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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

THE PLACING

On 27 September 2019 (after trading hours), the Company and the Placee entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place and the Placee has conditionally agreed to subscribe for an aggregate of up to 241,695,104 Placing Shares at a Placing Price of HK\$0.20 per Placing Share, subject to the terms and conditions contained therein.

The maximum number of 241,695,104 Placing Shares under the Placing represents approximately 20.0% of the existing issued share capital of the Company composing 1,208,475,523 Shares as at the date of this Announcement and approximately 16.67% of the issued share capital composing 1,450,170,627 Shares as enlarged by the Placing (assuming there is no other change to the Company's issued share capital before Completion). The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be approximately HK\$48,339,021.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placee, and the Placing Price of HK\$0.20 per Placing Share represents: (i) a premium of approximately 1.01% to the closing price of HK\$0.198 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a premium of approximately 45.99% to the average closing price of HK\$0.137 per Share for the five consecutive trading days immediately prior to the date of this Announcement; and (iii) a premium of approximately 92.31% to the average closing price of HK\$0.104 per Share for the ten consecutive trading days immediately prior to the date of this Announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placee and its ultimate beneficial owners are not connected persons of the Company and are third parties independent of, and not connected with, the Company, any Director(s), chief executive(s) or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates as of the date of this Announcement and prior to Completion. Upon Completion, the Placee will become a substantial shareholder and a connected person of the Company.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

Assuming that the maximum number of 241,695,104 Placing Shares are placed to the Placee in full, the maximum gross proceeds from the Placing will be approximately HK\$48.34 million and the maximum net proceeds from the Placing is estimated to be approximately HK\$47.84 million. On such basis, the net price to the Company of each Placing Share is estimated to be approximately HK\$0.198. The Company intends to use the net proceeds from the Placing for repayment of loans and as general working capital of the Group. The Placing Shares will be issued under the General Mandate and therefore the Placing is not subject to any Shareholders' approval.

As the Placing may or may not complete or complete in full, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 27 September 2019 (after trading hours), the Company entered into the conditional Placing Agreement with the Placee pursuant to which the Placee has conditionally agreed with the Company to subscribe for the Placing Shares and the Company has conditionally agreed to allot and issue the Placing Shares at a price of HK\$0.20 per Placing Share, subject to the terms and conditions contained therein.

THE PLACING AGREEMENT

Date

27 September 2019 (after trading hours)

Issuer

The Company

Placee

The Placee

The Placee, a company incorporated in Hong Kong, and as advised by the Placee, is principally engaged in the business of investment holding. As advised by the director of the Placee, the Placee is owned beneficially and ultimately by 29 natural persons, with Park Kyung Hyun holding 33.7%, Kang Seong Cheon holding 19.5%, Choi Junghwan holding 9.5%, Choi Hyunjun holding 2.5%, other 14 natural persons each holding 2.0%, other 4 natural persons each holding 1.0%, and remaining 7 natural persons together holding 2.8%, respectively, of the shareholding of the Placee.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placee and its ultimate beneficial owners are not connected persons of the Company and are third parties independent of, and not connected with, the Company, any Director(s), chief executive(s) or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates as of the date of this Announcement and prior to Completion. Upon Completion, the Placee will become a substantial shareholder and a connected person of the Company.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Placee and its respective ultimate beneficial owners do not hold any Shares as at the date of this Announcement.

The Placing Agreement has not provided any terms entitling the Placee to nominate any person as Director(s).

Number of Placing Shares

The maximum number of 241,695,104 Placing Shares under the Placing represents approximately 20.0% of the existing issued share capital of the Company composing 1,208,475,523 Shares as at the date of this Announcement and approximately 16.67% of the issued share capital composing 1,450,170,627 Shares as enlarged by the Placing (assuming there is no other change to the Company's issued share capital before Completion). The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be approximately HK\$48,339,021.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of allotment and issue of the Placing Shares and will be free from any encumbrance.

Placing Price

The Placing Price of HK\$0.20 per Placing Share represents:

- (i) a premium of approximately 1.01% to the closing price of HK\$0.198 per Share as quoted on the Stock Exchange on the Last Trading Date;

- (ii) a premium of approximately 45.99% to the average closing price of HK\$0.137 per Share for the five consecutive trading days immediately prior to the date of this Announcement; and
- (iii) a premium of approximately 92.31% to the average closing price of HK\$0.104 per Share for the ten consecutive trading days immediately prior to the date of this Announcement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placee. The Directors consider that the terms of the Placing Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Each of the Company and the Placee shall bear their respective legal and out-of-pocket expenses incurred in connection with the Placing. The Company shall also bear its cost of publishing the related announcements, fees and expenses of the Company's branch share registrar relating to the issue of certificates of the Placing Shares, and other fees and expenses incidental to the issue and allotment of the Placing Shares. All such legal fees, other fees and expenses are estimated in the aggregate amount of approximately HK\$500,000. No fee shall be payable by the Company to the Placee upon Completion.

Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 30 August 2018 subject to the limit of up to 20% of the aggregate nominal value of the share capital of the Company in issue on that date. Under the General Mandate, the Company is authorised to issue up to 241,695,104 Shares. Up to the date of this Announcement, no Shares have been issued under the General Mandate. The Placing Shares will be issued under the General Mandate and therefore the Placing is not subject to any Shareholders' approval. The Company has not repurchased any Shares within the last 30 days prior to the date of this Announcement.

Application for listing of Placing Shares

Application will be made by the Company to the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the Placing Shares.

Conditions of the Placing Agreement

Completion of the Placing under the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange; and
- (ii) the obligations of the Placee under the Placing Agreement not being breached in accordance with the terms thereof, including provisions regarding force majeure events.

The Company shall use its best endeavours to procure the fulfilment of the condition (i) referred to above and in the event the above conditions are not fulfilled or waived by the parties to the Placing Agreement at or before 6:00 p.m. of 6 November 2019 (or such later date as may be agreed between the Placee and the Company), all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and neither of the parties shall have any claim against the other for any costs and losses in respect of the Placing save for any antecedent breach.

Termination of the Placing

Notwithstanding anything contained in the Placing Agreement, the Placee shall be entitled by notice in writing to the Company, at any time prior to 10:00 a.m. on the Completion Date, to terminate the Placing Agreement if:

- (a) any of the undertakings, warranties or representations of the Company contained in the Placing Agreement becomes untrue or incorrect in any material respect or misleading; or
- (b) if there occurs any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days other than in relation to the Placing.

Completion of the Placing

Completion shall take place by no later than 4:00 p.m. (Hong Kong time) on the fifth Business Day after fulfillment of the conditions set out in the Placing Agreement (or such other date as the Company and the Placee may agree in writing).

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

As disclosed in the annual report of the Company for the year ended 31 March 2019, the Company will endeavour to further enhance the Group's financial strengths so as to tackle the net current liabilities of the Group as at 31 March 2019. The Directors consider that the Placing represents a good opportunity to raise additional capital and improve the liquidity and financial position of the Group as well as to broaden the shareholder base and capital base of the Company. The Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

Assuming that the maximum number of 241,695,104 Placing Shares are placed to the Placee in full, the maximum gross proceeds from the Placing will be approximately HK\$48.34 million and the maximum net proceeds from the Placing is estimated to be approximately HK\$47.84 million. On such basis, the net price to the Company of each Placing Share is estimated to be approximately HK\$0.198. The Company intends to use the net proceeds from the Placing for repayment of loans and as general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities during the 12 months immediately preceding the date of this Announcement.

EFFECT ON SHAREHOLDING

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming there is no change in the shareholding structure of the Company from the date of this Announcement to the Completion Date other than the issue of the Placing Shares) is set out as below (for illustrative purpose only):

Shareholders	As at the date of this Announcement		Immediately after Completion of the Placing	
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
Cordia Global Limited (<i>Note</i>)	5,005,000	0.41%	5,005,000	0.34%
Placees	—	0.00%	241,695,104	16.67%
Public Shareholders	1,203,470,523	99.59%	1,203,470,523	82.99%
Total:	1,208,475,523	100.00%	1,450,170,627	100.00%

Note: Cordia Global Limited holds 10% of the issued share capital of Langfeld Enterprises Limited, an indirect non-wholly owned subsidiary of the Company and therefore, Cordia Global Limited is a core connected person of the Company under the Listing Rules.

As the Placing may or may not complete or complete in full, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Announcement”	this announcement of the Company in relation to the Placing
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors

“Business Day(s)”	a day (other than public holiday, a Saturday or Sunday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which banks in Hong Kong are generally open for business
“Company”	Siberian Mining Group Company Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Placing
“Completion Date”	the fifth Business Days after fulfillment of the conditions or such other date as the Company and the Placee may agree in writing
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by Shareholders at the annual general meeting of the Company held on 30 August 2018 to allot and issue up to 241,695,104 new Shares
“Group”	the Company and its subsidiaries, from time to time
“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
“Last Trading Date”	27 September 2019, being the last trading day for the Shares prior to the issue of this Announcement and the entering into of the Placing Agreement
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Placee”	ONFACE CO., LIMITED, a company incorporated in Hong Kong, the subscriber of the Placing Shares under the Placing Agreement
“Placing”	the placing of the Placing Shares to the Placee at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement entered into between the Company and the Placee dated 27 September 2019 in respect of the Placing
“Placing Price”	HK\$0.20 per Placing Share
“Placing Shares”	new Share(s) up to a maximum of 241,695,104 Shares to be placed subject to the terms and conditions set out in the Placing Agreement
“Shares”	ordinary shares of nominal value of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

By Order of the Board
Siberian Mining Group Company Limited
Jo Sang Hee
Chairman

Hong Kong, 27 September 2019

As at the date of this announcement, the Board of the Company consists of Mr. Jo Sang Hee as executive director, and Ms. Chen Dai, Mr. Kwok Kim Hung Eddie and Mr. Lee Sungwoo as independent non-executive directors.

** For identification purpose only*