocably and fully discharged and released from all its liabilities and obligations in connection with and from all claims and demands under the Loans.

Assuming that (a) all of Loan Capitalisation Agreements proceed to completion; and (b) there will be no change in the issued share capital of the Company between the date of this announcement and the completion date(s) of the issue of the Capitalisation Shares, a maximum of 694,748,930 Capitalisation Shares will be allotted and issued to the Creditors, which represents (i) approximately 135.3% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 57.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares.

The issue of Capitalisation Shares to each Creditor is conditional upon that, immediately after the issue of the Capitalisation Shares, (i) the Creditor (and parties acting in concert with it) shall not hold or control such level of the voting rights of the Company as may trigger a mandatory general offer under the Takeovers Code and (ii) even if the Creditor (and the parties acting in concert with it) shall hold or control 20% or more of the voting rights of the Company, none of the other Creditors (and parties acting in concert with it) will also hold or control 20% or more of the voting rights of the Company's total issued shares, so that none of such Creditor (and parties acting in concert with it) and any of the other Creditors (and parties acting in concert with it) will be deemed to be associated companies of each other and therefore presumed to be acting in concert in accordance with the Takeovers Code. The completions of Loan Capitalisation Agreements are not inter-conditional to each other.

As at the date of this announcement, Cordia holds 10% of the issued share capital of Langfeld, an indirect non-wholly owned subsidiary of the Company (but not an insignificant subsidiary), and therefore, Cordia is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, Loan Capitalisation Agreement I and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the date of this announcement, Cordia (i) holds 5,005,000 Shares, representing approximately 1.0% of the issued share capital of the Company; and (ii) is wholly owned by Mr. Choi Sungmin, who is a director of SMG Development Limited, an insignificant subsidiary of the Company as defined under Rule 14A.09 of the Listing Rules. As at the date of this announcement, Mr. Choi Sungmin does not hold any Shares.

As at the date of this announcement, Goldwyn is wholly owned by Mr. Lim Ho Sok, who is the director of several subsidiaries of the Company (not all of them are insignificant subsidiaries). As such Goldwyn is an associate of Mr. Lim Ho Sok and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, Loan Capitalisation Agreement IV and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the date of this announcement, neither Goldwyn nor Mr. Lim Ho Sok hold any Shares.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Token Century, Lucrezia, First Glory, Pioneer and their respective ultimate beneficial and Kim Wuju owners are third parties independent of the Company and its connected persons. As at the date of this announcement, none of Token Century, Lucrezia, First Glory, Pioneer and their respective ultimate beneficial owners and Kim Wuju hold any Shares. Please refer to the section headed “Information on the Creditors” for more information on the Creditors.

Capitalisation Price

The Capitalisation Price of HK\$0.325 represents:

- (i) No premium or discount to the closing price of approximately HK\$0.325 per Share as at the date of this announcement;
- (ii) a premium of approximately 2.2% to the average closing price of approximately HK\$0.318 per Share for the last five consecutive Trading Days up and including the date of this announcement;
- (iii) a premium of approximately 6.0% to the average closing price of approximately HK\$0.307 per Share for last 10 consecutive Trading Days up to and including the date of this announcement;
- (iv) a discount of approximately 6.7% to the average closing price of approximately HK\$0.305 per Share for last 30 consecutive Trading Days up to and including the date of this announcement;

As at 30 September 2015, the Company’s unaudited consolidated net liabilities attributable to the Shareholders per Share was approximately HK\$4.68.

The Capitalisation Price was arrived at after arm’s length negotiation between the Company and each of the Creditors with reference to the share price of the Company as at the date of this announcement.

The Directors (including the independent non-executive Directors) consider that the terms of each of Loan Capitalisation Agreement II, Loan Capitalisation Agreement III, Loan Capitalisation Agreement V, Loan Capitalisation Agreement VI and Loan Capitalisation Agreement VII are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors (excluding the members of the Independent Board Committee, who will express their views after considering the advice of the Independent Financial Adviser on Loan Capitalisation Agreement I and Loan Capitalisation Agreement IV) consider that the terms of each of Loan Capitalisation Agreement I and Loan Capitalisation Agreement IV are fair and reasonable and on normal commercial terms and are in the interests of the Shareholders as a whole.

