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## **NORTH MINING SHARES COMPANY LIMITED**

**北方礦業股份有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 433)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF 100.00% EQUITY INTEREST IN THE TARGET COMPANY**

#### **THE ACQUISITION**

The Board is pleased to announce that on 25 August 2017, after trading hours, the Company entered into the Equity Transfer Agreement pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose the entire equity interests in the Target Company at the Consideration of HK\$430,000,000.

The Consideration shall be satisfied by the Company in the following manner:

- (i) a sum of HK\$230,000,000 being the Initial Deposit shall be paid to the Vendor within 7 Business Days upon signing of the Equity Transfer Agreement; and
- (ii) a balance of HK\$200,000,000 shall be paid to the Vendor on the Completion Date;

Completion of the Equity Transfer Agreement is conditional upon, among others, the conditions precedent set out in the Equity Transfer Agreement being satisfied on or before the Long Stop Date. The Vendor will cease to be a shareholder of the Target Company immediately upon the completion of the Acquisition.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Equity Transfer Agreement exceeds 5% but is/are less than 25%, the entering into of the Equity Transfer Agreement constitutes a discloseable transaction and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**As completion of the Equity Transfer Agreement is subject to certain conditions, the Acquisition contemplated thereunder may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **THE EQUITY TRANSFER AGREEMENT**

### **Date**

25 August 2017

### **Parties**

Purchaser: the Company

Vendor: Zhu Wei Min

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor is an Independent Third Party.

### **Assets to be acquired**

The equity interests to be acquired represents 100% equity interest of the Target Company, which is wholly-owned by Vendor.

### **Consideration**

The Consideration for the Acquisition is HK\$430,000,000 and shall be payable by the Company to the Vendor in the following manner:

- (i) a sum of HK\$230,000,000 being the initial deposit (the “**Initial Deposit**”) shall be paid to the Vendor within 7 Business Days upon signing of the Equity Transfer Agreement; and
- (ii) a balance of HK\$200,000,000 shall be paid to the Vendor on the Completion Date;

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the Company and the Vendor with reference to fair market value of 100% equity interest of the Project Company as of 30 June 2017 of HK\$430,000,000 as valued by a qualified independent valuer in Hong Kong. The Target Company is the sole shareholder of the Project Company.

In the event that the conditions precedent to the Acquisition has not been fulfilled (or waived by the Company) by the Long Stop Date, either the Company or the Vendor shall be entitled to terminate the Equity Transfer Agreement by giving written notice to the other whereupon the Vendor shall return the Initial Deposit in full to the Company within 10 Business Days from the date of the termination notice.

## **Conditions Precedent**

Completion of the Acquisition will take place on the Completion Date, which shall be conditional upon and subject to, among others,:

- i. the conduct of a due diligence investigation covering, among other things, the business, affairs, operations, financial condition and records of the Target Group having been completed and the results of such due diligence investigation being satisfactory to the Company at its sole and absolute discretion; and
- ii. all necessary statutory governmental and regulatory obligations shall have been complied with and all approvals, consents, authorisations, permissions, licences, agreements, exemptions and waivers (so far as are necessary) in relation to the transactions contemplated under the Equity Transfer Agreement shall have been obtained from the relevant governmental and regulatory authorities in PRC or any other regions if applicable.

The Company may at its absolute discretion at any time waive in writing any of the above conditions. For the avoidance of doubt, save as mentioned above, no other party to the Equity Transfer Agreement may waive any of the above conditions. If the conditions have not been fulfilled (or, where applicable, waived by the Company in writing) on or before the Long Stop Date, the Company may give termination notice to the Vendor in writing to terminate the Equity Transfer Agreement and its obligations thereunder with immediate effect. Unless otherwise specified in the Equity Transfer Agreement, no party to the Equity Transfer Agreement shall have any claim against or liability to the other party unless, save as those in respect of any antecedent breaches of the Equity Transfer Agreement.

## **Completion**

Completion shall take place within 10 Business Days after the fulfillment or waiver of the conditions precedent of the Equity Transfer Agreement (or such later date as the parties to the Equity Transfer Agreement may agree in writing).

## INFORMATION ON THE TARGET COMPANY

Set out below is the group structure of the Target Company:



The Target Company is a company incorporated in Hong Kong with limited liability and is wholly-owned by the Vendor. It is principally engaged in security construction, face recognition and courtyard management technology. Xinjiang Casiavision Security Technology Company Limited 新疆中科博杰安防科技有限公司 is an indirect wholly-owned subsidiary of the Target Company (the “**Project Company**”). The Project Company is an enterprise principally engaged in research and product development of face recognition technology and intelligent video analysis technology and application. The technology developed by the Project Company has been applied in different security systems for public security purposes.

