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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)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE SUBSCRIPTION OF 70% OF THE ENLARGED ISSUED SHARE CAPITAL OF TRENACO SA

Financial Advisor to the Company



United Simsen Securities Limited

A wholly-owned subsidiary of SIMSEN INTERNATIONAL CORPORATION LIMITED

THE SUBSCRIPTION

The Board is pleased to announce that on 15 April 2011 (after trading hours), GIL, a wholly-owned subsidiary of the Company, entered into the Share Subscription Agreement with the Target Company and the Target Shareholders. Under the Share Subscription Agreement, subject to the terms and conditions contained therein, GIL has conditionally agreed to subscribe for 11,667 Subscription Shares at a consideration of US\$15,000,000 (equivalent to approximately HK\$117,000,000) free from any Encumbrance. Upon Closing, the Subscription Shares represent 70% of the entire issued share capital of Target Company on a fully-diluted basis.

The Consideration will be satisfied by the Company in cash from future fund raising activities and internal resources of the Group.

Completion of the Share Subscription Agreement is conditional upon, among other things, the approval thereof by the Shareholders at the EGM in accordance with the Listing Rules. Other Conditions are set out in the subsections headed “Conditions to GIL’s obligations at the Closing” and “Conditions to the Target Company’s obligations at the Closing” under the section headed “The Share Subscription Agreement”.

** for identification purpose only*

SHAREHOLDERS AGREEMENT

As a condition to completion of the Share Subscription Agreement, GIL and the Target Shareholders shall enter into a Shareholders Agreement prior to or upon Closing which shall take effect upon Closing. Major terms of the Shareholders Agreement are summarized in the section headed “Shareholders Agreement” of this announcement.

THE FINDERS FEES AGREEMENT AND TARGET SHAREHOLDERS FEES AGREEMENT

Pursuant to the Finders Fees Agreement and Target Shareholders Fees Agreement signed by the Company with the Finders and the Three Target Shareholders respectively, subject to the fulfillment of the terms and conditions contained therein, the Company shall issue the Finders Shares and Target Shareholders Shares to the Finders and the Three Target Shareholders respectively upon Closing. The issue price for each Finder Share and each Target Shareholders Share will be determined by using the average closing price of the Company as quoted on the Stock Exchange during the last ten (10) trading days immediately prior to the date of the EGM which has been arrived at arm’s length negotiations between the Company, the Finders and the Three Target Shareholders respectively. Further details are set out in the section headed “Finders Fees Agreement” and “Target Shareholders Fees Agreement” of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of the Share Subscription Agreement and the transactions contemplated thereunder exceed 100%, the Share Subscription Agreement and the transactions contemplated thereunder constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. Accordingly, the entering into of the Share Subscription Agreement, the Shareholders Agreement, the Finders Fees Agreement and Target Shareholders Fees Agreement, the Specific Mandate and the transactions contemplated thereunder are subject to the approval by the Shareholders pursuant to Rule 14.49 of the Listing Rules.

GENERAL

The EGM will be convened at which resolutions will be proposed to seek the approval of the Shareholders by way of poll for the Share Subscription Agreement, the Shareholders Agreement, the Finders Fees Agreement, the Target Shareholders Fees Agreement, the Specific Mandate and all matters contemplated thereunder. A circular containing, among other things, (i) further details of the Subscription, the Shareholders Agreement, the Finders Fees Agreement and the Target Shareholders Fees Agreement, the Specific Mandate and all matters contemplated thereunder, (ii) financial and other information of the Target Group, (iii) the unaudited pro forma financial information of the Enlarged Group, (iv) the notice of EGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 15 June 2011.

United Simsen Securities Limited has been appointed by the Company as its financial advisor in connection with the Subscription and all related matters.

As the completion of the Share Subscription Agreement, the Finders Fees Agreement and the Target Shareholders Fees Agreement are subject to the fulfillment (or if applicable, waiver) of the conditions contained therein, thus the Subscription and the issuance of the Finders Shares and the Target Shareholders Shares may or may not proceed. Subject to the terms of the Share Subscription Agreement, the Shareholders Agreement may or may not be executed. The issue of this announcement does not in any way imply that the Share Subscription Agreement, the Shareholders Agreement, the Finders Fees Agreement and the Target Shareholders Fees Agreement will be implemented or completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that GIL, a wholly-owned subsidiary of the Company, entered into the Share Subscription Agreement with the Target Company and Target Shareholders relating to the Subscription on 15 April 2011 (after trading hours).

THE SHARE SUBSCRIPTION AGREEMENT

Date

15 April 2011

Parties to the Share Subscription Agreement

1. GIL;
2. the Target Company; and
3. the Target Shareholders.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Target Company and the Target Shareholders and their respective ultimate beneficial owners is an Independent Third Party and has no prior relationship with the Group save as disclosed in the section headed “Potential contract to be signed with Trenaco Colombia”.

The Subscription

Pursuant to the Share Subscription Agreement, subject to the terms and conditions contained therein, GIL has conditionally agreed to subscribe for the Subscription Shares and the Target Company has conditionally agreed to allot and issue to GIL 11,667 Subscription Shares free from any Encumbrance. Upon Closing, the Subscription Shares shall represent 70% of all the issued and outstanding shares of the Target Company on a fully-diluted basis. Please refer to the section headed “Shareholders Agreement” for details of any restrictions which apply to the subsequent sale of the Subscription Shares by GIL.

Details of the Target Group are set out in the section headed “Information on the Target Group” of this announcement.

Consideration

Pursuant to the Share Subscription Agreement, the Consideration for the Subscription is US\$15,000,000 (equivalent to approximately HK\$117,000,000), which will be satisfied in cash from future fund raising activities and internal resources of the Group upon Closing. The Company intends to raise further funds to satisfy the Consideration. At present, no concrete plan has been made and the Company shall make further announcement to comply with the Listing Rules if such fund raising exercise shall materialise.

The Consideration was determined after arm’s length negotiations between the parties to the Share Subscription Agreement and was determined with reference to the unaudited financial statements of the Target Group for the three-year track record period ended 31 December 2008, 2009, 2010, the customer base of the Target Group, future growth potential and expertise and experience of the management of the Target Group.

Based on the unaudited consolidated management accounts of the Target Group provided by the Target Shareholders (“Management Accounts”) set out in the paragraph “The financial information of the Target Group” of the section headed “Information of the Target Group” of this announcement, the net asset value of the Target Group as at 31 December 2010 is CHF1,415,100 (equivalent to approximately HK\$11,707,500). Upon completion of the Subscription, the net asset value of the Target Group will become approximately HK\$128,707,500 (“Completion NAV”). The total price for the transaction payable by the Company, including the Consideration, the Finders Shares amounting to US\$500,000 and the Target Shareholders Shares amounting to US\$300,000, is approximately HK\$123,240,000 in aggregate. Accordingly, the total price payable by the Company for the 70% equity interest in the Target Company will represent a premium of approximately 36.79% over 70% of the Completion NAV.

As discussed in the section “Reasons for and Benefits of the Subscription” below, the existing management team of the Target Group has established good relationships with its customers and the Target Group has a strong customer base. The Target Group commenced its business on 1 July 2009, the Target Group did not record any revenue and the operative loss was CHF 8,944 (equivalent to approximately HK\$64,500) for the year ended 31 December 2008. The Target Company and Trenaco Colombia were incorporated recently and only commenced their businesses on 1 July 2009, and yet the Target Group has already made the net profit of CHF 152,600 (equivalent to approximately HK\$1,092,300) for the year ended 31 December 2009 and the net profit of CHF 797,700 (equivalent to approximately HK\$5,956,700) for the year ended 31 December 2010 as per the Management Accounts. The annualized net profit for the year ended 2009 and the net profit of the year ended 2010 representing an increase of over 161%. Accordingly the Group considers that the Target Group’s business has growth potential and is a good business investment opportunity.

The Group also considers that the experience and knowledge in the commodity trading business of the management of the Target Group contribute to the performance of the Target Group as proven by the net profits made by the Target Group since the commencement of its business. Please refer to the paragraph headed “Information on the expertise and experience of the management team of the Target Group” for information on the management team of the Target Group.

The Board is of the view that, as the Target Group is engaged in the trading business, the development potential is primarily based on its sourcing and distribution network in connection with the experienced management team instead of the tangible asset on book. Taking into account the fact that the Target Group managed to produce profit from the commencement of its operation until the financial year ended 31 December 2010, the Board, to their best knowledge, information and belief after having made all reasonable enquiries, considers that the Target Group has demonstrated a good development potential which is expected to be further enhanced upon completion of the Subscription. Although the Target Group only has approximately one and a half year track record period since its commencement of business on 1 July 2009, the increased profit from 2009 to 2010 was due to: (a) better control of inland and logistics costs; (b) sale of ethanol and coal to new customers; and (c) the Target Group was able to work with banks for its credit facilities.

Also, it is indicated in the paragraph “The business turnover and geographical segment of the Target Group” under the section headed “Information on Target Group” of this announcement that the turnover of Target Group primarily derived from the trading of petrochemicals, naphtha and ethanol since its commencement of business. The Target Group has expanded strategic alliances with specialized and major traders or producers in order to secure reliable sourcing. For such reasons, there was an increase in growth of turnover for products such as naphtha, bitumen, base oil, petrochemicals due to regular supply of products from major traders and producers at reasonable price.

