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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 SHARE CONSOLIDATION AND PROPOSED CHANGE IN BOARD LOT SIZE**

#### **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation pursuant to which every ten (10) issued and unissued Existing Shares of a par value of HK\$0.20 each in the share capital of the Company be consolidated into one (1) Consolidated Share of a par value of HK\$2.00 each. The Share Consolidation will become effective upon fulfillment of the conditions set out in the paragraph headed “Conditions of the Share Consolidation” below.

#### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 10,000 Existing Shares each. The Board proposes to change the board lot size for trading on the Stock Exchange, from 10,000 Existing Shares per board lot, to 4,000 Consolidated Shares per board lot, conditional upon the Share Consolidation becoming effective.

#### **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation. A circular containing, among other matters, further details of (i) the Share Consolidation; and (ii) a notice of the EGM and related proxy form, shall be despatched on or before Friday, 3 April 2020.

**Shareholders and potential investors should take note that the Share Consolidation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Share Consolidation”. Therefore, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

*\* For identification purpose only*

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation pursuant to which every ten (10) issued and unissued Existing Shares of a par value of HK\$0.20 each in the share capital of the Company be consolidated into one (1) Consolidated Share of a par value of HK\$2.00 each.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 5,000,000,000 Existing Shares of a par value of HK\$0.20 each, of which 1,450,170,627 Existing Shares have been issued and are fully-paid or credited as fully-paid. Assuming there will be no change in the issued share capital of the Company from the date of this announcement until the effective date of the Share Consolidation, upon the Share Consolidation becoming effective, the authorised share capital of the Company will be HK\$1,000,000,000 divided into 500,000,000 Consolidated Shares of a par value of HK\$2.00 each, of which 145,017,062 Consolidated Shares (which are fully-paid or credited as fully-paid) will be in issue.

Other than the relevant expenses to be incurred, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group.

### **Status of the Consolidated Shares**

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's articles of association and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

### **Fractional entitlement to the Consolidated Shares**

Fractions of Consolidated Shares that arise from the Share Consolidation will not be allocated to the Shareholders otherwise entitled thereto, and will instead be aggregated and sold for the benefit of the Company.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon, among other things:-

- (1) the passing of the necessary ordinary resolution(s) by the Shareholders by way of poll to approve the Share Consolidation at the EGM;
- (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective; and
- (3) compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be Friday, 24 April 2020, being the second Business Day after the EGM.

### **Listing and dealings**

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation and the Consolidated Shares which may fall to be allotted and issued upon the exercise of the share options to be granted under the Existing Share Option Scheme and upon the exercise of the conversion rights under the Third Convertible Note.

Subject to granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Consolidated Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

None of the Existing Shares is listed or dealt on any stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, Shareholders may, during the period from Friday, 24 April 2020 to Wednesday, 3 June 2020 (both dates inclusive), submit share certificates for Existing Shares to the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong at the expense of the Company, in exchange for new share certificates for the Consolidated Shares (on the basis of ten (10) Existing Shares for one (1) Consolidated Share). Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher of the number of certificates cancelled or issued. After 4:30 p.m. on Wednesday, 3 June 2020, existing share certificates for Existing Shares will only remain effective as documents of title and may be exchanged for certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

The colour of the new share certificates for the Consolidated Shares will be announced by the Company in due course.

## **Odd lots arrangements and matching services**

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares as a result of the Share Consolidation, the Company will appoint an agent to arrange for matching service on a best efforts basis regarding the sale and purchase of odd lots of the Consolidated Shares for the period from 9:00 a.m. on Tuesday, 12 May 2020 to 4:10 p.m. on Monday, 1 June 2020 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots arrangement should consult his/her/its own professional advisers. Further details in respect of the odd lots trading arrangement will be set out in the circular to be despatched to the Shareholders.

## **Reasons for the Share Consolidation**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of securities. In view of the recent trading price of the Existing Shares, the Board on its initiative proposes to effect the Share Consolidation in order to comply with the trading requirements of the Listing Rules. Accordingly, the Board is of the view that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

In addition, the Share Consolidation is to prepare for subsequent potential capital fund raising and the Company may have plans or intentions of future corporate actions including but not limited to fund raising by general mandate and/or specific mandate which may further change the trading arrangement of the Company in the next 12 months. Given the high gearing position of the Group, coupled with the unaudited net liabilities of the Group amounting to approximately HK\$1,836.2 million as at 30 September 2019, the Group has a pressing need of capital fund raising, which will help improve the adverse financial position of the Group without further deteriorating the gearing of the Group.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

Currently, the Existing Shares are traded on the Stock Exchange in the board lot size of 10,000 Existing Shares. Upon the Share Consolidation becoming effective, the Board proposes to change the board lot size for trading on the Stock Exchange, from 10,000 Existing Shares to 4,000 Consolidated Shares per board lot.

Based on the closing price of HK\$0.066 per Existing Share (equivalent to the theoretical closing price of HK\$0.66 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of the Existing Shares is HK\$660; (ii) the value of each board lot of 10,000 Consolidated Shares would be HK\$6,600 assuming the Share Consolidation becomes effective; and (iii) the estimated value per board lot of 4,000 Consolidated Shares would be HK\$2,640 assuming that the change in board lot size also becomes effective. The Board considers that the proposed change in board lot size from 10,000 Existing Shares to 4,000 Consolidated Shares will reduce the value per board lot of the Consolidated Shares and could therefore enhance the trading liquidity of the Consolidated Shares.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders.

