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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the interim report (the "**Interim Report**") made by Siberian Mining Group Company Limited (the "**Company**") dated 23 December 2009 in relation to the interim results of the Company for the six months ended 30 September 2009.

During the annual audit of the financial statements of the Company and its subsidiaries for the year ended 31 March 2010, it was discovered that the Group had inadvertently overlooked the accounting treatment on the acquisition of the mining right as at 25 May 2009 (the "**Date of Completion**") and understated the correct amount of the mining right attributable to the minority interest on the Date of Completion by approximately HK$818,514,000 due to a mis-calculation. The initial value of the minority interest should equal to 37% of the entire value of the mining right (the "**Correct Initial Value**"), which should be approximately HK$1,117,983,000. The Group made such calculation error in the unaudited interim financial results of the Company for the six months ended 30 September 2009 by calculating the minority interest using an incorrect formula of 37% of the "fair value of the mining right", which came up to a figure of approximately HK$299,466,000, which was found to be incorrect (the "**Error**").

As a direct consequence of the Error, the original initial value of the mining right was understated in the Interim Report. Therefore, the revised amounts of amortisation and impairment loss based on the Correct Initial Value of the mining right and hence the loss for the period are larger than the amounts as originally disclosed in the Interim Report.

In light of the above, the Company would like to clarify certain errors made in the Interim Report and confirm that these errors had been properly rectified in the audited financial statements of the Group for the year ended 31 March 2010. Capitalized terms used in this announcement shall have the same meanings as those defined in the Interim Report unless the context herein otherwise requires. The relevant amendments to the Interim Report have been underlined for easy reference.

The Company has also engaged the auditor, BDO Limited, to conduct the following agreed-upon-procedures: (a) checking the arithmetical accuracy and correct posting of consolidation adjustments for the revised unaudited financial statements of the Group for the six months ended 30 September 2009 prepared in accordance with the same accounting policies and basis of computation as adopted in the Group's audited financial statements for the year ended 31 March 2010 (the "**Revised Consolidated Management Accounts**"); (b) checking the arithmetical accuracy of the Revised Consolidated Management Accounts; (c) checking the arithmetical accuracy of the supporting schedules in relation to (i) the initial recognition, amortisation and impairment of the mining

* *For identification purpose only*

right; and (ii) the initial recognition and subsequent movements of minority interests, as shown in this announcement; and (d) checking all the revised figures in the Revised Consolidated Management Accounts have been shown in this announcement. The work performed by the auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on this announcement.

CLARIFICATION

1. On page 2 and 3, the "**CONDENSED CONSOLIDATED INCOME STATEMENT**" should be replaced with the below:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2009

		Six months ended 30 September					
		Continuing operations		**Discontinued operations**		**Total**	
		2009 (unaudited)	2008 (unaudited)	**2009 (unaudited)**	2008 (unaudited and restated)	**2009 (unaudited)**	2008 (unaudited and restated)
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	*3*	**7,433**	15,340	**—**	46,689	**7,433**	62,029
Cost of sales		**(3,974)**	(3,493)	**—**	(36,953)	**(3,974)**	(40,446)
Gross profit		**3,459**	11,847	**—**	9,736	**3,459**	21,583
Other income and gains		**704**	12,172	**1,626**	218	**2,330**	12,390
Selling and distribution costs		**(6,216)**	(3,410)	**—**	(4,474)	**(6,216)**	(7,884)
Administrative and other expenses		**(108,803)**	(6,186)	**(40)**	(5,949)	**(108,843)**	(12,135)
(Loss)/profit from operation	*4*	**(110,856)**	14,423	**1,586**	(469)	**(109,270)**	13,954
Finance costs	*5*	**(40,658)**	(2,603)	**—**	(713)	**(40,658)**	(3,316)
Impairment loss on goodwill	*10*	**(50,758)**	—	**—**	—	**(50,758)**	—
Impairment loss on other intangible assets	*11*	**(1,819,864)**	—	**—**	—	**(1,819,864)**	—
Change in fair value of derivative financial instruments	*12*	**6,131**	—	**—**	—	**6,131**	—
Change in fair value of conversion option of convertible notes	*17*	**770,583**	—	**—**	—	**770,583**	—
Share of results of associates		**—**	—	**276**	621	**276**	621
(Loss)/profit before taxation	*4*	**(1,245,422)**	11,820	**1,862**	(561)	**(1,243,560)**	11,259
Taxation	*6*	**953**	(1,632)	**—**	—	**953**	(1,632)
(Loss)/profit for the period		**(1,244,469)**	10,188	**1,862**	(561)	**(1,242,607)**	9,627