Based on the information provided by the Target Group, a minimum of 20% of all cars either manufactured in Colombia or imported into the country must be flex-fuel vehicles from 2012. If such policy is implemented, the Target Company will be able to further increase its ethanol trading business.

Furthermore, the Ministry of Transport of Colombia has authorised Trenaco Colombia to render cargo public transportation service by railroad on 7 February 2011. Trenaco Colombia plans to develop its railway logistic system so as to transport its products more efficiently. If such plan shall proceed, it shall strengthen the competitiveness of the Target Group.

In addition, based on the information provided by the Target Group, Colombia is the 4th largest coal exporter of the world with approximately 70 million tons of coal (representing approximately 95% of total production) being exported in 2010. Colombia has also undergone significant economic growth under the country's pro-coal policies with a strong emphasis on the infrastructure development. The Target Group considers that it will be able to operate better under a well-planned market condition given the government's policy. In light thereof, the Target Group expects to enhance its sales in future and if the abovementioned railway logistic system is to be completed, it will have added-value to the Target Group.

Based on the above, the Board is of the view that the Target Group will be able to sustain its growth and the amount of Consideration and the terms of the Share Subscription Agreement, including the issue of the Finders Shares and the Target Shareholders Shares, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The Board also notes that, as conditions precedent to the Closing (details of which are illustrated as below), GIL shall have satisfactorily completed, at its sole discretion, a full due diligence investigation of the Target Group, including but not limited to the receipt of the detailed business plan and the audited financial information on the Target Group which shall be included in the circular to be despatched to the Shareholders. The Board is of the view that this arrangement will enable the Board and the Shareholders to further analyze and assess the historical financial information and the future prospects of the Target Group as illustrated in this announcement. Accordingly, the Board considers that such terms and conditions of the Share Subscription Agreement are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Conditions to GIL's obligations at the Closing

The obligation of GIL to subscribe for the Subscription Shares at the Closing is subject to the fulfillment (or waiver, if applicable), to the satisfaction of GIL on or prior to the Closing, of the following conditions:

- (a) **Representations and Warranties.** The representations and warranties made by the Target Group and the Target Shareholders shall be true and correct when made, and shall be true and correct as of the date of Closing with the same force and effect as if they had been made on and as of such date, and the Target Company (and where applicable, its subsidiaries) shall have performed all obligations and conditions as required to be performed or observed by it under the Share Subscription Agreement on or prior to the Closing.
- (b) **Performance of Obligations.** The Target Group (and where applicable, its subsidiaries) shall have performed and complied with all agreements, obligations and conditions contained in the Share Subscription Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all legal and regulatory approvals consents and qualifications necessary to complete the Share Subscription Agreement.
- (c) **Proceedings and Documents.** All corporate and other proceedings in connection with the Subscription and all documents and instruments incident to such Subscription shall be satisfactory in substance and form to GIL, and GIL shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request.

- (d) **Consents and Waivers.** The Target Group shall have obtained any and all consents and waivers necessary or appropriate for consummation of the transactions contemplated by the Subscription.
- (e) **Amendment to By-laws.** The By-laws of the Target Group shall be amended, in form and substance satisfactory to GIL, and shall have been duly adopted by each member of the Target Group by all necessary corporate action of its board and shareholders as soon as practicable by no later than fifteen (15) days after Closing.
- (f) **Execution of the Shareholders Agreement.** The Target Shareholders shall terminate any existing shareholders agreement(s) or similar agreements (and present evidence of such termination) relating to the Target Company; and shall have entered with GIL into the Shareholders Agreement and the final terms of which shall be subject to agreement by the Target Shareholders and GIL. The parties shall use their respective best efforts to agree on the final terms of the Shareholders Agreement.
- (g) **Business Plan.** GIL shall have received from the Target Company a detailed business plan, including budget and financial forecasts, as well as the use/allocation of the Consideration, acceptable to GIL at its sole discretion.
- (h) **Due Diligence.** GIL shall have satisfactorily completed, at its sole discretion, a full due diligence investigation of the Target Group, including, without limitation, business operation, legal, financial and accounting due diligence.
- (i) **No Material Adverse Effect.** No event, change or occurrence shall have occurred, which, individually or in the aggregate with any other events, changes or occurrences could reasonably be expected to have a material adverse effect on the business, financial condition, results of operations or prospects of the Target Group or on the ability of the Target Group to perform its obligations thereunder.
- (j) **Audited 2008, 2009 and 2010 Financial Statements and Accounts for the six-month period (or less).** GIL shall have received from the Target Company audited financial statements for each of the three fiscal years 2008, 2009 and 2010 and the accounts for the six-month period (or more) before the date on which the circular of the Company is issued (if the fiscal year of the Target Group ended on a date more than six months before the date of the circular to be issued by the Company), in respect of the Target Group and prepared in accordance with the International Financial Reporting Standards.
- (k) **Approval of extraordinary general meeting of shareholders.** The Company shall have obtained a final approval to consummate the transactions contemplated by the Share Subscription Agreement, the Shareholders Agreement, the Specific Mandate and all matters contemplated thereunder at the EGM.
- (l) **Compliance with Listing Rules.** GIL and the Company shall comply with (including the approval on the circular of the Company by the Stock Exchange, or, if applicable, shall obtain a waiver from the Stock Exchange for) the requirements under the Listing Rules as may be applicable in connection with the Share Subscription Agreement and the transactions contemplated thereunder.
- (m) **Legal Opinions.** The Target Company shall deliver legal opinions (in form and substance satisfactory to GIL) from:
 - (1) a qualified Swiss legal counsel and such Swiss legal opinion shall cover (i) the due incorporation, validity and legal status of the Target Company; (ii) the validity, legality and enforceability of the Share Subscription Agreement and the transactions contemplated under such agreements under the laws of Switzerland and the Shareholders Agreement in respect of the Target Company and the Target Shareholders and the Target Shareholders Fees Agreement in respect of Mr. Puippe's obligations thereunder; and (iii) the validity and legality of the titles and where applicable, licenses to the properties, assets and/or business held by the Target Company; and

- (2) qualified legal counsels of Colombia and the relevant jurisdictions where the Target Company's subsidiaries are established and operated and such legal opinions shall cover (i) the due incorporation, validity and legal status of the relevant subsidiaries ; and (ii) the validity, legality and enforceability of the Share Subscription Agreement, Shareholders Agreement, the Finders Fees Agreement, the Target Shareholders Fees Agreement and the transactions contemplated under such agreements in respect of any obligations of or matters relating to the relevant subsidiaries, the Finders and the Target Shareholders under the applicable laws of the relevant jurisdictions; and (iii) the validity and legality of the titles and where applicable, licenses to the properties, assets and/or business held by the relevant subsidiaries under the applicable laws of the relevant jurisdictions.

GIL may, to such extent as it thinks fit and is legally entitled to do so, at any time waive the condition under paragraph (a) above, in whole or in part, absolutely or on such terms and conditions as it may in its sole discretion think fit, by notice in writing to the Target Company and the Target Shareholders. Except for the said paragraph (a), the other conditions mentioned above are not capable of being waived by any parties to the Share Subscription Agreement. In the event that GIL shall exercise its sole discretion to waive the condition under paragraph (a), GIL shall consider the materiality of any untrue or inaccurate representations and warranties made by the Target Group and/or the Target Shareholders and/or any non-performance of the Target Company's and/or the Target Shareholders' obligations under the Share Subscription Agreement and shall assess if there is any material impact or adverse effect (including financial, legal and operational positions) on Target Group after Closing. As of the date of this announcement, the Company does not intend to waive the condition under paragraph (a).

According to the Target Group, the business plan mentioned in paragraph (g) will be available after the signing of the Share Subscription Agreement but before the date of despatch of the circular to the Shareholders. The Company shall include such further information on the business plan in the circular.

Conditions to the Target Company's obligations at the Closing

The obligations of the Target Company under the Share Subscription Agreement are subject to the fulfillment or waiver by GIL (to the extent that such condition is capable of being waived), on or prior to the Closing of the following conditions:—

- (a) the representations and warranties of GIL shall be true as of the Closing.
- (b) the Target Group shall have obtained all legal and regulatory approvals necessary to complete the Subscription and all matters contemplated thereunder.
- (c) GIL shall have entered with into the Shareholders Agreement with the Target Shareholders and the final terms of which shall be subject to agreement by the Target Shareholders and GIL. The parties shall use their respective best efforts to agree on the final terms of the Shareholders Agreement.

None of the above conditions is capable of being waived by any parties to the Share Subscription Agreement.

Closing

Closing shall take place within ninety (90) days at the latest from the date of the Share Subscription Agreement provided that Closing shall occur within three (3) business days (Hong Kong time) after all Conditions set forth in the Share Subscription Agreement have been fulfilled or waived or such later date as may be agreed between the parties to the Share Subscription Agreement.

