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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

HIGHLIGHTS

— Loss for the year amounted to HK$1.6 billion which was mainly attributable to the impacts of non-cash fair value adjustments, amortization and impairment loss of various balance sheet items.

— Net assets increased from HK$146.2 million to HK$ 937.0 million.

— Current ratio improved from 32.9% to 331.6%.

— Gearing ratio remained at a low level of 7.4%.

* *for identification purpose only*

The board (the "**Board**") of directors (each a "**Director**") of Siberian Mining Group Company Limited (the "**Company**") announces the audited consolidated result of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2010, together with the comparative figures for the year ended 31 March 2009, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

		Continuing operations		Discontinued operation		Total	
		2010	2009	**2010**	2009	**2010**	2009
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	3	**14,660**	25,778	**—**	89,753	**14,660**	115,531
Cost of sales		**(9,279)**	(10,273)	**—**	(74,053)	**(9,279)**	(84,326)
Gross profit		**5,381**	15,505	**—**	15,700	**5,381**	31,205
Other income	3	**1,256**	426	**—**	—	**1,256**	426
Other gains and losses	3	**(1,352,088)**	11,153	**1,626**	2,365	**(1,350,462)**	13,518
Selling and distribution costs		**(6,901)**	(8,113)	**—**	(8,036)	**(6,901)**	(16,149)
Administrative and other expenses		**(189,090)**	(14,361)	**(40)**	(7,972)	**(189,130)**	(22,333)
Finance costs	4	**(101,670)**	(5,147)	**—**	(1,270)	**(101,670)**	(6,417)
Share of results of associates		**—**	—	**276**	(773)	**276**	(773)
(Loss)/profit before income tax	5	**(1,643,112)**	(537)	**1,862**	14	**(1,641,250)**	(523)
Income tax	6	**(31)**	590	**—**	(33)	**(31)**	557
(Loss)/profit for the year		**(1,643,143)**	53	**1,862**	(19)	**(1,641,281)**	34
Attributable to:							
Owners of the Company		**(969,502)**	(3,322)	**1,862**	890	**(967,640)**	(2,432)
Minority interests		**(673,641)**	3,375	**—**	(909)	**(673,641)**	2,466
		(1,643,143)	53	**1,862**	(19)	**(1,641,281)**	34

CONSOLIDATED INCOME STATEMENT *(Continued)*

For the year ended 31 March 2010

	Notes	Total **2010**	2009 (Restated)
Loss per share			
From continuing and discontinued operations			
Basic (Hong Kong cents)	*8*	**211.75**	2.00
Diluted (Hong Kong cents)	*8*	**211.75**	2.00
From continuing operations			
Basic (Hong Kong cents)	*8*	**212.16**	2.73
Diluted (Hong Kong cents)	*8*	**212.16**	2.73

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Continuing operations		Discontinued operation		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(Loss)/profit for the year	**(1,643,143)**	53	**1,862**	(19)	**(1,641,281)**	34
Other comprehensive income for the year, net of tax:						
— Reclassification adjustment of contributed surplus and translation reserve upon disposal of interests in subsidiaries	**—**	—	**(3,069)**	(518)	**(3,069)**	(518)
— Exchange differences on translation of financial statements of foreign operations	**129,727**	3,398	**10**	283	**129,737**	3,681
Total comprehensive income for the year, net of tax	**(1,513,416)**	3,451	**(1,197)**	(254)	**(1,514,613)**	3,197
Attributable to:						
Owners of the Company	**(887,549)**	(146)	**(1,197)**	655	**(888,746)**	509
Minority interests	**(625,867)**	3,597	**—**	(909)	**(625,867)**	2,688
	(1,513,416)	3,451	**(1,197)**	(254)	**(1,514,613)**	3,197