Conditions precedent of Loan Capitalisation Agreements

Completion of each Loan Capitalisation Agreement is conditional upon the fulfillment of the following conditions precedent:

- (a) approval of the Shareholders (or, as the case may be, the Independent Shareholders) at a general meeting of the Company of the respective Loan Capitalisation Agreement and the transactions contemplated therein in accordance with the requirements of the Listing Rules and other applicable laws and regulations;
- (b) listing of, and permission to deal in, the relevant number of Capitalisation Shares under the respective Loan Capitalisation Agreement having been granted by the Listing Committee of the Stock Exchange (either unconditionally or if subject to any conditions required by the Stock Exchange for it to be fulfilled before the completions of the Loan Capitalisation Agreements, such conditions being fulfilled or satisfied before the completions of the Loan Capitalisation Agreements) and such listing and permission remaining in full force and effect and not subsequently being revoked;
- (c) in addition to the approval and consents referred to in the conditions precedent set out in paragraphs (a) and (b) above, all necessary approvals, consents and waivers required to be obtained by the Company and/or the relevant Creditor from any authority or other third party in respect of the respective Loan Capitalisation Agreement and/or the transactions contemplated hereunder having been obtained (and if such approvals, consents and waivers are subject to conditions, such conditions being fulfilled or satisfied before the completions of the Loan Capitalisation Agreements) and such approvals, consents and waivers remain valid and effective; and
- (d) the Company's warranties or the Creditor's warranties remaining true, accurate and correct in all material aspects.

Each party may at any time waive in writing any of the warranties and representations given by the other party in the above condition precedent set out in paragraph (d) above, being the Company's warranties or the Creditor's warranties (as the case may be), and such waiver may be made subject to such terms and conditions as may be determined by such party. The conditions precedent set out in paragraphs (a), (b) and (c) above cannot be waived.

If any of the above conditions are not fulfilled and/or waived (as the case may be) on or before 4:00 p.m. on the Loan Capitalisation Long Stop Date or such other date as the Company and the relevant Creditor(s) may agree, the relevant Loan Capitalisation Agreement(s) will lapse, whereupon all rights and obligations of the parties shall cease to have effect except any antecedent rights and obligations of the parties already accrued before the lapse.

Lock up undertaking

The Creditors agreed not to dispose of or create encumbrances in respect of any of the Capitalisation Shares within one year from the date of completions of each Loan Capitalisation Agreement.

Completions of the Loan Capitalisations

Subject to the fulfilment of the above conditions precedent, the completions of each Loan Capitalisation Agreement shall take place on the date of completion of each Loan Capitalisation Agreement at such place and time to be agreed between the Company and each of the Creditors in writing.

If, in any respect, the obligations of the Company or any of the Creditors are not complied with on the date of completion of each Loan Capitalisation Agreement (whether such failure by the defaulting party amounts to a repudiatory breach or not), the party not in default may:

- (i) defer the date of completion of each Loan Capitalisation Agreement to a date not more than 20 Business Days after the date of completion of each Loan Capitalisation Agreement (or such later date as agreed between the Company and the Subscriber) and require the party in default to rectify all its default no later than 12:00 noon on the deferred date of completion of each Loan Capitalisation Agreement; or
- (ii) proceed to completions of the Loan Capitalisations so far as practicable (without prejudice to its rights hereunder); or
- (iii) rescind the relevant Loan Capitalisation Agreement.

SPECIFIC MANDATES

Specific Mandates will be sought from the Independent Shareholders at the EGM for the allotment and issue of (i) a maximum of 143,162,137 Capitalisation Shares to Cordia under Loan Capitalisation Agreement I; and (ii) a maximum of 82,359,033 Capitalisation Shares to Goldwyn under Loan Capitalisation Agreement IV.

Specific Mandates will be sought from the Shareholders at the EGM for the allotment and issue of (a) a maximum of 90,030,768 Capitalisation Shares to Lucrezia under Loan Capitalisation Agreement II; (b) a maximum of 84,000,000 Capitalisation Shares to Token Century under Loan Capitalisation Agreement III; (c) a maximum of 58,291,675 Capitalisation Shares to First Glory under Loan Capitalisation Agreement V; (d) a maximum of 162,505,317 Capitalisation Shares to Pioneer under Loan Capitalisation Agreement VI and (e) a maximum of 74,400,000 Capitalisation Shares to Kim Wuju under Loan Capitalisation Agreement VII.

RANKING

The Capitalisation Shares will rank *pari passu* in all respects with the Shares in issue at the dates of allotment and issue of the Capitalisation Shares.