Indemnity

The Target Shareholders shall jointly and severally indemnify and hold GIL harmless from and against any and all losses, liabilities, claims, disputes, proceedings, demands, judgments, settlements, costs and expenses of any nature whatsoever (including fees and disbursements of attorneys, accountants, and other professional advisors) (collectively, the “Loss”) resulting from or arising out of: (a) any material breach of any representation or warranty of the Target Company contained in the Share Subscription Agreement; or (b) the material non-performance, partial or total, of any covenant of the Target Group or the Target Shareholders contained in the Share Subscription Agreement, provided that (i) the indemnity obligation shall expire on the first (1st) anniversary of the Closing; and (ii) the maximum amount of the indemnity liability shall not exceed the aggregate amount of the Consideration, the Finders Shares in the total amount of US\$500,000 and the Shareholders Shares in the total amount of US\$300,000 (collectively the “Indemnified Amount”). In the event that the issuance of any of the Subscription Shares is held invalid for any reason, the Target Shareholders shall, jointly and severally, indemnify GIL for the Indemnified Amount and for any and all additional Losses resulting therefrom. The Group has used its best efforts in negotiating the terms of the Share Subscription Agreement and as a result, the Target Shareholders have not agreed to provide any charges on their assets (such as Target Company’s shares) or other securities as security for the indemnity but have agreed to indemnify GIL as aforementioned after arms-length negotiation. On such basis, the Company considers that it is fair and reasonable.

Termination

The Share Subscription Agreement may be terminated on or prior to the date of Closing:

- (a) By the mutual written consent of the parties (including Condition (f) of the Conditions to GIL’s obligations at the Closing and Condition (c) of the Conditions to the Target Company’s obligations at the Closing); or
- (b) By the non-breaching party in the event of breach of the Share Subscription Agreement and if the breaching party receives a notice on such breach from the non-breaching party and fails to cure such breach within ten (10) days after the date of such notice.

Termination shall not limit or extinguish the liabilities of the parties under the Share Subscription Agreement or applicable laws that have accrued prior to the date of termination, including the liability of any party for any default by such party in the performance of its obligations under the Share Subscription Agreement. If the Conditions (k) and (l) above shall not be fulfilled and the Share Subscription Agreement shall be terminated, none of GIL or the Company shall be liable to the Target Group and/or the Target Shareholders for non-fulfillment of such Conditions.

Board of directors of Target Group

According to the terms of the Share Subscription Agreement, GIL shall be entitled to nominate a director(s) to the board of directors of Target Company or to Trenaco Colombia representing at least 2/3 or approximately 67% of the total number of directors of the board of Target Company or Trenaco Colombia at or as soon as possible after Closing. In addition, the terms of the Share Subscription Agreement has also provided that if Trenaco Colombia shall increase its shareholding interest in Trenacoal such that Trenaco Colombia shall hold at least a total of 51% shareholding interest in Trenacoal at any time after Closing, GIL shall be entitled to nominate an additional director to the board of directors of Trenacoal (through the Target Company and Trenaco Colombia) such that Trenaco Colombia shall have a representation of at least 2/3 or approximately 67% of the total number of directors of the board of Trenacoal.

Governing Law

The Share Subscription Agreement is to be governed by the laws of Switzerland.

SHAREHOLDERS AGREEMENT

Date

To be executed prior to or upon Closing (which shall take effect upon Closing)

Parties to the Shareholders Agreement

1. GIL; and
2. the Target Shareholders.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Target Shareholders is an Independent Third Party and has no prior relationship with the Group save as disclosed in the section headed “Potential contract to be signed with Trenaco Colombia”.

Major Terms of the Shareholders Agreement

The major terms of the Shareholders Agreement are summarized as follows:

1. The original shareholders of Target Company, i.e. the Target Shareholders shall terminate the original shareholders agreement upon Closing.
2. The Target Shareholders shall jointly and severally indemnify and hold GIL and Target Company harmless from and against any and all losses, liabilities, claims, disputes, proceedings, demands, judgments, settlements, costs and expenses of any nature whatsoever (including fees and disbursements of attorneys, accountants, and other professional advisors) resulting from or arising out of the original shareholders agreement, including the obligations and liabilities of its ex-shareholder, Hope Group, thereunder.

The Group has used its best efforts in negotiating the terms of the Shareholders Agreement and as a result, the Target Shareholders have not agreed to provide any charges on their assets (such as Target Company’s shares) or other securities as security for the indemnity but have agreed to indemnify GIL and Target Company as described above after arms-length negotiation. On such basis, the Company considers that it is fair and reasonable.

3. Any resolutions passed by shareholders at meetings shall be passed by shareholders holding more than one-half of the issued and outstanding shares of the Target Company.
4. Any resolutions passed by the board of directors at meetings shall be passed by a majority of directors present at the meeting. GIL shall be entitled to nominate four directors and the Target Shareholders, as a group, shall be entitled to nominate two directors plus a non-voting observer director who may participate in board meetings but shall not be entitled to vote. The chairman of the board shall be appointed by GIL.

5. The Shareholders Agreement has provided the following terms on the restrictions on the transfer of shares:

(a) Restriction on Transfer

Except as expressly provided in the Shareholders Agreement, and unless approved by the board of the Target Company, the parties shall not, whether directly or indirectly, sell, transfer, pledge, create any rights over nor otherwise dispose of any shares in the Target Company during the term of the Shareholders Agreement.

(b) Right-of-First-Refusal

Subject to terms of the Shareholders Agreement, GIL shall have a right-of-first-refusal with respect to all shares owned by each of the Target Shareholders that the Target Shareholders desire to transfer to any third person or entity, at a price and on terms to be agreed by the parties; provided that such terms and price shall not be less favorable than those offered by or to such third person or entity.

(c) Co-Sale Right by Target Shareholders

In the event that a third-party wishes to purchase any shares GIL owns in the Target Company, the Target Shareholders shall have the right but not the obligation to participate in such a sale pro-rata according to the respective shareholding owned by them, and upon the same terms and conditions offered to GIL by such third-party purchaser.

(d) Drag-Along Right by GIL

In the event that a third-party wishes to purchase 100% of all issued and outstanding shares of the Target Company and the board of directors of the Target Company approves such a transaction, the Target Shareholders, as a group, shall have the right but not the obligation to sell all issued and outstanding shares it owns in the Target Company in accordance with the terms of the approved transaction.

6. Each shareholder shall be entitled to pre-emptive rights to any new securities (including shares, options, rights, warrants or securities convertible or exchangeable into shares of Target Company) in proportion to its shareholding in the Target Company immediately prior to the time such new securities are issued.
7. The Target Shareholders shall be subject to restrictive covenants relating to, amongst others, employing the Target Group's employees, soliciting the Target Group's customers, suppliers, directors, engaging in business that will directly or indirectly compete with the Target Group.

Governing Law

The Shareholders Agreement is to be governed by the laws of Hong Kong.

THE FINDERS FEES AGREEMENT

Date

15 April 2011

Parties to the Finders Fees Agreement

1. The Company; and
2. the Finders

Major Terms of the Finders Fees Agreement

The Finders collectively introduced the Company to the Target Shareholders in order for the Company to be able to invest in the Target Company through GIL.

The Company and the Finders have agreed to execute the Finders Fees Agreement to formalize their agreement which was executed on the date of execution of the Share Subscription Agreement.

In consideration of the services provided by the Finders, the Company has agreed to pay each Finder a finder's fee by way of allotment and issuance of the Finders Shares to the Finders upon Closing subject to the terms and conditions contained in the Finders Fees Agreement. The Finders Shares shall be credited as fully paid-up and issued in whole board lots (to the fullest extent) in the proportions to be specified by each of the Finders.

The issue price for each Finder Share will be determined by using the average closing price of the Company as quoted on the Stock Exchange during the last ten (10) trading days immediately prior to the date of EGM which has been arrived at arm's length negotiations between the Company and the Finders after taking into account of, among others, the services provided by the Finders in liaising with the Target Shareholders and the size of the Subscription. The basis for determining the Finders Fees of US\$500,000 was based on approximately 3.33% of the Consideration which the Company considered to be consistent with the percentage of the fees paid by the Company for other transactions such as previous placing activities.

Completion of the Finders Fees Agreement is conditional upon: (a) the Closing; and (b) the Company having obtained the approval to consummate the transactions contemplated by the Finders Fees Agreement at the EGM. Subject to the fulfillment of such conditions, the Company shall allot to each of the Finders their respective Finders Shares immediately upon Closing and the issuance and delivery of the share certificates shall take place as soon as practicable upon or after Closing but shall not be more than five (5) business days from the date of Closing unless the Finders shall elect to settle via CCASS in which case the Company shall arrange to effect a book entry delivery of the Finders Shares to the relevant designated account of the relevant Finders on the date of Closing. The Company shall not be required to allot and issue any Finders Shares if the above conditions are not fulfilled within ninety (90) days from the date of the Finders Fees Agreement (or such later time and/or date as may be agreed by the parties hereto in writing).

Upon allotment and issuance of the Finders Shares, each of the Finders shall have undertaken to the Company that he shall not offer, loan, pledge, issue, sell, contract to sell, grant of any option, right or warrant to purchase, encumber or otherwise any transfer or dispose of any kind whatsoever (either conditionally or unconditionally, or directly or indirectly, or otherwise) in respect of any of the Finders Shares within a period of one (1) year from the date of allotment.

The Finders Fees Agreement is to be governed by the laws of Hong Kong.

TARGET SHAREHOLDERS FEES AGREEMENT

Date

15 April 2011

Parties to the Target Shareholders Fees Agreement

1. The Company; and
2. the Three Target Shareholders.

Major Terms of Target Shareholders Fees Agreement

The Three Target Shareholders have agreed with the Company not to negotiate or deal with other third parties in relation to the sale of the shares in the Target Company or investment in the Target Company by any third party during the course of negotiation among the Company, GIL and the Target Company until the Share Subscription Agreement is signed by the parties thereto, or until GIL issues a notification to the Three Target Shareholders that GIL is not proceeding with the investment in the Target Company.