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**19,671**	2,859
Prepayments for acquisition of property, plant and equipment		**3,925**	—
Goodwill	*9*	**13,210**	160,016
Other intangible assets	*10*	**1,536,802**	39,024
Interest in a jointly-controlled entity		**—**	—
Interests in associates		**—**	14,119
Direct costs for acquisition of subsidiaries		**—**	8,717
Promissory note receivable		**6,891**	—
		1,580,499	224,735
Current assets			
Inventories		**450**	341
Trade receivables	*11*	**10,619**	15,702
Other receivables, deposits and prepayments		**9,999**	4,722
Amount due from a minority equity holder of a subsidiary		**475**	463
Amounts due from related parties		**1,943**	2,241
Trading securities		**—**	587
Cash and cash equivalents		**60,148**	7,098
		83,634	31,154
Current liabilities			
Trade payables	*12*	**3,524**	3,128
Other payables, accrued expenses and trade deposits received		**12,470**	16,240
Balance of purchase consideration payable for acquisition of subsidiaries		**—**	67,600
Amount due to a former director of the Company		**—**	1,289
Amount due to a shareholder		**6,918**	—
Amount due to a director		**—**	5,496
Amount due to a related party		**1,039**	—
Tax payable		**1,272**	820
		25,223	94,573
Net current assets/(liabilities)		**58,411**	(63,419)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
Total assets less current liabilities	**1,638,910**	161,316
Non-current liabilities		
Convertible notes	**406,650**	—
Amount due to a shareholder	**133,586**	—
Promissory notes payables	**148,330**	5,320
Provision for close down, restoration and environmental costs	**1,617**	—
Deferred tax liabilities	**11,692**	9,756
	701,875	15,076
Net assets	**937,035**	146,240
EQUITY		
Share capital	**224,441**	29,135
Reserves	**538,484**	95,536
Equity attributable to owners of the Company	**762,925**	124,671
Minority interests	**174,110**	21,569
Total equity	**937,035**	146,240

NOTES TO THE FINANCIAL STATEMENTS

1. ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Group has adopted the following new/revised Hong Kong Financial Reporting Standards ("HKFRSs"), which in collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Interpretation 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) — Interpretation 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Interpretation 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Interpretation 18	Transfers of Assets from Customers

The adoption of the above new/revised HKFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods, except for certain presentational change as a result of adopting HKAS 1 (Revised). Comparative figures have been restated or included in these financial statements in order to achieve a consistent presentation. The statements of financial position, previously known as balance sheets, at the beginning of the year ended 31 March 2009 have not been presented as there were no changes to the originally published statements.

The amendments to HKFRS 7 expand the disclosures relating to fair value measurement for financial instruments that are measured at fair value and liquidity risk of financial liabilities. A three-level fair value hierarchy has been introduced to categorise the fair value measurements according to the degree they are based on observable market data. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision.

1. ADOPTION OF NEW AND REVISED STANDARDS *(Continued)*

The following new or revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010 [3]
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions [4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKFRS 3 (Revised)	Business Combinations [1]
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners [1]
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [5]
HKAS 24 (Revised)	Related Party Disclosures [6]
HKFRS 9	Financial Instruments [7]

Effective date:

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
[4] Effective for annual periods beginning on or after 1 January 2010
[5] Effective for annual periods beginning on or after 1 July 2010
[6] Effective for annual periods beginning on or after 1 January 2011
[7] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

HKFRS 8 "Operating Segments" replaces HKAS 14 "Segment Reporting" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires that disclosure of information about the Group's operating segments. It replaces the requirements under HKAS 14 to determine the primary (business) and secondary (geographical) reporting operating segments of the Group. Adoption of this standard did not have any effect on the Group's results of operations or financial position, as the Group has determined that the operating segments are substantially the same as the business segments previously identified under HKAS 14.

The Group's operating segments are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(i) Digital television technology services segment engages in the provision of digital television technology services, including sale of cable video-on demand systems, information broadcasting systems and embedded television systems.

(ii) Mining segment comprises the holding a mining right of a coal mine in Russia and will be engaged in mining of coal.

2. **SEGMENT INFORMATION** *(Continued)*

(iii) Garment and premium segment engaged in the manufacture and trading of garment and premium products. During the year, the Group disposed of its business of garment and premium. Accordingly, the business segment of garment and premium was classified as discontinued operation, and the comparative figures of this segment were re-classified from continuing operations to discontinued operation.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Inter segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Reportable segments

The following tables present revenue, results and certain asset, liabilities and expenditure information for the Group's reportable segments for the years ended 31 March 2010 and 2009.