LISTING

An application will be made by the Company to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Capitalisation Shares.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company had 513,447,763 Shares in issue. The following table sets out the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately upon completion of Loan Capitalisation Agreement I but before completions of other Loan Capitalisation Agreements, (iii) immediately upon completion of Loan Capitalisation Agreement II but before completions of other Loan Capitalisation Agreements, (iv) immediately upon completion of Loan Capitalisation Agreement III but before completions of other Loan Capitalisation Agreements, (v) immediately upon completion of Loan Capitalisation Agreement IV but before completions of other Loan Capitalisation Agreements, (vi) immediately upon completion of Loan Capitalisation Agreement V but before completions of other Loan Capitalisation Agreements, (vii) immediately upon completion of Loan Capitalisation Agreement VI but before completions of other Loan Capitalisation Agreements, (viii) immediately upon completion of Loan Capitalisation Agreement VII but before completions of other Loan Capitalisation Agreements; and (ix) immediately upon completions of all Loan Capitalisation Agreements (assuming no other changes to the issued share capital of the Company since the date of this announcement):

Shareholders	As at the date of this announcement		Immediately upon completion of Loan Capitalisation Agreement I but before completions of other Loan Capitalisation Agreements		Immediately upon completion of Loan Capitalisation Agreement II but before completions of other Loan Capitalisation Agreements		Immediately upon completion of Loan Capitalisation Agreement III but before completions of other Loan Capitalisation Agreements		Immediately upon completion of Loan Capitalisation Agreement IV but before completions of other Loan Capitalisation Agreements		Immediately upon completion of Loan Capitalisation Agreement V but before completions of other Loan Capitalisation Agreements		Immediately upon completion of Loan Capitalisation Agreement VI but before completions of other Loan Capitalisation Agreements		Immediately upon completion of Loan Capitalisation Agreement VII but before completions of other Loan Capitalisation Agreements		Immediately upon completions of all Loan Capitalisation Agreements		
	Number of Shares held	% of Shares in issue	Number of Shares held	% of Shares in issue	Number of Shares held	% of Shares in issue	Number of Shares held	% of Shares in issue	Number of Shares held	% of Shares in issue	Number of Shares held	% of Shares in issue	Number of Shares held	% of Shares in issue	Number of Shares held	% of Shares in issue	Number of Shares held	% of Shares in issue	
Substantial shareholders																			
ACME Perfect Limited (Note 1)	70,000,000	13.6%	70,000,000	10.8%	70,000,000	11.6%	70,000,000	11.7%	70,000,000	11.7%	70,000,000	12.2%	70,000,000	10.4%	70,000,000	11.9%	70,000,000	5.8%	
Master Impact Inc.	62,036,055	12.1%	62,036,055	9.5%	62,036,055	10.3%	62,036,055	10.4%	62,036,055	10.4%	62,036,055	10.9%	62,036,055	9.2%	62,036,055	10.6%	62,036,055	5.1%	
Keystone Global Co., Ltd	53,000,000	10.3%	53,000,000	8.1%	53,000,000	8.8%	53,000,000	8.9%	53,000,000	8.9%	53,000,000	9.3%	53,000,000	7.8%	53,000,000	9.0%	53,000,000	4.4%	
Sub-total	185,036,055	36.0%	185,036,055	28.4%	185,036,055	30.7%	185,036,055	31.0%	185,036,055	31.0%	185,036,055	32.4%	185,036,055	27.4%	185,036,055	31.5%	185,036,055	15.3%	
Creditors																			
Cordia	5,005,000	1.0%	143,162,137	22.0%	5,005,000	0.8%	5,005,000	0.8%	5,005,000	0.9%	5,005,000	0.9%	5,005,000	0.8%	5,005,000	0.8%	148,167,137	12.2%	
Lucrezia	—	—	—	—	90,030,768	14.9%	—	—	—	—	—	—	—	—	—	—	90,030,768	7.5%	
Token Century	—	—	—	—	—	—	84,000,000	14.1%	—	—	—	—	—	—	—	—	84,000,000	7.0%	
Goldwyn	—	—	—	—	—	—	—	—	82,359,033	13.8%	—	—	—	—	—	—	82,359,033	6.8%	
First Glory	—	—	—	—	—	—	—	—	—	—	58,291,675	10.2%	—	—	—	—	58,291,675	4.8%	
Pioneer	—	—	—	—	—	—	—	—	—	—	—	—	162,505,317	24.0%	—	—	162,505,317	13.4%	
Kim Wuju	—	—	—	—	—	—	—	—	—	—	—	—	—	—	74,400,000	12.7%	74,400,000	6.2%	
Sub-total	5,005,000	1.0%	143,162,137	22.0%	95,035,768	15.7%	89,005,000	14.9%	87,364,033	14.7%	63,296,675	11.1%	167,510,317	24.8%	79,405,000	13.5%	699,753,930	57.9%	
Public Shareholders	323,406,708	63.0%	323,406,708	49.6%	323,406,708	53.6%	323,406,708	54.1%	323,406,708	54.3%	323,406,708	56.5%	323,406,708	47.8%	323,406,708	55.0%	323,406,708	26.8%	
Total	513,447,763	100.0%	651,604,900	100.0%	603,478,531	100.0%	597,447,763	100.0%	595,806,796	100.0%	571,739,438	100.0%	675,953,080	100.0%	587,847,763	100.0%	1,208,196,693	100.0%	