The Company and the Three Target Shareholders have agreed to execute the Target Shareholders Fees Agreement to formalize their agreement which was executed on the date of execution of the Share Subscription Agreement.

Pursuant to the Target Shareholders Fees Agreement, each of the Three Target Shareholders undertakes to the Company that he shall not deal or negotiate with any third party in relation to the sale of the shares of the Target Company or investment in the Target Company until the Share Subscription Agreement is signed by the parties thereto or until GIL issues a notification to the Three Target Shareholders that GIL is not proceeding with the investment in the Target Company; and such undertaking shall include any offer, loan, pledge, issue, sale, contract to sell, grant of any option, right or warrant to purchase, or otherwise any transfer or disposition of any kind whatsoever (either conditionally or unconditionally, or directly or indirectly, or otherwise) in respect of any shares or interests of the Target Company. Upon execution of the Target Shareholders Fees Agreement and until Closing, each of the Three Target Shareholders agrees to be bound by such undertaking.

In consideration of the Three Target Shareholders agreeing not to negotiate nor deal with other third parties as described above, the Company shall allot and issue to each of the Three Target Shareholders their respective Target Shareholders Shares as no-dealing fee upon Closing subject to the terms and conditions contained in the Target Shareholders Fees Agreement. The Target Shareholders Shares shall be credited as fully paid-up and issued in whole board lots (to the fullest extent).

The issue price for each Target Shareholders Share will be determined by using the average closing price of the Company as quoted on the Stock Exchange during the last ten (10) trading days immediately prior to the date of EGM which has been arrived at arm's length negotiations between the Company and the Three Target Shareholders after taking into account of, among others, the dilution effects on the shareholdings of the Target Shareholders in Target Company upon Closing. The basis for determining the Shareholders Fees of US\$300,000 was based on approximately 2% of the Consideration after taking into account of their important role in assisting the Target Group to develop the natural resources trading market in South America and Europe, the experience and expertise of the Three Target Shareholders and their existing remuneration. The payment of the Shareholders Fees is part of the terms of the Subscription and the Target Shareholders have agreed amongst themselves that the Target Shareholders Shares are to be issued and allotted to the Three Target Shareholders and Mr. Vega has chosen to hold more shareholding in Target Company. Thus, Mr. Vega's shareholding in Target Company will be diluted less vis-a-vis the Three Target Shareholders. The dilution effect on the Three Target Shareholders is provided in the note to "The structure of the Target Group immediately after Closing" of this announcement. For such reason, Mr. Vega has agreed that he will not be a party to the Target Shareholders Fees Agreement and thus the Company will not issue and allot any Target Shareholders Shares to him. The Group considers that such arrangements will also be an incentive for the Target Shareholders to continue providing their services to the Group after Closing which is essential to the further development of the trading business of the Target Group.

Completion of the Target Shareholders Fees Agreement is conditional upon: (a) the Closing; and (b) the Company having obtained the approval to consummate the transactions contemplated by the Target Shareholders Fees Agreement at the EGM. Subject to the fulfillment of such conditions, the Company shall allot to each of the Three Target Shareholders their respective Target Shareholders Shares immediately upon Closing and the issuance and delivery of the share certificates shall take place as soon as practicable upon or after Closing but shall not be more than five (5) business days from the date of Closing unless the Three Target Shareholders shall elect to settle via CCASS in which case the Company shall arrange to effect a book entry delivery of the Target Shareholders Shares to the relevant designated account of the relevant Three Target Shareholders on the date of Closing. The Company shall not be required to allot and issue any Target Shareholders Shares if the above conditions are not fulfilled within ninety (90) days from the date of the Target Shareholders Fees Agreement (or such later time and/or date as may be agreed by the parties hereto in writing).

Upon allotment and issuance of the Target Shareholders Shares, each of the Three Target Shareholders shall have undertaken to the Company that he shall not offer, loan, pledge, issue, sell, contract to sell, grant any option, right or warrant to purchase, encumber or otherwise transfer or dispose of any kind whatsoever (either conditionally or unconditionally, or directly or indirectly, or otherwise) of any of the Target Shareholders Shares within a period of one (1) year from the date of allotment.

The Target Shareholders Fees Agreement is to be governed by the laws of Hong Kong.

ALLOTMENT AND ISSUANCE OF THE FINDERS SHARES AND TARGET SHAREHOLDERS SHARES

The Finders Shares and the Target Shareholders Shares are to be allotted and issued pursuant to the Specific Mandate. The Finders Shares and the Target Shareholders Shares, when issued and allotted, will rank *pari passu* in all respects with all the Shares then in issue. An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Finders Shares and the Target Shareholders Shares.

The Company will make further announcement on the number of Finders Shares and Target Shareholders Shares and the price for each Finders Share and Target Shareholders Share to be allotted and issued at Closing.

Assuming that the issue price for each Finder Share and each Target Shareholders Share is calculated based on the average of closing price of the Company on the last ten trading days as quoted on the Stock Exchange immediately prior to the date of this announcement, the total of number of Finders Shares and Target Shareholders Shares are 24,375,000 and 14,625,000 respectively, such Shares represent approximately:

1. 1.44% of the existing issued share capital of the Company as of the date of this announcement; and
2. 1.42% of the issued share capital of the Company as enlarged by the allotment and issuance of the Finders Shares and the Target Shareholders Shares.

None of the Finders nor the Three Target Shareholders shall become a substantial shareholder or a controller of the Company upon issuance of the Finders Shares or Target Shareholders Shares (as the case may be).

INFORMATION ON THE TARGET GROUP

The Target Company was incorporated in Switzerland on 3 May 2000. As at the date of this announcement, the Target Company is wholly-owned by Mr. Vega, Mr. Puipe, Mr. Sanmiguel and Mr. Gutierrez, owning as to 25% by each of them. The Target Company is a trading and investment holding company. The Target Company currently invests in companies located in Bogotá, Colombia and has officially established a company in Russia for exporting petroleum products and coal on 16 March 2011. The Target Group engages in sourcing, trading and supplying of commodities, such as oil and its related products, coal, biofuel, agricultural products and fertilizers.

The Target Group engages in trading of commodities through the following divisions:

- (a) Energy division is responsible for trading of crude oil, refined products, aromatics and petrochemical;
- (b) Oil division is responsible for sourcing and trading of crude oil and related petroleum products such as asphalt, petrochemicals, base oils and other refined products;
- (c) Coal division is responsible for trading of coal and coke;
- (d) Biofuel division trades biofuel products such as ethanol and biodiesel;
- (e) Agricultural division trades products such as grains, sugar, coffee and vegetables oil; and
- (f) Fertilizer division trades products such as urea, Diammonium Phosphate (DAP) and Potassium Chloride (KCL) to end-users.

The Target Company is operating through its direct and indirect subsidiaries, Trenaco Colombia, Trenacoal and Trenaco Russia.

The Target Company holds 100% of the shareholding interest in Trenaco Colombia. Trenaco Colombia engages in sourcing, trading and supplying of commodities, such as oil and its related products, coal, biofuel, agricultural products and fertilizers. The Target Company sells and distributes such products to its customers worldwide. Trenaco Colombia has acquired land located in Colombia for storage of coke and/or coal for its trading business which may be used for industrial purposes. Trenaco Colombia is still processing the registration of the land in its name which is expected to be completed in the second half of 2011.

After the Target Company acquired Trenaco Colombia, the Target Group has carried on its business since 1 July 2009 and it started to generate profit for the first few months and continued to generate profit in the following year. As indicated in the paragraph headed “The financial information of the Target Group” below, the Target Group has recorded profits for the year ended 31 December 2009 although it only commenced business on 1 July 2009 and for the year ended 31 December 2010.

Trenaco Colombia holds 50% of the shareholding interest in Trenacoal. Since Trenacoal was only incorporated in October 2010, it is still under the process of setting-up and is not in full operation. The remaining 50% of Trenacoal is owned by Damanico GR which is an Independent Third Party. Trenacoal owns furnaces for processing and producing coke. Trenacoal currently owns about 53 furnaces. Based on the information provided by Trenaco Colombia to the Company, each furnace has 6.5 tons of coal capacity and 36 hours production time. Each furnace has a production capacity of 4.2 tons of coke for every 36 hours. The current production capacity of coke by Trenacoal is about 4,800 tons per month depending on the quality required by customers. Trenacoal has rented some furnaces which allow it to have more production capacity. According to Trenacoal, it is planned to have approximately 130 furnaces and to have a total production capacity of approximately 12,000 tons per month. Trenaco Colombia expects that it will be in full production capacity as soon as it receives further funding from the investment by GIL.

The furnaces are located on the land which was owned by Damanico GR. Trenaco Colombia and Damanico GR formed Trenacoal on a 50:50 basis whereby Damanico injected 27 furnaces, land and permits on the land into Trenacoal as consideration in the amount of US\$700,000 and Trenaco Colombia is investing funds into Trenacoal for constructing the additional furnaces.