For the year ended 31 March 2010

	Continuing operations				Discontinued operation	
	Digital television technology services *HK$'000*	Mining *HK$'000*	Corporate and others *HK$'000*	Total *HK$'000*	Garment and premium *HK$'000*	Consolidated total *HK$'000*
Reportable segment revenue						
Revenue from external customers	14,660	—	—	14,660	—	14,660
Reportable segment (loss)/profit	(160,134)	(1,829,441)	448,133	(1,541,442)	1,862	(1,539,580)
Loss on modification of convertible notes	—	—	(451,240)	(451,240)	—	(451,240)
Change in fair value of derivative component of convertible notes	—	—	910,520	910,520	—	910,520
Impairment loss on goodwill	(147,682)	—	—	(147,682)	—	(147,682)
Impairment loss on other intangible assets	—	(1,664,815)	—	(1,664,815)	—	(1,664,815)
Gains on disposal of subsidiaries	—	—	—	—	1,626	1,626
Gains on disposal of trading securities	—	—	119	119	—	119
Interest income from promissory note receivable	—	—	486	486	—	486
Share of results of associates	—	—	—	—	276	276
Income tax	(893)	918	6	31	—	31
Depreciation	(635)	(32)	(20)	(687)	(4)	(691)
Amortisation of other intangible assets	(3,244)	(126,310)	(361)	(129,915)	—	(129,915)
Allowance for doubtful trade receivables	(91)	—	—	(91)	—	(91)
Reportable segment assets	68,760	1,510,230	85,143	1,664,133	—	1,664,133
Additions to non-current assets	38	16,185	—	16,223	—	16,223
Reportable segment liabilities	(21,594)	(25,306)	(680,198)	(727,098)	—	(727,098)

2. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

For the year ended 31 March 2009

	Continuing operations			Discontinued operation	
	Digital television technology services *HK$'000*	Corporate and others *HK$'000*	Total *HK$'000*	Garment and premium *HK$'000*	Consolidated total *HK$'000*
Reportable segment revenue					
Revenue from external customers	25,778	—	25,778	89,753	115,531
Reportable segment (loss)/profit	(2,294)	7,120	4,826	1,040	5,866
Gains on disposal of property held for sale	—	10,074	10,074	—	10,074
Gains on disposal of property, plant and equipment and land use rights	—	1,431	1,431	690	2,121
Gains on disposal of subsidiaries	—	—	—	2,581	2,581
Gains on disposal of trading securities	—	46	46	—	46
Share of results of associates	—	—	—	(773)	(773)
Income tax	(590)	—	(590)	33	(557)
Depreciation	(221)	(19)	(240)	(415)	(655)
Amortisation of leasehold land and land use rights	—	(3)	(3)	(26)	(29)
Amortisation of other intangible assets	(2,908)	—	(2,908)	—	(2,908)
Impairment loss on inventories	—	—	—	(2,556)	(2,556)
Allowance for doubtful trade receivables	(398)	—	(398)	(906)	(1,304)
Reportable segment assets	220,448	9,717	230,165	25,182	255,347
Additions to non-current assets	2,792	—	2,792	55	2,847
Reportable segment liabilities	(87,912)	(11,231)	(99,143)	(9,679)	(108,822)

2. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities:

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**14,660**	115,531

	2010	2009
	HK$'000	*HK$'000*
Loss before income tax expenses and discontinued operation		
Reportable segment (loss)/profit	**(1,539,580)**	5,866
Unallocated corporate revenue	**—**	150
Unallocated corporate expenses	**—**	(122)
Finance costs	**(101,670)**	(6,417)
Consolidated loss before income tax expenses from continuing and discontinued operations	**(1,641,250)**	(523)

	2010	2009
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**1,664,133**	255,347
Unallocated corporate assets	**—**	542
Consolidated total assets	**1,664,133**	255,889

	2010	2009
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**(727,098)**	(108,822)
Unallocated corporate liabilities	**—**	(827)
Consolidated total liabilities	**(727,098)**	(109,649)

2. SEGMENT INFORMATION *(Continued)*

(b) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other then financial instruments and deferred tax assets (the "Specific non-current assets"):

	Revenue from external customers		**Specified non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
PRC	**14,660**	25,778	**72,768**	201,820
Russia	**—**	—	**1,500,796**	8,717
Others	**—**	—	**44**	65
	14,660	25,778	**1,573,608**	210,602
Discontinued operation				
PRC	**—**	234	**—**	14,119
Chile	**—**	63,906	**—**	—
Others	**—**	25,613	**—**	14
	—	89,753	**—**	14,133

(c) Information about major customers

For the year ended 31 March 2010, revenues from a customer of the digital television technology services segment had contributed to more than 10% of the Group's revenue amounting to HK$1,859,000. Other than this customer, there is no other customer whose revenue contributed to more than 10% of the Group's revenue.

For the year ended 31 March 2009, revenues from two customers of the garment and premium segment had contributed to more than 10% of the Group's revenue amounting to HK$30,531,000 and HK$15,556,000, respectively. Other than these customers, there is no other customer whose revenue contributed to more than 10% of the Group's revenue.