Notes:

1. 40.91% and 36.36% of the issued share capital of ACME Perfect Limited are beneficially owned by Pang Sum Fung and Xia Chun Qiu, respectively.
2. Upon completion of the Loan Capitalisations, none of the Creditors (and parties acting in concert with them) will hold or control 30% or more of the Company's voting rights; and (ii) no more than one of the Creditors (and parties acting in concert with it) will hold or control 20% or more of the Company's voting rights, so that none of the Creditors (and parties acting in concert with them) will be deemed to be associated companies of each other and therefore presumed to be acting in concert in accordance with the Takeovers Code.

INFORMATION ON THE GROUP

The principal activity of the Company is investment holding. The Group is principally engaged in the businesses of coal mining, mineral resources and commodities trading.

FINANCIAL INFORMATION OF THE GROUP

The following table is a summary of certain audited financial information of the Group for the two financial years ended 31 March 2014 and 2015 and 6 months ended 30 September 2015, respectively.

	6 months ended		Year ended 31 March	
	30 September		2015	2014
	2015		2015	2014
	HK'000		HK'000	HK'000
Revenue	1,536		2,227	5,874
Gross profit	10		11	118
Loss before income tax	(210,186)		(655,104)	(684,784)
Loss for the period/year	(210,193)		(655,114)	(684,324)
Loss for the period/ year attributable to owners of the Company (excluding non-controlling interests)	(206,646)		(643,303)	(670,714)
Consolidated net liabilities value (excluding non-controlling interests)	(2,427,729)		(2,398,145)	(1,732,953)

INFORMATION ON THE CREDITORS

Cordia

Cordia is an investment holding company incorporated in British Virgin Islands with limited liability. As at the date of this announcement, Cordia (i) is wholly owned by Mr. Choi Sungmin, who is a director of SMG Development Limited, an insignificant subsidiary of the Company as defined under Rule 14A.09 of the Listing Rules; (ii) holds 10% of the issued share capital of Langfeld, an indirect non-wholly owned subsidiary of the Company (not an insignificant subsidiary); and (iii) holds 5,005,000 Shares, representing approximately 1.0% of the issued share capital of the Company. As at the date of this announcement, Mr. Choi Sungmin does not hold any Shares.

Lucrezia

Lucrezia is an investment holding company incorporated in British Virgin Islands with limited liability and is wholly owned by Mr. Yang Xiao Lian.

Token Century

Token Century is an investment holding company incorporated in British Virgin Islands with limited liability and is wholly owned by Mr. Ran Bo.

Goldwyn

Goldwyn is an investment holding company incorporated in British Virgin Islands with limited liability and is wholly owned by Mr. Lim Ho Sok, who is a director of several subsidiaries of the Company (not all of them are insignificant subsidiaries). As at the date of this announcement, neither Goldwyn nor Mr. Lim Ho Sok hold any Shares.

First Glory

First Glory is an investment holding company incorporated in British Virgin Islands with limited liability and is wholly owned by Mr. Xiao Wohua.

Pioneer

Pioneer is an investment holding company incorporated in Hong Kong with limited liability and is wholly owned by Han-A Steel Co., Ltd.

Kim Wuju

Kim Wuju is a Korean national. As at the date of this announcement, Mr. Kim Wuju does not hold any Shares.