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

For the six months ended 30 September 2009

		Six months ended 30 September					
		Continuing operations		**Discontinued operations**		**Total**	
		2009	2008	**2009**	2008	**2009**	2008
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Attributable to:							
Equity holders of the Company		**(537,625)**	7,796	**1,862**	(397)	**(535,763)**	7,399
Minority interests		**(706,844)**	2,392	**—**	(164)	**(706,844)**	2,228
		(1,244,469)	10,188	**1,862**	(561)	**(1,242,607)**	9,627
Dividend	7	**—**	—	**—**	—	**—**	—
(Loss)/earnings per share from continuing and discontinued operations	8						(Restated)
Basic (HK cents)						**(11.574)**	0.261
Diluted (HK cents)						**(11.574)**	0.258
from continuing operations							
Basic (HK cents)						**(11.614)**	0.275
Diluted (HK cents)						**(11.614)**	0.272

2. On page 4, the "**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**" should be replaced with the below:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2009

	For the six months ended 30 September	
	2009	2008
	(unaudited)	(unaudited and restated)
	HK$'000	*HK$'000*
(Loss)/profit for the period	**(1,242,607)**	9,627
Other comprehensive income for the period, net of tax:		
— Release of contributed surplus and translation reserve upon disposal of interests in subsidiaries	**(3,069)**	—
— Exchange difference on translation of financial statements of overseas entities	**1,493**	(143)
Total comprehensive income for the period, net of tax	**(1,244,183)**	9,484
Attributable to:		
Equity holders of the Company	**(537,894)**	7,251
Minority interests	**(706,289)**	2,233
	(1,244,183)	9,484

3. On page 6, the "**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (Continued)" should be replaced with the below:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	**As at 30 September 2009 (unaudited) *HK$'000***	As at 31 March 2009 (audited) *HK$'000*
Current liabilities			
Trade payables	*15*	**2,506**	3,128
Other payables, accrued expenses and deposits received		**26,379**	16,240
Balance of purchase consideration payable for acquisition of subsidiaries		**—**	67,600
Amount due to a minority equity holder of a subsidiary	*24(d)*	**2,018**	—
Amount due to a former director of the Company	*24(e)*	**—**	1,289
Amount due to a director	*24(f)*	**9**	5,496
Tax payables		**700**	820
		31,612	94,573
Net current assets/(liabilities)		**139,329**	(63,419)
Total assets less current liabilities		**1,524,246**	161,316
Non-current liabilities			
Convertible notes — debt component	*17*	**457,621**	—
Conversion option of convertible notes	*17*	**130,723**	—
Amount due to a shareholder	*24(b)*	**170,804**	—
Promissory notes	*16*	**4,194**	5,320
Deferred tax liabilities		**10,859**	9,756
		774,201	15,076
Net assets		**750,045**	146,240
Equity			
Share capital	*18*	**102,845**	29,135
Reserves		**216,026**	95,536
Equity attributable to equity holders of the Company		**318,871**	124,671
Minority interests		**431,174**	21,569
Total equity		**750,045**	146,240

4. On page 7, the "**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**"

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the six months ended 30 September 2009

The Group	Share capital	Share premium	Shares held by escrow agent for settlement of acquisition consideration	Contributed surplus	Translation Reserve	Equity-settled share option reserve	Warrant reserve	Capital reserve	Statutory reserve fund	(Accumulated losses)	Sub-total	Minority Interests	Total Equity
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Note b)	*(Note a)*									
As at 1 April 2009	29,135	175,022	(67,600)	918	5,316	4,566	5,149	4,233	909	(32,977)	124,671	21,569	146,240
Loss for the period	—	—	—	—	—	—	—	—	—	(535,763)	(535,763)	(706,844)	(1,242,607)
Release upon disposal of interests in subsidiaries	—	—	—	(918)	(2,151)	—	—	—	—	—	(3,069)	—	(3,069)
Other comprehensive income	—	—	—	—	938	—	—	—	—	—	938	555	1,493
Total comprehensive income and expenses for the period	—	—	—	(918)	(1,213)	—	—	—	—	(535,763)	(537,894)	(706,289)	(1,244,183)
Release of shares held by escrow agent upon determination of profit guarantee	—	—	67,600	—	—	—	—	—	—	—	67,600	—	67,600
Issue of new shares on exercise of warrants	1,560	12,380	—	—	—	—	(1,460)	—	—	—	12,480	—	12,480
Disposal of subsidiaries	—	—	—	—	—	—	—	(4,233)	—	4,233	—	—	—
Issue of shares upon conversion of First Convertible Note	72,150	579,864	—	—	—	—	—	—	—	—	652,014	—	652,014
Minority interests arising on the acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	1,115,894	1,115,894
As at 30 September 2009	102,845	767,266	—	—	4,103	4,566	3,689	—	909	(564,507)	318,871	431,174	750,045