3. TURNOVER, OTHER INCOME AND OTHER GAINS AND LOSSES

Turnover, which is also the Group's revenue, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the net invoiced value of digital television technology services rendered during the year.

An analysis of the Group's turnover, other income and other gains and losses is as follows:

	Continuing operations		Discontinued operation		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover:						
Sale of goods	**—**	—	**—**	89,753	**—**	89,753
Provision of digital television technology services	**14,660**	25,778	**—**	—	**14,660**	25,778
	14,660	25,778	**—**	89,753	**14,660**	115,531
Other income:						
Interest income	**97**	97	**—**	—	**97**	97
Sundry income	**673**	329	**—**	—	**673**	329
Interest income from promissory note receivable	**486**	—	**—**	—	**486**	—
	1,256	426	**—**	—	**1,256**	426
Other gains and losses:						
Allowance for doubtful trade receivables	**(91)**	(398)	**—**	(906)	**(91)**	(1,304)
Impairment loss on goodwill	**(147,682)**	—	**—**	—	**(147,682)**	—
Impairment loss on other intangible assets	**(1,664,815)**	—	**—**	—	**(1,664,815)**	—
Change in fair value of derivative component of convertible notes	**910,520**	—	**—**	—	**910,520**	—
Loss on modification of convertible notes	**(451,240)**	—	**—**	—	**(451,240)**	—
Gains on disposal of property held for sale	**—**	10,074	**—**	—	**—**	10,074
Gains on disposal of property, plant and equipment and land use rights	**—**	1,431	**—**	690	**—**	2,121
Gains on disposal of subsidiaries	**—**	—	**1,626**	2,581	**1,626**	2,581
Gains on disposal of trading securities	**119**	46	**—**	—	**119**	46
Net exchange gain	**1,101**	—	**—**	—	**1,101**	—
	(1,352,088)	11,153	**1,626**	2,365	**(1,350,462)**	13,518

4. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expenses on:						
Bank loans and overdrafts wholly repayable within five years	**—**	—	**—**	239	**—**	239
Import and export loans wholly repayable within five years	**—**	4	**—**	193	**—**	197
Loan from a shareholder	**3,186**	—	**—**	—	**3,186**	—
Loan from a former director of the Company	**7**	—	**—**	63	**7**	63
Imputed interest on convertible notes	**83,078**	—	**—**	—	**83,078**	—
Imputed interest on promissory notes	**15,237**	5,125	**—**	—	**15,237**	5,125
	101,508	5,129	**—**	495	**101,508**	5,624
Bank charges	**162**	18	**—**	775	**162**	793
	101,670	5,147	**—**	1,270	**101,670**	6,417

5. (LOSS)/PROFIT BEFORE INCOME TAX

	Continuing operations		Discontinued operation		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(Loss)/profit before income tax is arrived at after charging:—						
Employees benefit expenses (excluding directors' remuneration):—						
Wages and salaries	**9,503**	5,925	**—**	281	**9,503**	6,206
Pension fund contributions	**681**	294	**—**	13	**681**	307
Equity-settled share option expense	**138**	—	**—**	—	**138**	—
	10,322	6,219	**—**	294	**10,322**	6,513
Amortisation of other intangible assets*						
— Mining right	**126,310**	—	**—**	—	**126,310**	—
— Customer base	**3,244**	2,908	**—**	—	**3,244**	2,908
— Technical know-how	**361**	—	**—**	—	**361**	—
Depreciation*	**687**	240	**4**	415	**691**	655
Amortisation of leasehold land and land use rights	**—**	3	**—**	26	**—**	29
Equity-settled share option expense to directors	**721**	—	**—**	—	**721**	—
Equity-settled share option expense to consultants	**—**	1,661	**—**	—	**—**	1,661
Auditor's remuneration	**1,693**	400	**—**	200	**1,693**	600
Minimum lease payments in respect of premises under operating leases	**5,208**	2,434	**—**	257	**5,208**	2,691
Loss on disposal of property, plant and equipment	**—**	—	**—**	75	**—**	75
Unrealised loss on trading securities	**—**	384	**—**	—	**—**	384
Net exchange losses	**—**	13	**—**	244	**—**	257
Cost of inventories sold*	**5,850**	6,903	**—**	71,202	**5,850**	78,105
Impairment loss on inventories (included in cost of sales)*	**—**	—	**—**	2,556	**—**	2,556

* Cost of sales disclosed on the face of the consolidated income statement represents cost of inventories sold, depreciation charges and other expenses of HK$185,000 (2009: HK$757,000), impairment loss on inventories of HK$Nil (2009: HK$2,556,000) and amortisation of other intangible assets of HK$3,244,000 (2009: HK$2,908,000).