## Expected timetable

The expected timetable for the implementation of the Share Consolidation is set out below:

Event	Time and date
Expected date of despatch of circular with notice of the EGM and form of proxy .....	Friday, 3 April 2020
Latest time for lodging completed transfer forms accompanied by the relevant share certificates for the Existing Shares with the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, to be qualified for attendance at the EGM .....	4:30 p.m. on Thursday, 16 April 2020
Closure of the register of members of the Company to determine qualification for attendance and voting at the EGM (both dates inclusive) .....	Friday, 17 April 2020 to Wednesday, 22 April 2020
Latest time and date for lodging forms of proxy for the EGM .....	3:00 p.m. on Monday, 20 April 2020
Expected time and date of the EGM.....	3:00 p.m. on Wednesday, 22 April 2020
Publication of announcement of poll results of the EGM .....	Wednesday, 22 April 2020
<b>The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation:</b>	
Effective date of the Share Consolidation .....	Friday, 24 April 2020
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares .....	Friday, 24 April 2020
Commencement of dealings in the Consolidated Shares .....	9:00 a.m. on Friday, 24 April 2020
Original counter for trading in the Existing Shares in board lot size of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes.....	9:00 a.m. on Friday, 24 April 2020

Temporary counter for trading in the Consolidated Shares  
in board lot size of 1,000 Consolidated Shares  
(in the form of existing share certificates) opens..... 9:00 a.m. on Friday,  
24 April 2020

Original counter for trading in the Consolidated Shares  
in new board lot size of 4,000 Consolidated Shares  
(in the form of new share certificates for  
Consolidated Shares) re-opens..... 9:00 a.m. on Tuesday,  
12 May 2020

Parallel trading in the Consolidated Shares  
(in the form of new share certificates and existing  
share certificates) commences 9:00 a.m. on Tuesday,  
12 May 2020

Designated broker starts to stand in the market  
to provide matching services for odd lots  
of the Consolidated Shares..... 9:00 a.m. on Tuesday,  
12 May 2020

Temporary counter for trading in the Consolidated Shares  
in board lot size of 1,000 Consolidated Shares  
(in the form of existing share certificates) closes ..... 4:10 p.m. on Monday,  
1 June 2020

Parallel trading in the Consolidated Shares  
(in the form of new share certificates and  
existing share certificates) ends..... 4:10 p.m. on Monday,  
1 June 2020

Designated broker ceases to stand in the market to provide  
matching services for odd lots of the Consolidated Shares ..... 4:10 p.m. on Monday,  
1 June 2020

Last day of free exchange of existing share certificates  
for new share certificates for the Consolidated Shares..... 4:30 p.m. on Wednesday,  
3 June 2020

All times and dates in this announcement refer to Hong Kong local times and dates.

**The expected timetable set out above is indicative only and may be subject to change.  
Further announcement(s) will be made as and when appropriate.**



## ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the date of this announcement, the Third Convertible Note in an aggregate principal amount of US\$400,390,000 (equivalent to approximately HK\$3,123,042,000) remained outstanding. The holders of the Third Convertible Note may be entitled to convert to an aggregate of 65,063,375 Conversion Shares upon exercise of the conversion rights attaching to the Third Convertible Note at an initial conversion price of HK\$48.00 per Conversion Share (subject to adjustment(s)).

Upon the Share Consolidation becoming effective, adjustments may need to be made to the conversion price and other rights (if any) pursuant to the terms of the Third Convertible Note if necessary. The Company will make further announcement(s) about the adjustment(s) in due course if and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or which give rights to subscribe for, convert or exchange into, any Shares.

## GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution(s) to be proposed at the EGM. A circular containing, among other things, details of the Share Consolidation and a notice convening the EGM will be despatched to the Shareholders on or before Friday, 3 April 2020.

## WARNING

**Shareholders and potential investors should take note that the Share Consolidation is conditional upon satisfaction of conditions set out in the paragraph headed "Conditions of the Share Consolidation". Therefore, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt about their position, they should consult their professional advisers.**

## DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them as below:

"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

“CCASS”	the Central Clearing and Settlement System operated by the HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Existing Shares to 4,000 Consolidated Shares
“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
“Consolidated Share(s)”	ordinary share(s) of a par value of HK\$2.00 each in the share capital of the Company immediately after the Share Consolidation becomes effective
“Conversion Share(s)”	the number of Share(s) which may fall to be allotted and issued upon the exercise of the conversion rights attached to the Third Convertible Note
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation
“Existing Share(s)”	ordinary share(s) of a par value of HK\$0.20 each in the share capital of the Company prior to the Share Consolidation becoming effective
“Existing Share Option Scheme”	the share option scheme of the Company adopted on 31 August 2012
“Group”	the Company and its subsidiaries, from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange



“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Share(s)”	the Existing Share(s) or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Shares of a par value of HK\$0.20 each in the share capital of the Company into one (1) Consolidated Share of a par value of HK\$2.00 each
“Shareholder(s)”	the holder(s) of the Existing Shares or the Consolidated Shares, as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Convertible Note”	the zero-coupon convertible note in an aggregate outstanding principal amount of US\$400,390,000 (equivalent to approximately HK\$3,123,042,000) issued by the Company on 3 April 2013
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

By Order of the Board  
**Siberian Mining Group Company Limited**  
**Lee Jaeseong**  
*Chairman*

Hong Kong, 16 March 2020

*As at the date of this announcement, the Board consists of Mr. Lee Jaeseong and Mr. Im Jonghak as executive directors, and Ms. Chen Dai, Mr. Kwok Kim Hung Eddie, Mr. Lee Sungwoo and Mr. Leung Yau Wan John as independent non-executive directors.*