5. On page 15:

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(a) Business Segments

The following table provides an analysis of the Group's sales by its business segments:

	Six months ended 30 September 2009					
	Continuing operations				Discontinued operation	
	Digital television technology services (unaudited) *HK$'000*	Mining (unaudited) *HK$'000*	Corporate and others (unaudited) *HK$'000*	Total (unaudited) *HK$'000*	Garment and premium (unaudited) *HK$'000*	Consolidated total (unaudited) *HK$'000*
Segment revenue	7,433	—	—	7,433	—	7,433
Other gains	—	—	—	—	1,626	1,626
Segment results	(6,998)	(100,305)	(3,553)	(110,856)	1,586	(109,270)
Finance costs	(881)	(110)	(39,667)	(40,658)	—	(40,658)
Impairment loss on goodwill	(50,758)	—	—	(50,758)	—	(50,758)
Impairment loss on other intangible assets	—	(1,819,864)	—	(1,819,864)	—	(1,819,864)
Change in fair value of conversion option of convertible notes	—	—	770,583	770,583	—	770,583
Change in fair value of derivative financial instruments	—	6,131	—	6,131	—	6,131
Share of results of associates	—	—	—	—	276	276
(Loss)/profit before taxation	(58,637)	(1,914,148)	727,363	(1,245,422)	1,862	(1,243,560)
Taxation	948	5	—	953	—	953
(Loss)/profit for the period	(57,689)	(1,914,143)	727,363	(1,244,469)	1,862	(1,242,607)

6. On page 17:

(b) Geographical Segments

	Six months ended 30 September 2009					
	Continuing operations		Discontinued operations		Consolidated total	
	Segment revenue (unaudited) *HK$'000*	Segment results (unaudited) *HK$'000*	Segment revenue (unaudited) *HK$'000*	Segment results (unaudited) *HK$'000*	Segment revenue (unaudited) *HK$'000*	Segment results (unaudited) *HK$'000*
PRC	7,433	(6,998)	—	—	7,433	(6,998)
Russia	—	(100,305)	—	—	—	(100,305)
Others	—	(3,553)	—	1,586	—	(1,967)
Total	7,433	(110,856)	—	1,586	7,433	(109,270)

7. On page 18:

4. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations has been arrived at after charging/(crediting) the following:

	Six months ended 30 September					
	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(Loss)/profit before taxation has been arrived at after charging:						
Amortisation of intangible assets						
— Mining right	**77,476**	—	**—**	—	**77,476**	—
— Customer base	**1,586**	1,322	**—**	—	**1,586**	1,322
Amortisation of leasehold land and land use rights	**—**	—	**—**	23	**—**	23
Depreciation	**247**	7	**—**	389	**247**	396
Equity-settled share option expenses to consultants	**—**	1,661	**—**	—	**—**	1,661
Exchange losses, net	**256**	8	**—**	94	**256**	102

8. On page 20 and 21:

8. (LOSS)/EARNINGS PER SHARE

From Continuing and Discontinued Operations

The calculations of basic and diluted (loss)/earnings per share are based on the following data:

	Six months ended 30 September	
	2009	2008
	(unaudited)	(unaudited and restated)
	HK$'000	*HK$'000*
(Loss)/profit attributable to equity holders of the Company	**(535,763)**	7,399

	30 September	
Number of shares	**2009**	2008
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**4,629,073,803**	2,839,167,867
Effect of dilutive potential ordinary shares:		
Share options	**—**	1,948,380
Warrants	**—**	24,258,830
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	**4,629,073,803**	2,865,375,077

8. **(LOSS)/EARNINGS PER SHARE** *(Continued)*

From Continuing Operations

The calculation of the basic (loss)/earnings per share from continuing operations is based on the following:

	Six months ended 30 September 2009 (unaudited) *HK$'000*	2008 (unaudited) *HK$'000*
(Loss)/profit attributable to equity holders of the Company from continuing operations	**(537,625)**	7,796

The denominators used are the same as those detailed above for calculating basic and diluted (loss)/earnings per share from continuing and discontinued operations.