6. INCOME TAX

Taxation in the consolidated income statement represents:

	Continuing operations		Discontinued operation		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Group:						
Current — Hong Kong						
Charge for the year	**6**	—	**—**	33	**6**	33
Current — Russia and other overseas						
Deferred taxation	**918**	—	**—**	—	**918**	—
Current — PRC						
Charge/(written back) for the year	**(82)**	137	**—**	—	**(82)**	137
Deferred taxation	**(811)**	(727)	**—**	—	**(811)**	(727)
	31	(590)	**—**	33	**31**	(557)

No provision for Hong Kong profits tax was made for the current year as the Hong Kong subsidiaries of the Group have no assessable profits for Hong Kong profits tax purposes in the current year. Provision for Hong Kong profits tax was calculated at 16.5% on the estimated assessable profits for the year ended 31 March 2009. Taxation for the Russian and other foreign operations are similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

7. DIVIDEND

The board of directors did not recommend the payment of any dividend for the year ended 31 March 2010 (2009: HK$Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the share consolidation subsequent to the end of reporting period. Basic and diluted loss per share amounts for the year ended 31 March 2009 have been restated to take into effect the share consolidation subsequent to the reporting period.

The calculation of diluted loss per share for the year is based on the loss for the year attributable to the owners of the Company. Weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Company's outstanding convertible notes and share options where applicable have an anti-dilutive effect to the basic loss per share calculation for the current and prior years, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore the basic and diluted loss per share calculations (i) from continuing and discontinued operations; and (ii) from continuing operations only for the respective years are the same.

For continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the ordinary owners of the Company is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculation	**967,640**	2,432

	Number of shares	
	2010	2009
		(Restated)
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculation	**456,973,246**	121,702,731

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(Continued)*

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Loss		
Loss attributable to the owners of the Company from continuing operations, used in the basic and diluted loss per share calculation	**969,502**	3,322

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

From discontinued operation

Basic earnings per share from discontinued operation is 0.41 Hong Kong cents and 0.73 Hong Kong cents per share for the year ended 31 March 2010 and 2009 respectively, based on the earnings for the current and prior year from discontinued operation of HK$1,862,000 and HK$890,000 respectively. The denominators used are the same as those detailed above for basic and diluted earnings per share from continuing and discontinued operations.

9. GOODWILL

	2010	2009
	HK$'000	*HK$'000*
At beginning of year:		
Cost	**179,474**	19,458
Acquisition of subsidiaries	**—**	205,041
Adjustment to the cost of acquisition	**—**	(47,875)
Disposal of subsidiaries	**(19,458)**	—
Accumulated impairment	**(147,682)**	(19,458)
Exchange realignments	**876**	2,850
Net carrying amount	**13,210**	160,016
Net carrying amount:		
At beginning of year	**160,016**	—
Acquisition of subsidiaries	**—**	205,041
Adjustment to the cost of acquisition	**—**	(47,875)
Impairment loss	**(147,682)**	—
Exchange realignments	**876**	2,850
At end of year	**13,210**	160,016
At 31 March:		
Cost	**160,892**	179,474
Accumulated impairment	**(147,682)**	(19,458)
Net carrying amount	**13,210**	160,016

10. OTHER INTANGIBLE ASSETS

	Mining right HK$'000	Customer base HK$'000	Technical know-how HK$'000	Total HK$'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	3,139,584	—	21,649	3,161,233
Exchange realignments	184,536	230	87	184,853
At 31 March 2010	3,324,120	42,215	21,736	3,388,071
Accumulated amortisation and impairment losses:				
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 year	126,310	3,244	361	129,915
Impairment loss	1,664,815	—	—	1,664,815
Exchange realignments	53,558	19	1	53,578
At 31 March 2010	1,844,683	6,224	362	1,851,269
Net carrying value:				
At 31 March 2010	1,479,437	35,991	21,374	1,536,802
At 31 March 2009	—	39,024	—	39,024

11. TRADE RECEIVABLES

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**11,109**	16,100
Less: allowance for doubtful debts	**(490)**	(398)
	10,619	15,702

The ageing analysis of the Group's trade receivables as at the end of the reporting period, based on invoice date, is as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**1,364**	8,074
31 to 60 days	**–**	1,604
61 to 90 days	**1,348**	2,398
Over 90 days	**8,397**	4,024
	11,109	16,100
Less: allowance for doubtful debts	**(490)**	(398)
	10,619	15,702