The Target Company has officially established a company in Kaliningrad, Russia with other Russian parties on 16 March 2011 which shall engage in exporting petroleum products and coal from Russia to the Target Group’s customers. The Target Company owns 51% interests in Trenaco Russia and the remaining 49% interests are owned by other Russian parties. To the best of the Directors’ knowledge, information and belief having made all reasonable enquires, the Group and its associates (within the meaning of the Listing Rules) do not have any prior or existing relationships with the other Russian parties holding the remaining 49% of Trenaco Russia who are Independent Third Parties. By establishing Trenaco Russia, the Target Company will be able to obtain an additional source of supply of petroleum products and coal from Russia which will be consistent with the business of Target Group.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquires, each of the shareholders of the Target Company, Mr. Vega, Mr. Puippe, Mr. Sanmiguel and Mr. Gutierrez is an Independent Third Party; and the other shareholder of Trenacoal, namely Damanico GR, is an Independent Third Party. Save as disclosed in the section headed “Potential contract to be signed with Trenaco Colombia”, there were no prior transactions between the Company and any of the shareholders of the Target Group and its associates in the past 12 months prior to the date of the Share Subscription Agreement, the Finders Fees Agreement and the Target Shareholders Fees Agreement which would otherwise require to be aggregated under Rule 14.22 of the Listing Rules.

Based on the confirmation by the Target Company, the Target Company has also established strong relationships with representatives located in Sao Paulo, Brazil; Dakar, Senegal; Helsinki, Finland; New Delhi, India; Dubai, United Arab Emirates; New York City, United States of America; and Singapore (“Overseas Markets”) to represent the Target Company for the Target Group’s trading business, though the Target Company has not signed any agreement or written confirmation with such local representatives. Such strong relationships have been primarily built-up by the Chairman of the Target Company, Mr. Puippe, who has been working in the commodities trading business for more than 20 years and therefore has established extensive network with other commodities traders, partners and companies in such Overseas Markets. The other Target Shareholders have also been actively involved in the commodities trading business as they have also been involved in the business for about 10 years.

During his career, Mr. Puippe has built up his networks with local representatives, producers, commodity traders and end-customers (“Network”) in the Overseas Markets from sourcing and origination of the commodity products to the sale of products to end-users. The Network primarily engages in trading of sugar, ethanol, agricultural products and petroleum products. Mr. Puippe constantly has discussions with his Network in order to understand the requirements of the relevant Overseas Markets. The Network allows him to identify the needs of the relevant Overseas Markets and explore new opportunities.

Based on the information provided by the Target Group, set out below is some brief information on the commodity trading business conducted by Mr. Puippe with the Network in the Overseas Markets in the past:

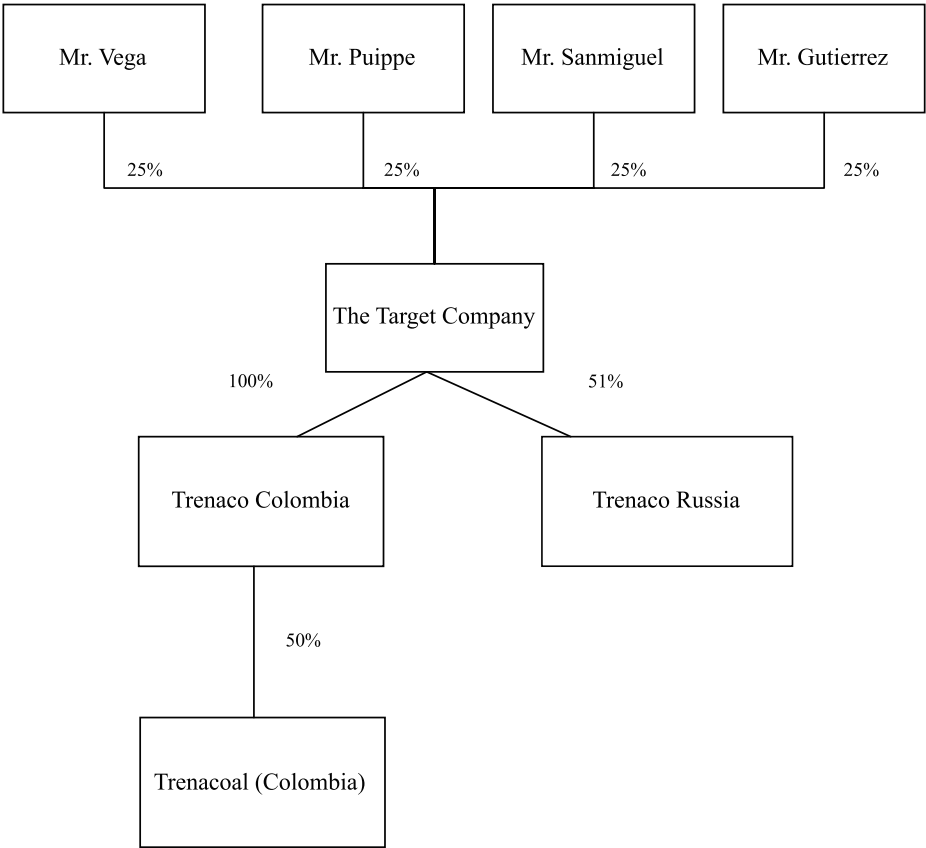
	Overseas Markets	Types of business/Products	Volume (in metric tonne (mt))	Amount
1.	Sao Paulo, Brazil	Pre-financing and export of sugar and biofuels for sale to end-customers	Up to approximately 500,000 mt of sugar	approximately US\$350 million
2.	Dakar, Senegal	import of fertilizers	about 8,000 mt per year	an average of US\$3 million per year
3.	Helsinki, Finland	Biofuels production projects and petroleum products origination.		
4.	New Delhi, India	Sale of sugar and ethanol into the India from 1993 until 2006		average of US\$30 million per year
5.	Dubai, United Arab Emirates	Processing Agreement with a sugar refinery and sale of white sugar in the region between 1998 until 2004	an average of 40,000 mt per year	about US\$25 million per year
6.	New York City, United States of America	Futures brokers used for hedging of sugar and petroleum product		
7.	Singapore	Sale of raw sugar (with structured finance) in Asia during 1995-2000		a total of approximately US\$100 million

From the management team’s experience, the Target Group considers that the customers from the Overseas Markets may need to obtain the commodities from the Target Group instead of from the traders or suppliers directly because customers will look for new originations for commodity products in order to obtain better price, constant quality and better services. The Target Group will have an advantage on the cost price of the products as it has well-established relationships with commodity suppliers and traders in Colombia and other countries which the end-customers may not have access to and the Target Group will be able to source the products for customers in a timely manner. Since the commodity suppliers that the Target Group deals with are well-established, they will have quality control and sales follow-up services which are important to end-customers. If the Target Group will proceed with the development of the railway logistic system, it will have better control over its inland transportation of products. Furthermore, Trenacoal will be able to supply coke to the end-customers.

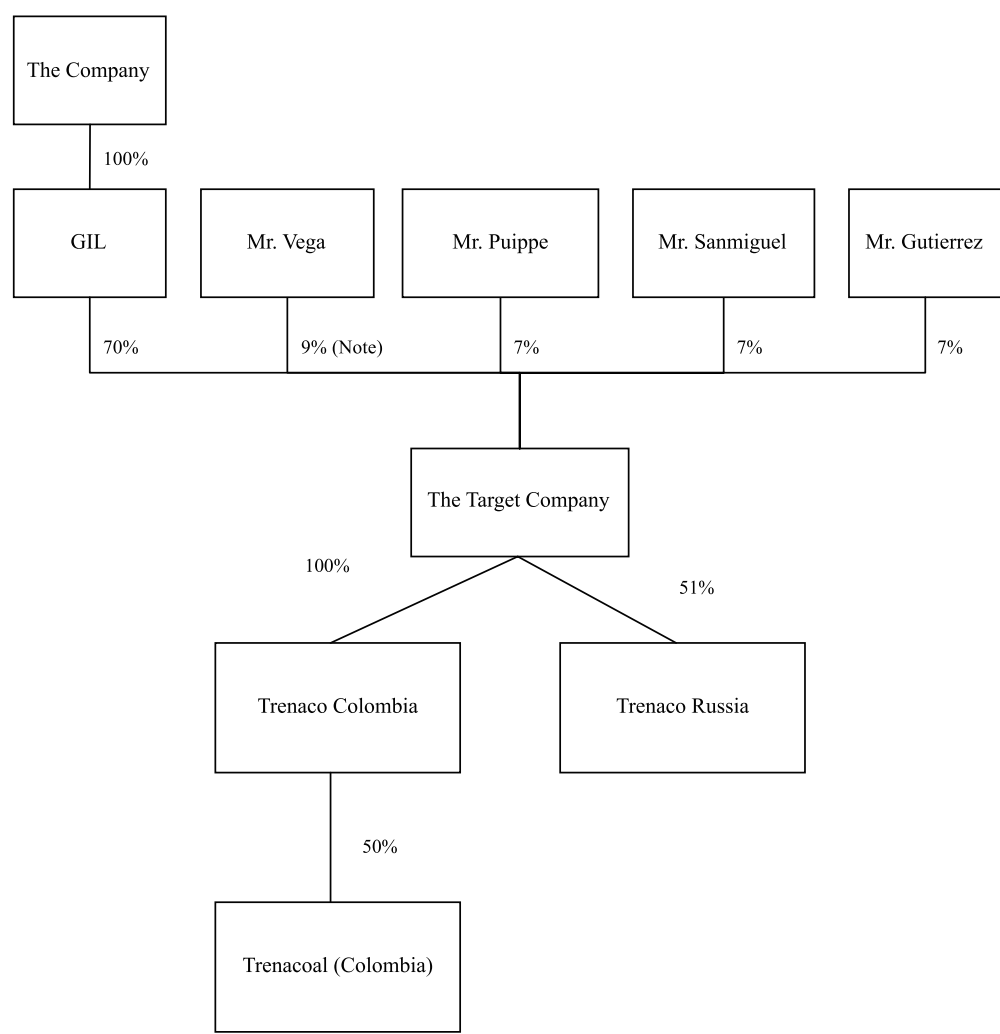
Since the Target Group only commenced its business in July 2009, the Target Group considered that it was still in its early stage of development and therefore did not wish to invest too much funds or resources in setting-up overseas offices. However, in order to develop its overseas market, the Target Group has reached informal but not exclusive agreements with overseas traders who used to be colleagues or commercial counterparties of Mr. Puippe based on their prior good business relationships. Such individuals have verbally agreed with the Target Group to assist it in trading of commodities in their relevant countries if so required by the Target Group. The Target Group informed the Company that it will sign a formal contract with the relevant local representative if there is an order from a customer to source from the relevant country or to sell the products to buyers of the relevant country. As at the date hereof, the Target Group informed the Company that it has not signed any formal contract or commitment with any local representatives.