REASONS FOR AND BENEFITS OF THE LOAN CAPITALISATIONS

The principal reason for the Loan Capitalisations is to alleviate some of the burden on the Company's debt and financial position. As mentioned above, according to the Company's latest consolidated annual results announcement dated 29 June 2015 for the year ended 31 March 2015 and consolidated interim results announcement dated 27 November 2015, the Group recorded (i) a net liability position (excluding non-controlling interests) of approximately HK\$2,398 million as at 31 March 2015 and approximately HK\$2,428 million as at 30 September 2015; and (ii) a loss of approximately HK\$655.1 million for the year ended 31 March 2015 and a loss of HK\$210.2 million for the six months ended 30 September 2015. In light of the deteriorating financial performance of the Group, the Board has been unable to secure interest from financial institutions at reasonable terms to conduct equity fund raisings such as open offer and rights issue which would help to improve the Company's financial position.

Apart from equity financing, the Company has also considered other financing options such as debt financing and bank borrowings as well as a restructuring of its convertible notes to fulfill the capital requirements of the Group. Having considered the additional interest burden on the Group and the increase in gearing level resulting from the very high level of interest expenses for the debt financing, the Company considers that such financing means is not appropriate to the Group given its current financial position.

The Company is of the view that the need for new equity financing is an imminent priority and the Loan Capitalisations are the most viable option for the Company to reduce its net liabilities financial position. The Loan Capitalisations also provide a better platform for the Company to raise equity funding in the near future to continue improving its financial position.

In addition, in accordance with the Company's resumption announcement dated 22 April 2015, the Creditors have given undertakings to the Company that subject to the resumption in trading of Company's Shares and amongst other things, they will convert their entire outstanding principal and interests amounts in the Loans into new Shares. The Loan Capitalisations are expected to result in the Company achieving an improved net liability position.

Accordingly, the Directors (excluding the members of the Independent Board Committee) consider that entering into the Loan Capitalisations is in the interest of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

(a) Specific Mandates

The Company will seek Specific Mandates from the Independent Shareholders, at the EGM for (i) the allotment and issue of a maximum of 143,162,137 Capitalisation Shares to Cordia under Loan Capitalisation Agreement I; and (ii) the allotment and issue of a maximum of 82,359,033 Capitalisation Shares to Goldwyn under Loan Capitalisation Agreement IV. The Company will also seek Specific Mandates from the Shareholders at the EGM for the allotment and issue of (a) a maximum of 90,030,768 Capitalisation Shares to Lucrezia under Loan Capitalisation Agreement II; (b) a maximum of 84,000,000 Capitalisation Shares to Token Century under Loan Capitalisation Agreement III; (c) a maximum of 58,291,675 Capitalisation Shares to First Glory under Loan Capitalisation Agreement V; (d) a maximum of 162,505,317 Capitalisation Shares to Pioneer under Loan Capitalisation VI; and (e) a maximum of 74,400,000 Capitalisation Shares to Kim Wuju under Loan Capitalisation VII. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Capitalisation Shares.

(b) Connected Transactions: Proposed Loan Capitalisations involving issue of certain Capitalisation Shares to Cordia and Goldwyn

As at the date of this announcement, Cordia holds 10% of the issued share capital of Langfeld, an indirect non-wholly owned subsidiary of the Company (but not an insignificant subsidiary), and therefore, Cordia is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, Loan Capitalisation Agreement I and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the date of this announcement, Cordia (i) holds 5,005,000 Shares, representing approximately 1.0% of the issued share capital of the Company; and (ii) is wholly owned by Mr. Choi Sungmin, who is a director of SMG Development Limited, an insignificant subsidiary of the Company as defined under Rule 14A.09 of the Listing Rules. As at the date of this announcement, Mr. Choi Sungmin does not hold any Shares.

As at the date of this announcement, Goldwyn is wholly owned by Mr. Lim Ho Sok, who is the director of several subsidiaries of the Company (not all of them are insignificant subsidiaries). As such, Goldwyn is an associate of Mr. Lim Ho Sok and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, Loan Capitalisation Agreement IV and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the date of this announcement, neither Goldwyn nor Mr. Lim Ho Sok hold any Shares.

As such, Cordia and its associates will be required to abstain from voting on the resolution to be proposed at the EGM to approve Loan Capitalisation Agreement I and the transactions contemplated thereunder, including the issue and allotment of a maximum of 143,162,137 Capitalisation Shares to Cordia; and Goldwyn and its associates will be required to abstain from voting on the resolution to be proposed at the EGM to approve Loan Capitalisation Agreement IV and the transactions contemplated thereunder, including the issue and allotment of a maximum of 82,359,033 Capitalisation Shares to Goldwyn.