9. On page 23:

11. **INTANGIBLE ASSETS**

	Customer base (unaudited) *HK$'000* *(Note a)*	**Mining right (unaudited)** *HK$'000* *(Note b)*	**Total (unaudited)** *HK$'000*
Cost			
At 1 April 2008	—	—	—
Arising from acquisition of subsidiaries	41,237	—	41,237
Exchange realignments	748	—	748
At 31 March 2009 and 1 April 2009	41,985	—	41,985
Arising from acquisition of subsidiaries	—	3,021,577	3,021,577
At 30 September 2009	41,985	3,021,577	3,063,562
Accumulated amortisation and impairment			
At 1 April 2008	—	—	—
Charge for the year	2,908	—	2,908
Exchange realignments	53	—	53
At 31 March 2009 and 1 April 2009	2,961	—	2,961
Charge for the period	1,586	77,476	79,062
Impairment loss	—	1,819,864	1,819,864
At 30 September 2009	4,547	1,897,340	1,901,887
Net carrying value			
At 30 September 2009	37,438	1,124,237	1,161,675
At 31 March 2009	39,024	—	39,024

10. On page 24:

11. (b) INTANGIBLE ASSETS *(Continued)*

The recoverable amount of the Coal Mining CGU was re-assessed by the directors with reference to the valuation as at 30 September 2009 performed by Vigers Appraisal and Consulting Limited ("Vigers"), a firm of independent professionally qualified valuers. The recoverable amount of the Coal Mining CGU was determined by the professional valuers based on a value in use calculation using a cash flow projection based on financial budgets covering a 13-year period approved by senior management. The discount rate and growth rate applied to the cash flow projection is 26.45% and 7%, respectively. The directors of the Company are of the opinion, based on the valuation, that mining right associated with the Coal Mining CGU was impaired by HK$1,819,864,000 to its recoverable amount.

11. On page 33:

19. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

Details of the fair value of net assets acquired in respect of the acquisition of the Langfeld Group are as follows:

Net assets acquired

	HK$'000
Properties, plant and equipment	**11,864**
Deferred tax assets	**1,247**
Intangible assets — mining right	**3,021,577**
Derivative financial asset	**77,649**
Other receivables, deposits and prepayments	**634**
Cash and cash equivalents	**1,187**
The Langfeld Shareholder Loan	**(59,292)**
Other payables, accrued expenses and deposits received	**(21,002)**
Deferred tax liabilities	**(1,109)**
Net assets	**3,032,755**
Less: Minority interests	**(1,115,894)**
	1,916,861
Add: Assignment of 90% of the Langfeld shareholder loan	**53,362**
Amount due from shareholder as indemnity to certain liabilities of the Langfeld Group on date of acquisition	**12,020**
	1,982,243
Consideration satisfied by:	
Derivative component of convertible notes	**1,215,552**
Liability component of convertible notes	**757,848**
Direct costs paid for acquisition of subsidiaries in the current and prior periods	**8,843**
	1,982,243
Net cash inflow arising from acquisition:	
Cash and cash equivalent balances acquired	**1,187**

12. On page 39

FINANCIAL REVIEW

Loss from operations was recorded at approximately HK$109,270,000 (2008: profit of HK$13,954,000). The profit of the corresponding period in prior year was partly due to a gain on disposal of a property held for sale and disposal of a property. The loss in the current period was mainly due to the drop of turnover and high administrative and other expenses for the coal mining segment.

During the period under review, the Group recorded a loss attributable to equity holders of HK$535,763,000 (2008: profit of HK$7,399,000). The substantial part of the Group's loss was due to the accounting treatments of various items arose from the acquisition of coal mine in Russia, such as impairment loss on fair value of mining right acquired during the period of HK$1,819,864,000 (2008: nil); amortisation of intangible assets in mining right amounted to HK$77,476,000 (2008: nil); imputed interests on convertible notes of HK$37,541,000 (2008: nil) and partly offset by gain from fair value adjustments on the conversion option of the Group's convertible notes amounted to HK$770,583,000 (2008: nil). The aggregate net result of the abovementioned accounting loss net of accounting gain was HK$1,164,298,000 which represents 93.7% of the Group's loss for the period.

By order of the Board
Siberian Mining Group Company Limited
Lim Ho Sok
Chairman

Hong Kong, 10 September 2010

As at the date of this announcement, the Board comprises Mr. Lim Ho Sok and Mr. Shin Min Chul as executive Directors and Mr. Liew Swee Yean, Mr. Tam Tak Wah, and Mr. Young Yue Wing Alvin as independent non-executive Directors.