The shareholding structure of the Target Group

As at the date of this announcement, the shareholding structure of the Target Group immediately before Closing is as follows:



The structure of the Target Group immediately after Closing is as follows:



Note: According to the Target Shareholders, given that Mr. Vega will not receive any Target Shareholders Shares, the Target Shareholders have agreed amongst themselves that the dilution effect on Mr. Vega’s shareholding in the Target Company upon Closing will be different from the Three Target Shareholders to the effect that each of the Three Target Shareholders’ shareholdings will be diluted by 0.5% more so that Mr. Vega will hold in total 9% of the total issued share capital of the Target Company as enlarged by the Subscription.

The financial information of the Target Group

Set out below is a summary of the unaudited consolidated management accounts of the Target Group together with the Target Group's investment in Trenacoal being accounted for as a jointly-controlled entity for the three years ended 31 December 2008, 2009 and 2010 as provided by the Target Group:

	For the period ended 31 December 2008		For the year ended 31 December 2009		For the period ended 31 December 2010	
	Approximate		Approximate		Approximate	
	CHF (Note 4)	HK\$ equivalent (Note 4)	CHF (Note 5)	HK\$ equivalent (Note 5)	CHF (Note 6)	HK\$ equivalent (Note 6)
Turnover	Nil	Nil	41,97,600	300,457,100	63,307,100	472,739,400
Gain/(Loss) before taxation (Notes 4, 5, 7 and 8)	(8,944)	(64,500)	182,600	1,307,000	1,191,900	8,900,400
Gain/(Loss) after taxation (Notes 4, 5, 7 and 8)	(8,944)	(64,500)	152,600	1,092,300	797,700	5,956,700
	As at 31 December 2008		As at 31 December 2009		As at 31 December 2010	
	Approximate		Approximate		Approximate	
	CHF (Note 1)	HK\$ equivalent	CHF (Note 2)	HK\$ equivalent	CHF (Note 3)	HK\$ equivalent
Assets value	25,207	18,400	11,600,700	86,678,100	4,756,500	39,352,000
Net assets value	1,093	8,000	768,800	5,744,300	1,415,100	11,707,500

Note 1: The exchange rate as at 31 December 2008: 1 CHF = HK\$7.340

Note 2: The exchange rate as at 31 December 2009: 1 CHF = HK\$7.4718

Note 3: The exchange rate as at 31 December 2010: 1 CHF = HK\$8.2733

Note 4: The average exchange rate for the year ended 31 December 2008: 1 CHF = HK\$7.2128

Note 5: The average exchange rate for the year ended 31 December 2009: 1 CHF = HK\$7.1579

Note 6: The average exchange rate for the year ended 31 December 2010: 1 CHF = HK\$7.4674

Note 7: Taxation on gain/profit for corporations in Switzerland is 11.6%. Taxation on gain/profit for corporations in Colombia is 33%.

Note 8: The Company has been informed by Target Group that there was no extraordinary item which can be classified under the IFRS (as defined below).

The Target Group did not conduct any trading activities for the year ended 31 December 2008 and only commenced its business on 1 July 2009. As such, the Target Group did not have any revenue or profit for the year ended 31 December 2008 and recorded an operative loss of CHF 8,944 (equivalent to approximately HK\$64,500).

Since the Target Company was incorporated in Switzerland, the above summary of the unaudited consolidated management accounts of the Target Group together with the Target Group's investment in Trenacoal being accounted for as a jointly-controlled entity was prepared by the Target Company in accordance with the accounting standards of Switzerland ("Swiss Standards"). For the purpose of presenting the unaudited consolidated financial statements of the Target Group in consistent with the accounting standards adopted by the Group, the Target Group has engaged two separate groups of independent consultants based in Switzerland and Colombia respectively to provide assistance to the management of the Target Group for the preparation of the unaudited consolidated financial statements of the Target Group in accordance with the International Financial Reporting Standards ("IFRS").

The major differences between the Swiss Standards and IFRS applicable to the Target Group are: (a) the disclosures to the consolidated financial statements are more comprehensive under IFRS; (b) transaction costs are excluded and contingent consideration is recognised regardless of the probability of payment in a business combination under IFRS, whereas under Swiss Standards the transaction costs are included in the acquisition costs and the contingent considerations are included as part of the acquisition cost if it is probable that the amount will be paid and its fair value can be measured reliably; (c) for employee benefits under defined benefits plans under IFRS actuarial gains or losses can be recognised immediately or amortised into profit or loss over the expected remaining working lives of participating employees, whereas under Swiss Standards the employer contribution to the plan and any differences between the recognised estimated benefit/obligation at the beginning and at the end of the reporting period are directly and fully recognised in the income statement; and (d) under IFRS, research costs are expensed as incurred; development costs are capitalised and amortised, but only when specific criteria are met and the borrowing costs are capitalised if certain criteria are met, and under Swiss Standards, the treatment for research and development costs is the same as IFRS with the exception that the Swiss Standards allows choosing whether or not to capitalise development cost and borrowing cost.

Trenaco Colombia directly owns 50% equity interests in Trenacoal with the management of Trenaco Colombia established that Trenacoal is jointly-controlled. As such, Trenacoal was accounted for as a jointly-controlled entity in the unaudited consolidated management accounts of the Target Group as at 31 December 2010 and after Closing.

The Company will engage auditors to conduct an audit on the unaudited consolidated financial statements of the Target Group in accordance with the IFRS (including Trenacoal being accounted for as a jointly-controlled entity of the Target Group), of which will be disclosed in the circular of the Company.

The business turnover and geographical segment of the Target Group

The Target Group's trading business primarily originated from Colombia and Europe and the various products traded by the Target Group are sold to customers mainly in U.S.A. and Europe. The business turnover and the geographical segment of the major customers and products traded by the Target Group for the year ended 31 December 2010 are set out in the table below:

Products	Turnover for the year ended 31 December 2009		Turnover for the year ended 31 December 2010		Import/Export and Geographical Distribution
	CHF	Approximate HK\$ equivalent	CHF	Approximate HK\$ equivalent	
	(Note 1)	(Note 1)	(Note 2)	(Note 2)	
1. Naphtha	25,799,400	184,669,500	17,150,200	128,067,400	Imported into Colombia from U.S.A. and Europe
2. Bitumen	2,674,900	19,146,700	8,149,800	60,857,800	Exported from Colombia to U.S.A. and Africa
3. Base Oil	4,073,900	29,160,600	8,948,300	66,820,500	Imported into Colombia, Dominican Republic and Ecuador from U.S.A. and Europe
4. Petrochemicals	9,427,400	67,480,400	14,951,500	111,648,800	Exported from Colombia to U.S.A. Switzerland
5. Ethanol	—	—	11,505,100	85,913,200	Imported into Colombia from Bolivia
6. Coal: Met Coke	—	—	2,602,200	19,431,700	Exported from Colombia to Brazil Singapore
Total:	41,975,600	300,457,200	63,307,100	472,739,400	

Note 1: The average exchange rate for the year ended 31 December 2009: 1 CHF = HK\$7.1579

Note 2: The average exchange rate for the year ended 31 December 2010: 1 CHF = HK\$7.4674

Information on the expertise and experience of the management team of the Target Group

The information on the expertise and experience of the management team of the Target Group are set out below:

(a) Mr. Puippe

Mr. Puippe started his career in commodity trading since 1987. Mr. Puippe had worked for major commodity trading companies in Switzerland before he founded the Target Group with the other Target Shareholders. The major commodity trading companies that Mr. Puippe had worked for are Andre & Cie S.A. in Lausanne, Switzerland and Coimex Suisse SA in Geneva, Switzerland. During Mr. Puippe's career, he has traded commodities such as sugar, ethanol, biofuel and the Target Group's traded products. Through his past experience, Mr. Puippe has traded with other commodity traders or customers in Brazil, Middle East, Europe, China and other countries. Mr. Puippe is currently the President of Target Company.

(b) Mr. Sanmiguel

Mr. Sanmiguel started his career in commodity trading since September 1999. Mr. Sanmiguel had set-up his own commodity trading companies before establishing the Target Group with the other Target Shareholders. In 1999 and 2005, Mr. Sanmiguel co-founded Dayscript LTDA and Blink S.A. respectively, both companies mainly engaged in communications, logistics, finance and trade finance businesses. In 2005, he co-founded Makondo Ltda which was a coal trading in Colombia. In 2007, he co-founded Fair Energy Colombia SAS which became Trenaco Colombia. In 2008, he co-founded Red Ink SA which is a financial company for trading and investment in commodities.