12. TRADE PAYABLES

The ageing analysis of trade payables of the Group at the end of reporting period, based on the invoice date, is as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**570**	1,370
31 to 60 days	**608**	387
61 to 90 days	**803**	88
Over 90 days	**1,543**	1,283
	3,524	3,128

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2010, the Group recorded a turnover of approximately HK$14.7 million (2009: HK$115.5 million), representing a decrease of approximately 87.3% as compared to the last year. The decrease in turnover was mainly due to the discontinued operations of garment and premium business in August 2009 and a drop in turnover of the business of digital television technology services. The turnover of the Group for the year under review was solely generated from digital television technology services. The negative financial impact as a consequence of the global financial crisis has deeply hindered the digital television technology services business. It had been facing a challenging time as the growth of the industry was not as rapid as expected. The turnover of the digital television technology services segment for the current period was approximately HK$14.7 million, representing a decrease of 43.1% as compared with the previous year of approximately HK$25.8 million.

The Group recorded a loss before income tax of approximately HK$1,641.3 million (2009: HK$0.5 million). The substantial loss of the Group was primarily attributable to the non-cash items of (i) the impairment loss on fair value of mining right acquired during the year of HK$1,664.8 million (2009: nil); (ii) impairment loss of goodwill of digital technology services business of HK$147.7 million (2009: nil); (iii) amortization of intangible assets in mining right of HK$126.3 million (2009: nil); (iv) loss on modification of convertible notes of HK$451.2 million (2009: nil); (v) imputed interest on convertible notes and promissory notes of HK$98.3 million (2009: nil); and (vi) gain from fair value adjustments on the derivative component of the Group's convertible notes, arising from the acquisition of the 90% equity interest in Langfeld Enterprises Limited ("Langfeld") and its subsidiary of HK$910.5 million (2009: nil). The aggregate of the above-mentioned accounting losses and gain amounted to a net loss of HK$1,577.8 million (2009: nil) which represents 96.1% of the Group's loss before income tax for the year. Loss attributable to owners of the Company was approximately HK$967.6 million (2009: HK$2.4 million).

Administrative and other expenses of the Group's continuing operations of HK$189.1 million, net of the above-mentioned amortization of intangible assets in mining rights of HK$126.3 million (2009: nil) for the year, amounted to approximately HK$62.8 million (2009: HK$14.4 million), representing an increase of approximately HK$48.4 million. Administrative expenses mainly comprised legal and professional expenses, consultancy fee, staff salaries and rental expenses.

The Board was of the opinion that the substantial loss incurred by the accounting loss mentioned above shall not have actual negative impact on the cashflow position of the Group.

OPERATION REVIEW

Coal Mining

In May 2009, the Group had completed the acquisition of 90% interests in Langfeld, which held 70% interest of its subsidiary, LLC "Shakhta Lapichevskaya" which, in turn, owns a coal mine in Russia Federation. In February 2010, the Group, through Langfeld, acquired the remaining 30% equity interest in LLC "Shakhta Lapichevskaya". During the period under review, the Group has engaged a Russian research institute, JSC "Kuzbassgiproshakht", to prepare mine construction plan and design. LLC "Shakhta Lapichevskaya" is processing the application of the new licence which covers the area of Lot 1, Lot 1 extension and Lot 2 in whole. As the coal mining business is still at the development stage, no turnover was recorded during the period under review.

Vertical Farming

On 3 March 2010, Grandvest International Limited ("Grandvest"), a wholly owned subsidiary of the Company, entered into an agreement with Grand Farm Development Limited ("Grand Farm"), SOFOCO Development Limited ("SOFOCO") and Mr. Sun Yichuan, pursuant to which, Grandvest agreed to subscribe for 23,334 new ordinary shares in SOFOCO. The subscription was completed within the reporting period. SOFOCO is currently owned as to 70% by Grandvest and 30% by Grand Farm. Accordingly, SOFOCO is accounted as a subsidiary of the Group. SOFOCO is principally engaged in vertical farming in the PRC. For the year ended 31 March 2010, SOFOCO had not commenced its business and recorded no turnover.