Warning: As the Loan Capitalisations are subject to the fulfilment of a number of conditions precedent referred to in this announcement, including the approval by the Shareholders (or, as the case may be, the Independent Shareholders) of the Loan Capitalisation Agreements and the Specific Mandates, the Loan Capitalisations may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

GENERAL

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders in relation to (i) Loan Capitalisation Agreement I and the transactions contemplated thereunder, including the allotment and issue of a maximum of 143,162,137 Capitalisation Shares to Cordia; and (ii) Loan Capitalisation Agreement IV and the transactions contemplated thereunder, including the allotment and issue of a maximum of 82,359,033 Capitalisation Shares to Goldwyn. Bridge Partners Capital Limited has been appointed with the approval from the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be held to consider and, if thought fit, pass resolutions to approve, amongst other things, (i) the Loan Capitalisation Agreements and the transactions contemplated thereunder including the allotment and issue of the Capitalisation Shares; and (ii) the Specific Mandates. The voting in relation to the resolutions to be proposed at the EGM will be by way of poll.

A circular, which will contain, among other things, details of the Loan Capitalisation Agreements, the recommendation of the Independent Board Committee to the Independent Shareholders, and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to (i) Loan Capitalisation Agreement I; and (ii) Loan Capitalisation Agreement IV, together with a notice convening the EGM is expected to be despatched to the Shareholders within 15 business days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which banks are open for ordinary banking business in Hong Kong (other than a Saturday, Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“Capitalisation Price”	HK\$0.325 per Capitalisation Share
“Capitalisation Shares”	a maximum of 694,748,930 Shares at the Capitalisation Price to be allotted and issued to the Creditors by the Company pursuant to the Loan Capitalisation Agreements
“Company”	Siberian Mining Group Company Limited (Stock code: 1142), formerly known as Rontex International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Cordia”	Cordia Global Limited, one of the creditors of the Company, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is wholly-owned by Mr. Choi Sungmin
“Creditors”	Cordia, Lucrezia, Token Century, Goldwyn, First Glory, Pioneer and Kim Wuju
“Director(s)”	the director(s) of the Company

“EGM”	an extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve, amongst other things, (i) the Loan Capitalisations, and (ii) the Specific Mandates
“First Glory”	First Glory Limited, one of the creditors of the Company, a company incorporated in British Virgin Islands with limited liability and is wholly owned by Mr. Xiao Wohua
“Goldwyn”	Goldwyn Management Limited, one of the creditors of the Company, a company incorporated in British Virgin Islands with limited liability and is wholly owned by Mr. Lim Ho Sok
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Kwok Kim Hung Eddie, Mr. Lai Han Zhen and Mr. Park Kun Ju, which has been established by the Company to make recommendations to the Independent Shareholders as to the fairness and reasonableness of (i) the terms of Loan Capitalisation Agreement I and the transactions contemplated thereunder, including the allotment and issue of a maximum of 143,162,137 Capitalisation Shares; and (ii) the terms of Loan Capitalisation Agreement IV and the transactions contemplated thereunder, including the allotment and issue of a maximum of 82,359,033 Capitalisation Shares and as to voting on the relevant resolutions at the EGM
“Independent Financial Adviser”	Bridge Partners Capital Limited has been appointed with the approval from the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the Loan Capitalisation Agreement I and the transactions contemplated thereunder, including the allotment and issue of a maximum of 143,162,137 Capitalisation Shares; and (ii) the Loan Capitalisation Agreement IV and the transactions contemplated thereunder, including the allotment and issue of a maximum of 82,359,033 Capitalisation Shares