Mr. Sanmiguel is currently a director of Trenaco Colombia.

(c) Mr. Vega

Mr. Vega started his career in 2003 working as a credit and risk analyst for a Colombian bank. Mr. Vega had set-up his own commodity trading companies before establishing the Target Group with the other Target Shareholders. In 2005, Mr. Vega co-founded Makondo Ltda which was a coal trading in Colombia. In 2007, he co-founded Fair Energy Colombia SAS which became Trenaco Colombia. In 2008, he co-founded Red Ink SA which is a financial company for trading and investment in commodities. Mr. Vega has experience in trading coal, sugar, asphalt, naphtha. Mr. Vega has also structured infrastructure projects such as train transportation for commodities in Colombia. Mr. Vega is currently a director of Trenaco Colombia.

(d) Mr. Gutierrez

Mr. Gutierrez started his career in 1998 working in the farming business. Mr. Gutierrez had set-up his own farming company before establishing the Target Group with the other Target Shareholders. In 1997, Mr. Gutierrez founded Inversiones Agropecuarias Gutierrez Robayo which engaged in the production of milk, beef cattle and potatoes. In 1998, he founded CGR Biotecnologia reproductiva E.U. which engaged in the business of selling bovine genetics, beef cattle, embryos and semen products. In 2007, he established FEMA Reforestaciones in order to promote reforestation in Colombia and to produce teka wood. In 2008, he established Ciagro which engaged in the production of acacias magnum wood. Mr. Gutierrez is currently a director of Trenaco Colombia.

Upon Closing, none of the Target Shareholders will be appointed as director of the Company and therefore the composition of the Board will not be changed upon Closing. As of the date of this announcement, the Company does not intend to appoint any of the Target Shareholders or any person nominated by Target Group as director of the Company.

POTENTIAL CONTRACT TO BE SIGNED WITH TRENACO COLOMBIA

The Group is currently negotiating with Trenaco Colombia on the terms and conditions of a trading contract relating to the supply of coal by Trenaco Colombia to the Group. The terms of such contract will be based on normal commercial terms and the price will be based on the prevailing market price for the sale and purchase of coal. The contract will be a one-off contract based on the current orders placed by the Group's customers. As announced by the Company on 24 January 2011, the Group has commenced its coal trading business and since then the Group has received orders from customers for the purchase of coal. The Group considers that it is a good opportunity to start establishing a trading relationship with Trenaco Group whether or not the Subscription will complete as it will provide another source of supply of coal for the Group's customers. Since the Group and Trenaco Colombia are still negotiating the terms of the trading contract, the contract may or may not be signed. The Company will make further announcement as soon as the contract is concluded and signed.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, as of the date of this announcement, Trenaco Colombia and its ultimate shareholders are Independent Third Parties.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in (i) coal mining in Russia and coal trading business; (ii) digital television broadcasting industry including provision of equipments and software of cable video-on-demand system, information broadcasting system, embedded television systems and value added services; and (iii) vertical farming in the PRC.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The existing management team of the Target Group who is the existing shareholders of Target Group, has been engaged in trading soft commodities and ethanol for an average of about ten years. During the last three years, the Target Group has established itself in the trading of commodities in Latin America due to the expertise and experience of the existing management team in dealing with the supply and origination of the commodities. The Target Group has established good relationship with its customers and the Target Group has a strong customer base. The Target Group has demonstrated good trading records and it has potential future growth. The Group has been seeking for investment opportunities to enhance its profits and expand its business and customers. As announced by the Company on 24 January 2011, the Group has formally commenced its coal trading business across the region in January 2011 by trading coal with customers primarily in Asia. The Group considers that the Target Group's business is in line with the Group's existing coal mining business in Russia and coal trading business in Asia which will achieve synergy for the Group's business and will further expand its customers base in other countries, in particular Latin America. Furthermore, the Group will be able to source coal from suppliers in other countries for its Asian customers. Given the track records of the Target Group from the commencement of its business on 1 July 2009 up to the year ended 31 December 2010, the Group considers that the Target Group will contribute revenue to the Group. The strong network of the Target Group will provide a new distribution channel for the Group. The Group considers that the proposed investment in the Target Group is an opportunity to increase the value of the Group and to contribute to the earnings of the Group, therefore contributing to the benefit of the Shareholders.

The Board considers that the business of Target Group is in line with the existing natural resources business of the Group due to the following reasons:

1. In the short-run, after the completion of the Subscription, the Target Group intends to continue expanding in the business of trading of coal and other natural resources with its already established operating platform. Since the beginning of 2010, the Target Group has been originating coke from Trenacoal and exporting to overseas markets such as Brazil and Asia. As part of the expansion plan of Trenacoal, it intends to build more furnaces in the coming years so as to increase its trading volume and revenue. Information on the production capacity of coke from the furnances of Trenacoal is set out in the section headed "Information on the Target Group". Thus, it is expected that the turnover and profits from the trading of coke and related products will continue to grow in future.
2. The Target Group is planning to execute long-term off-take contracts with local Colombian suppliers of coal to secure steady supply of coal in Colombia. The Target Group has the necessary relationship to secure such supply chain generating from Colombia and the customer base to purchase from the Target Group, which are the key elements to the success in the current business environment of coal trading business. In addition, the additional supply of coal from Colombia will serve the needs of the existing customers of the Group.

3. Based on the information provided by Target Group, Colombia is abundant in coal reserves and other natural resources. Colombia has the biggest coal reserves in Latin America. At present, Colombia is one of the world's leading exporting countries of thermal coal. Currently, most of the Colombian coal products are exported to Europe, North America, and South America. The main products exported to these regions are coke, semi-coke, thermal coal and anthracite. Through the Target Group, the Group will be able to penetrate into the Colombian market, thus the Subscription is valuable and strategically important for the future development of the Group. Moreover, the Group shall have easy access to new products and new markets developed in the region.
4. In the mid to long-run, the Target Group is in preliminary discussion with a major steelmaker in Asia to form a joint venture for the setting-up of an electric furnace in Colombia for the production of coke. If such joint venture shall materialise, the Target Group will be able to have higher production capacity which is likely to increase the future turnover and profit of the Target Group.
5. The Target Group will explore if there is any opportunity to enter into the coal mining business in Colombia so as to complement with its existing business. If the Subscription shall complete, the Group will be able to assist the Target Group to develop in such business based on the Group's existing coal mining experience in Russia.

Although Trenaco Russia is newly corporated, it will not commence its trading business unless both parties agree to do so after the Closing. The Group considers that Trenaco Russia will assist the Group in trading the coal produced from its Russian coal mine in future.

Although Trencoal is also recently incorporated and it will be accounted for by the Group as a jointly controlled entity for accounting purposes, the Group considers that it will contribute its revenue proportionately to the Group in future which will be a source of income.

Based on the above, the Board is of the view that the Consideration, the terms of the Share Subscription Agreement, the Shareholders Agreement and the Finders Fees Agreement and Target Shareholders Fees Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Group's long-term strategy is to develop and expand its natural resources business as the Group considers that there will be growth potential in this sector and the acquisition of the Target Group will enhance such strategy and to further expand the products traded by the Group. In order to focus on its natural resources business, the Group may redeploy its resources from its digital television broadcasting business to the natural resources business but the Group is not in discussion with any potential buyer as of the date of this announcement. Any future redeployment of the Group's digital television broadcasting business will depend on, amongst others, the market condition and whether there will be any interested investor and the Group will make further announcement to comply with the Listing Rules if such disposal shall materialise. Since the Group will focus on its natural resources business which requires substantial funds for its development and operations, the Group intends to invest and allocate more resources in its natural resources business.

USE OF PROCEEDS FROM THE SUBSCRIPTION

Subject to Closing, the Target Group intends to use the Consideration invested by GIL for its future expansion of business. As of the date of this announcement, to the best knowledge, information and belief of the Directors having made reasonable enquiries, it is the intention of the Target Group to facilitate larger trading volume of the commodities traded, to further engage in refining its activities including the building of furnaces to increase the supply of coke, to increase its trading capacity at the export port (including expanding its own berth for loading of coke and coal), to set-up and develop the Russian company as mentioned in the section headed "Information on the Target Group" and for the Target Group's working capital.