Digital Television Technology Services

The Group recorded revenue from digital television technology services of approximately HK$14.7 million (2009: HK$25.8 million) and a loss of approximately HK$160.1 million (2009: HK$2.3 million) during the period under review, of which HK$147.7 million was the impairment loss on goodwill due to accounting treatment. For the year ended 31 March 2010, revenue from digital television technology services accounted for 100% (2009: 22.3%) of the Group's turnover. The decrease in turnover was mainly due to (i) the reduction of price resulting from keen competition in the industry in the PRC; and (ii) the growth of the industry in the PRC market was not as high as expected when facing the negative global financial impact.

Garment and Premium Products

The Group disposed of the garment business in August 2009 and discontinued the garment and premium products segments. No turnover was recorded in the period under review.

Geographical

China is the Group's major market segment which accounted for 100% (2009: 22.52%) of the total revenue.

PROSPECTS

During the period under review, the Group is seeking for investment opportunities to enhance profitability. With the acquisition the remaining 30% equity interest of LLC "Shakhta Lapichevskaya", which owns a coal mine in the Russian Federation, the Group anticipates that it will not only improve the overall operation efficiency but further strengthen the Group's control over its coal resources in Russia. After taking into account the advice from JSC "Kuzbassgiproshakht", a Russian research institute for coal mining and coal company, the Directors agreed that in order to optimize the production and achieve an economics of scale, it was advisable for the Group to develop Lot 1, Lot 1 Extension and Lot 2 of the coal mine together. After acquiring the new license, the Group will start the preliminary infra-structure construction works in a conservative and prudent manner.

With the rapid growth in agricultural market and strong organic food market demand in the PRC, the Group entered into an agreement with Grand Farm Development Limited to subscribe shares of SOFOCO Development Limited in March 2010. The investment enables the Group to explore the agricultural business and invest in the organic food market in the PRC. The business will be basically conducted through a form of vertical farming which is a systemic mass production of agricultural products. Environmental factors, such as nutrients, light, and hydroponics are artificially controlled within a 24-hour monitored greenhouse. With the integration of photovoltaic-thin-film technology, solar energy can be more efficiently transformed and used in the greenhouse. In view of the strong domestic consumptions and an expectation on the appreciation of Renminbi, the Group foresees a high demand for mid-to-high end agricultural food in the PRC. The Group believed that the vertical farming business do have a promising prospect in the PRC.

In view of the loss incurred from the digital television technology business, the growth of the industry in the PRC market will not be as rapid as expected especially when the overall operating cost is getting higher, and competition within the industry is keen, the Group may consider focusing on the mineral resource business and other potential new business opportunities in the coming year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2010, the Group had net current assets of approximately HK$58.4 million (2009: net current liabilities HK$63.4 million). The Group's current ratio, being a ratio of current assets to current liabilities, was approximately 331.6% (2009: 32.9%). The Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was 7.4% (2009: nil).

The Group generally finances its operations with internally generated cash flows, and facilities provided by Cordia Global Limited ("Cordia"), the substantial shareholder of the Company and through the capital market available to listed companies in Hong Kong. The facility letter from cordia dated 25 May 2009 was revised on 21 October 2009.

In February 2010, the Company had successfully raised net proceeds of approximately of HK$56 million by placement of 2,000,000,000 new shares of HK$0.01 each at the price of HK$0.029 per share. The proceeds were used for the general working capital, repayment of non-current liabilities and the investments identified by the Group.

During the year under review, the Group recorded a net cash inflow of approximately HK$55.8 million (2009: net cash outflow of approximately HK$12.3 million), which increased the total cash and cash equivalents to approximately HK$60.1 million (2009: HK$7.1 million) as at the end of reporting period.

The Group will constantly review its financial resources in a cautious manner, and will consider various plans to enhance its financial strength. The Group believes that with the shareholders base being broadened, the financial position of the Group will improve.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's turnover, expenses, assets and liabilities are denominated in Hong Kong dollars ("HKD"), Renminbi ("RMB"), United States dollars ("USD") and Russia ruble ("RUB"). The exchange rates of RMB and USD against HKD remained relatively stable during the period under review. Certain expenses of the Group are denominated in RUB which fluctuated in a relatively greater extent in the period. Therefore, the exchange rate volatility of RUB against HKD may have favourable or adverse effect on the operating results of the Group.

The Group does not have intention to hedge its exposure from foreign currency exchange rate risk involving RUB. However, the Group will constantly review the exchange rate volatility, and may consider to use financial instruments for hedging when necessary.

INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 6 August 2009, the Group entered into a sale and purchase agreement with Mr. Cheung Keng Ching, a former director of the Group, to dispose of the Group's entire equity interests of Falcon Vision Limited and its subsidiaries, jointly controlled entities and associated companies ("Falcon Group") at a consideration of HK$9,600,000 as set out in the Company's announcement dated 6 August 2009. The disposal of Falcon Group was completed on 10 August 2009. The consideration was settled partly in cash of HK$1,920,000, with the balance settled by a promissory note issued to the Group by the purchaser. The cash consideration was fully received on completion of the disposal. The promissory note will mature in two years with interest being charged at Hong Kong Prime Rate plus 1% per annum (or 6% per annum, whichever is higher).

On 25 November 2009, the Group entered into a sale and purchase agreement with three Russian citizens, namely: Tannagashev Ilya Nikolaevich, Kochkina Ludmila Dmitrievna and Demeshonok Konstantin Yur' vich who respectively hold approximately 15.54%, 7.80% and 6.66% equity interests in LLC "Shakhta Lapichevskaya", an indirect non-wholly owned subsidiary of the Group. Pursuant to the sale and purchase agreement, the Group acquired the above 30% equity interest in LLC "Shakhta Lapichevskaya". This enables the Group to have full control over the Russia coal mine through its indirect non-wholly owned subsidiary, Langfeld Enterprises Limited. The Group had paid approximately US$4.1 million, being part of the consideration, to the vendors upon completion of the acquisition.

On 3 March 2010, Grandvest International Limited, a wholly owned subsidiary of the Group, entered into an agreement with Grand Farm Development Limited, SOFOCO Development Limited and Mr. Sun Yichuan, pursuant to which, Grandvest subscribed for 23,334 new ordinary shares in SOFOCO. The subscription has been completed, and SOFOCO is currently owned as to 70% by Grandvest and 30% by Grand Farm. Accordingly, SOFOCO is accounted for as a subsidiary of the Group during the year under review. The Group has already invested HK$16,000,000 SOFOCO upon completion of the subscription of its new shares.

CONTINGENT CONSIDERATIONS

As of 31 March 2010, the Group had the following contingent considerations payable for the acquisition of Lot 2 of the coal mine:

i) possible issuance of a convertible note of US$32,000,000 (equivalent to approximately HK$249,600,000); and

ii) possible issuance of another convertible note with the principal amount to be determined by an agreed formula (the "Formula") which, inter alia, takes into account the proven reserves and probable reserves of Lot 2 of the Coal Mine to be confirmed in a technical report to be issued by a technical expert. It is expected that the principal amount of this convertible note will range from the minimum amount of US$255,150,000 (equivalent to approximately HK$1,990,170,000) to the maximum amount of US$550,800,000 (equivalent to approximately HK$4,296,240,000).

CAPITAL COMMITMENTS

As of 31 March 2010, the Group had capital commitments in respect of the acquisition of additional equity interest of a subsidiary of approximately HK$42,083,000 (2009: nil) and property, plant and equipment of approximately HK$9,654,000 (2009: nil).

PLEDGE OF ASSETS

The Group had not pledged any of its assets for bank facilities as at 31 March 2010 or 31 March 2009.

SHARE OPTION SCHEMES

The Group has adopted share option scheme whereby Directors, employees and consultants of the Group may be granted options to subscribe for the new shares of the Company.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2010, the Group had approximately 80 staff in Hong Kong, the PRC and Russia.

The Group's remuneration policy is reviewed periodically and determined largely based on industry practice, company performance, and individual qualifications and performance. Remuneration packages comprised salary, commissions and bonuses based on individual performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year under review.

AUDIT COMMITTEE

The audit committee of the Company reviewed and commented on the Company's annual results for the year ended 31 March 2010.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules, except the deviations from the Code as described below:

1. Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be segregated and should not be performed by the same individual. During the period under review, Mr. Li Wing Sang has vested the roles of both deputy chairman and chief executive officer of the Group until Mr. Lim Ho Sok was appointed as the chairman on 16 June 2009 and the Company has complied with the Code A.2.1.

2. Under the code provision A4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. However, all of the independent non-executive directors ("INED") have not been appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those in the Code.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is required to be published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (http://www.hkex.com.hk) and the Company's website (http://www.ilinkfin.net/siberian_mining/) respectively. The annual report of the Company for the year ended 31 March 2010 will be dispatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 25 June 2010

As at the date of this announcement, the Board comprises Mr. Chiu Chi Hong, Mr. Li Wing Sang, Mr. Lim Ho Sok and Mr. Shin Min Chul as executive Directors and Mr. Liew Swee Yean, Mr. Tam Tak Wah and Mr. Yoshinori Suzuki as independent non-executive Directors.