“Independent Shareholders”	(i) as regards to the Loan Capitalisation Agreement I, Shareholders other than Cordia and its associates and parties acting in concert with Cordia and those who has a material interest in the Loan Capitalisation Agreement I who are required to abstain from votings on the resolution relating to the Loan Capitalisation Agreement I and the transactions contemplated thereunder, including the allotment and issue of a maximum of 143,162,137 Capitalisation Shares; or (ii) as regards to the Loan Capitalisation Agreement IV, Shareholders other than Goldwyn and its associates and parties acting in concert with Goldwyn and those who has a material interest in the Loan Capitalisation Agreement IV who are required to abstain from votings on the resolution relating to the Loan Capitalisation Agreement IV and the transactions contemplated thereunder, including the allotment and issue of the a maximum of 82,359,033 Capitalisation Shares
“Insignificant subsidiary”	has the meaning ascribed to it under the Listing Rules
“Kim Wuju”	Mr. Kim Wuju, one of the Creditors, who is a Korean national
“Langfeld”	Langfeld Enterprises Limited, a non-wholly owned subsidiary of the Company, incorporated in Cyprus, 90% of issued share capital of which is indirectly held by the Company and 10% of issued share capital of which is held by Cordia
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the aggregate maximum amount of HK\$225,793,402.30 due from the Group to the Creditors
“Loan Capitalisations”	the allotment and issuance of the Capitalisation Shares at the Capitalisation Price by capitalising the Loans upon the terms and conditions of all of Loan Capitalisation Agreements
“Loan Capitalisation Agreements”	the seven loan capitalisation agreements dated 1 December 2015 entered into between the Creditors and the Company in relation to the Loan Capitalisations, which comprise the Loan Capitalisation Agreement I, the Loan Capitalisation Agreement II, the Loan Capitalisation Agreement III, the Loan Capitalisation Agreement IV, the Loan Capitalisation Agreement V, the Loan Capitalisation Agreement VI and the Loan Capitalisation Agreement VII

“Loan Capitalisation Agreement I”	the loan capitalisation agreement dated 1 December 2015 entered into between Cordia and the Company in relation to the capitalisation of the loan in the maximum amount of HK\$46,527,694.53 due from the Group to Cordia
“Loan Capitalisation Agreement II”	the loan capitalisation agreement dated 1 December 2015 entered into between Lucrezia and the Company in relation to the capitalisation of the loan in maximum amount of HK\$29,259,999.60 due from the Company to Lucrezia
“Loan Capitalisation Agreement III”	the loan capitalisation agreement dated 1 December 2015 entered into between Token Century and the Company in relation to the capitalisation of the loan in maximum amount of HK\$27,300,000.00 due from the Company to Token Century
“Loan Capitalisation Agreement IV”	the loan capitalisation agreement dated 1 December 2015 entered into between Goldwyn and the Company in relation to the capitalisation of the loan in maximum amount of HK\$26,766,685.73 due from the Company to Goldwyn
“Loan Capitalisation Agreement V”	the loan capitalisation agreement dated 1 December 2015 entered into between First Glory and the Company in relation to the capitalisation of the loan in maximum amount of HK\$18,944,794.38 due from the Company to First Glory
“Loan Capitalisation Agreement VI”	the loan capitalisation agreement dated 1 December 2015 entered into between Pioneer and the Company in relation to the capitalisation of the loan in maximum amount of HK\$52,814,228.03 due from the Company to Pioneer
“Loan Capitalisation Agreement VII”	the loan capitalisation agreement dated 1 December 2015 entered into between Kim Wuju and the Company in relation to the capitalisation of the loan in maximum amount of HK\$24,180,000.00 due from the Company to Kim Wuju
“Loan Capitalisation Long Stop Date”	29 February 2016 or such later date as agreed by the parties to the respective Loan Capitalisation Agreements
“Lucrezia”	Lucrezia Limited, one of the Creditors, a company incorporated in British Virgin Islands with limited liability and is wholly owned by Mr. Yang Xiao Lian

“Pioneer”	Pioneer Centre Limited, one of the Creditors, a company incorporated in Hong Kong with limited liability and is wholly owned by Han-A Steel Co., Ltd.
“Shares”	ordinary shares in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Specific Mandates”	the specific mandates proposed to be granted to the Directors at the EGM for the allotment and issue of the Capitalisation Shares and each a “Specific Mandate”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Token Century”	Token Century Limited, one of the creditors of the Company, a company incorporated in British Virgin Islands with limited liability and is wholly owned by Mr. Ran Bo
“Trading Day”	a day when the Stock Exchange is open for trading in Hong Kong
“%”	per cent

By order of the Board of
Siberian Mining Group Company Limited
Jang Sam Ki
Chairman

Hong Kong, 1 December 2015

At the date of this announcement, the Board consists of Mr. Jang Sam Ki, Mr. Hong Sang Joon and Mr. Su Run Fa as executive directors, and Mr. Kwok Kim Hung Eddie, Mr. Lai Han Zhen and Mr. Park Kun Ju as independent non-executive directors.

The English text of this announcement shall prevail over its Chinese text.