CHANGES IN SHAREHOLDING IN THE COMPANY UPON ALLOTMENT AND ISSUANCE OF THE FINDERS SHARES AND TARGET SHAREHOLDERS SHARES

The shareholding structure of the Company immediately before and after the allotment and issuance of the Finders Shares and the Target Shareholders Shares are as follows (assuming no further Shares will be issued between the date of this announcement and upon Closing):

	Shareholding immediately before Closing	Shareholding immediately upon Closing
Name of Shareholder	No. of Shares	No. of Shares
Goldwyn Management Limited (<i>Note 1</i>) (approx.) %	228,000,000 8.41	228,000,000 8.29
Mr. Pang Ngoi Wah Edward (<i>Note 2</i>) (approx.) %	3,500,000 0.13	3,500,000 0.13
Cordia Global Limited (<i>Note 3</i>) (approx.) %	687,070,000 25.33	687,070,000 24.97
DTV China Holdings Limited (<i>Note 4</i>) (approx.) %	16,000,000 0.59	16,000,000 0.58
Co An (approx.) %	147,610,000 5.44	147,610,000 5.36
Uridul Asset Management Company (<i>Note 5</i>) (approx.) %	260,000,000 9.59	260,000,000 9.45
Sub-total: (approx.) %	1,342,180,000 49.48	1,342,180,000 48.78
Finders (<i>Note 6</i>) (approx.) %	0 0	24,375,000 0.89
Target Shareholders (<i>Note 6</i>) (approx.) %	0 0	14,625,000 0.53
Public (approx.) %	1,370,233,060 50.52	1,370,233,060 49.80
Sub-total: (approx.) %	1,370,233,060 50.52	1,409,233,060 51.22
Total:	<u>2,712,413,060</u>	<u>2,751,413,060</u>

Notes:

1. Goldwyn Management Limited is wholly and beneficially owned by Mr. Lim Ho Sok, an executive Director and the Chairman of the Company.
2. Mr. Pang Ngoi Wah Edward is a non-executive Director.
3. Cordia Global Limited is wholly and beneficially owned by Mr. Choi Sungmin, a business consultant of GIL and a director of a non-wholly owned subsidiary of the Company, Sofoco Development Limited.
4. DTV China Holdings Limited is wholly and beneficially owned by Mr. Li Yi Nan, a director of a non-wholly owned subsidiary of the Company, DTVChina, Inc.
5. Uridul Asset Management Company is 40% and beneficially owned by Mr. Kim Samduck and Mr. Shin Junho each.
6. For illustration purposes only, assuming the issue price for each Finder Share and Target Shareholders Share will be HK\$0.1600 (average closing price of the Company as quoted on the Stock Exchange during the last ten trading days immediately prior to the date of this announcement).

IMPLICATIONS UNDER LISTING RULES

As the applicable percentage ratios in respect of the Share Subscription Agreement and the transactions contemplated thereunder exceed 100%, the Share Subscription Agreement and the transactions contemplated thereunder constitute a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. Accordingly, the entering into of the Share Subscription Agreement, the Shareholders Agreement, the Finders Fees Agreement and Target Shareholders Fees Agreement, the Specific Mandate and the transactions contemplated thereunder are subject to the approval by the Shareholders pursuant to Rule 14.49 of the Listing Rules.

GENERAL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by poll and therefore the ordinary resolutions to be put to vote at the EGM will be taken by way of poll as required by the Listing Rules.

A circular containing, among other things, (i) further details of the Subscription and the Specific Mandate, (ii) financial and other information of the Target Group, (iii) the unaudited pro forma financial information of the Enlarged Group, (iv) the notice of EGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders as soon as possible in accordance with the Listing Rules.

Based on the information currently available and taking into account of the estimated time required to prepare the information to be included in the circular pursuant to the Listing Rules, particularly the time required for preparing the financial information of the Target Group in accordance with the IFRS and for conducting due diligence on the Target Group as it involves overseas jurisdictions, the Company expects the circular will be despatched on or before 15 June 2011.

United Simsen Securities Limited has been appointed by the Company as its financial advisor in connection with the Subscription and all related matters.

As the completion of the Share Subscription Agreement, the Finders Fees Agreement and the Target Shareholders Fees Agreement are subject to the fulfillment (or if applicable, waiver) of the conditions contained therein, thus the Subscription and the allotment and issuance of the Finders Shares and Target Shareholders Shares may or may not proceed. Subject to the terms of the Share Subscription Agreement, the Shareholders Agreement may or may not be executed. The issue of this announcement does not in any way imply that the Share Subscription Agreement, the Shareholders Agreement, the Finders Fees Agreement and the Target Shareholders Fees Agreement will be implemented or completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the use of capitalised terms in this announcement shall have the following meanings:—

“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited (including, where the context so requires, its agents, nominees, representatives, officers and employees)
“CHF”	Swiss Francs, the lawful currency of Switzerland
“Closing”	completion of the Subscription in accordance with the terms of the Share Subscription Agreement
“Company”	Siberian Mining Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“Conditions”	the conditions required to be fulfilled (or if applicable, waiver) by GIL and the Target Company (as applicable) at Closing pursuant to the Share Subscription Agreement
“Consideration”	US\$15,000,000, (or equivalent to approximately HK\$117,000,000), being the consideration payable by GIL to the Target Company for the subscription of the Subscription Shares pursuant to the Share Subscription Agreement
“Director(s)”	director(s) of the Company
“EGM”	Extraordinary General Meeting of the Company to be convened and held for the Shareholders to consider and approve, among other matters, if thought fit, the Share Subscription Agreement, the Shareholders Agreement, the Finders Fees Agreement and Target Shareholders Fees Agreement, the Specific Mandate and all matters contemplated thereunder

“Encumbrance”	any security interest, pledge, mortgage, lien (including, without limitation, environmental and tax liens), charge, encumbrance, adverse claim, any right of first refusal, preferential arrangement or restriction of any kind, including, without limitation, any restriction on the use, voting, transfer, receipt of income or other attributes of ownership
“Enlarged Group”	the Group and Target Group
“Finders”	Mr. Alejandro Ochoa Ortiz, Mr. Rafael Arturo Mc Causland Garcia and Mr. Jose Ignacio Trujillo Trujillo, the finders who entered into the Finders Fees Agreement with the Company, and each of the Finders is an Independent Third Party
“Finders Fees Agreement”	An agreement entered into between the Finders and the Company dated 15 April 2011 in relation to the allotment and issuance of the Finders Shares to the Finders by the Company
“Finders Shares”	new Shares equivalent to the aggregate amount of US\$500,000 to be allotted and issued and credited as fully paid at Closing by the Company to the Finders pursuant to the Finders Fees Agreement
“GIL”	Grandvest International Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hope Group”	Hope Group S.A., a company incorporated in Switzerland and owned by an individual who is a Swiss citizen. Hope Group S.A. is an Independent Third Party and an ex-shareholder of Target Company
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Gutierrez”	Carlos Alberto Gutierrez Robayo
“Mr. Puippe”	Pierre Alain Puippe
“Mr. Sanmiguel”	Carlos Alberto Sanmiguel Bejarano
“Mr. Vega”	Felipe De La Vega Vergara

“PRC”	the People’s Republic of China (for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Share Subscription Agreement”	a conditional agreement dated 15 April 2011 entered into between GIL, the Target Shareholders and the Target Company in relation to the Subscription
“Shareholders”	holders of the Shares
“Shareholders Agreement”	a shareholders agreement to be entered into amongst GIL and the Target Shareholders prior to or upon Closing which shall take effect upon Closing
“Specific Mandate”	a specific mandate proposed to be granted to the Directors by the Shareholders at the EGM in relation to the allotment and issuance of the Finders Shares and the Target Shareholders Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by GIL pursuant to the Share Subscription Agreement
“Subscription Shares”	the 11,667 Subscription Shares of par value CHF 100 each in the capital of the Target Company in the enlarged issued share capital of the Target Company on a fully diluted basis, which shall be allotted and issued to GIL pursuant to the Share Subscription Agreement
“Target Company”	Trenaco SA (formerly known as SerSwiCo SA which has changed to its current name on 23 September 2009), a company established under the laws of Switzerland and currently owned by the Target Shareholders
“Target Group”	Target Company and its subsidiaries, including Trenaco Colombia, Trenaco Russia and for the purposes of this announcement, including Trenacoal (unless otherwise stated herein).
“Target Shareholders”	Mr. Vega, Mr. Puippe, Mr. Sanmiguel and Mr. Gutierrez, the existing shareholders of Target Company, owning as to 25% by each of them of the existing issued and outstanding share capital of Target Company
“Target Shareholders Shares”	new Shares equivalent to the aggregate amount of US\$300,000 to be allotted and issued and credited as fully paid at Closing by the Company to the Three Target Shareholders pursuant to the Target Shareholders Fees Agreement and each of the Three Target Shareholder shall receive new Shares in the amount of US\$100,000
“Target Shareholders Fees Agreement”	An agreement entered into between the Three Target Shareholders and the Company dated 15 April 2011 in relation to the allotment and issuance of the Target Shareholders Shares to the Three Target Shareholders by the Company

“Three Target Shareholders”	Mr. Puipe, Mr. Sanmiguel and Mr. Gutierrez
“Trenaco Colombia”	C.I. Trenaco Colombia SAS (formerly known as C.I. Fair Energy Colombia SA which has changed to its current name on 20 August 2010), a company incorporated in Bogotá, Colombia on 20 November 2007
“Trenaco Russia”	OOO Trenaco, a company incorporated in Kaliningrad, Russia on 16 March 2011
“Trenacoal”	Trenacoal GR SAS, a company incorporated in Bogotá, Colombia on 6 October 2010 and owned as to 50% by Trenaco Colombia and 50% by Damanico GR, an Independent Third Party. Since Trenaco Colombia owns 50% interests in Trenacoal, and currently it does not and it will not control the composition of the board of directors of Trenacoal upon Closing, therefore Trenacoal will be treated as a jointly controlled entity of Target Group upon Closing
“U.S.A.” or “U.S.”	United States of America
“US\$”	U.S. dollar(s), the lawful currency of U.S.A.
“%”	per cent.

For the purposes of illustration only, amounts denominated in US\$ in this announcement have been translated into HK\$ at the rate of US\$1 = HK\$7.8, and amounts denominated in CHF in this announcement have been translated into HK\$ at the rate of CHF1 = ranging from HK\$7.1579 to HK\$8.2733 unless otherwise stated. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

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

Hong Kong, 17 April 2011

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