The Project Company and its subsidiary are currently engaged into two public security projects in the PRC, namely Karamay PingAn City Project and Zhundong PingAn City Project. The Karamay PingAn City Project was entered into by the Project Company in 2016, pursuant to the relevant project contract, the Project Company is responsible for the construction and maintenance of the CCTV public security system for the Karamay municipal public security bureau. Another project, Zhundong PingAn City Project is a 10-year project awarded to the Project Company for the operation and maintenance of the security system in Zhundong.

Apart from the public security projects, the Project Company is also working closely and exclusively with the police and public security bureau in China to supply the security hardware devices such as CCTV system, terminal (可攜式警務終端) and their software product, which is an application on the Android Operating System.

Upon Completion, the Target Company, the PRC Company, the Project Company and the PRC Subsidiary (the “**Target Group**”) will become subsidiaries of the Company. Accordingly, the financial results of the Target Group will be consolidated into the financial results of the Group.

### **Financial information of the Target Company**

Set out below are the consolidated financial information of the Target Company extracted from the unaudited consolidated management accounts of the Target Company for the year ended 31 December 2015 and 31 December 2016, which have been prepared in accordance with the PRC Generally Accepted Accounting Principles:

	<b>The financial year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>(RMB)</i>	<i>(RMB)</i>
Net loss before taxation and extraordinary items	(1,653,415)	(2,568,125)
Net loss after taxation and extraordinary items	(1,653,415)	(2,568,125)

As at 31 May 2017, the unaudited consolidated net assets of the Target Company amounted to approximately RMB6,689,942 (equivalent to approximately HK\$7,779,000).

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in exploitation, exploration and trading of mineral resources and property management operations.

The stability of public security of Xinjiang will be in dispensable foundation to promote “One Belt One Road” as well as its economic development. Security in Xinjiang has been rely on the civil defense forces since many years ago, of which the standard are much lower than the level of first-tier cities in PRC.

Since the PRC government is particularly concerned about the public security in the Xin Jiang Autonomous Region (“**Xinjiang**”), the existing public security system shall be gradually upgraded into higher standard. It is believed that the optimisation of Xinjiang’s public security system would create a huge market demand on the related hardware and software devices.

According to the statistics released by the PRC government, the investment in fixed assets of Xinjiang accelerated rapidly to approximately RMB1.5 trillion in 2017 from RMB998.4 billion in 2016, which provide good environment for public security investment. Having considered potential growth in the PRC market of public security, it is expected that the future prospect of public security industry is optimistic. Therefore, the Directors believe that entering into of the Equity Transfer Agreement will provide an opportunity to the Group to provide a sustainable growth to the Company's assets and broaden the assets portfolio and income base of the Group, thus potentially greater return for the Shareholders.

Taking into account the benefits of the Acquisition, the Directors consider that the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable and the Equity Transfer Agreement are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Equity Transfer Agreement exceeds 5% but is/are less than 25%, the entering into of the Equity Transfer Agreement constitutes a discloseable transaction and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**As completion of the Equity Transfer Agreement is subject to certain conditions, the Acquisition contemplated thereunder may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“Acquisition”	the acquisition of the 100% equity interest of the Target Company by the Purchaser from the Vendor pursuant to the terms of the Equity Transfer Agreement
“Board”	the board of Directors
“Business Day”	a day (excluding any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business excluding Saturdays

“Company” or “Purchaser”	North Mining Shares Company Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Equity Transfer Agreement in accordance with the terms thereof
“Completion Date”	the day on which Completion takes place or such later date as the parties to the Equity Transfer Agreement may agree in writing)
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Consideration”	the consideration of HK\$430,000,000 payable by the Company to the Vendor pursuant to the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the conditional equity transfer agreement dated 25 August 2017 entered into between the Company and the Vendor in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parity(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	8 September 2017 or such other date(s) as may be agreed in writing by the Vendor and the Purchaser from time to time on which the conditions precedent shall be fulfilled
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.016 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Gold Pearl Investment Limited

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board of  
**North Mining Shares Company Limited**  
**Yang Ying Min**  
*Chairman*

Hong Kong, 25 August 2017

*As at the date of this announcement, the Board of the Company comprises Mr. Yang Ying Min, Mr. Qian Yi Dong and Mr. Zhang Jia Kun as Executive Directors; and Mr. William Fong, Mr. Leung Kar Fai and Dr. Cheng Chak Ho as Independent Non-executive Directors.*

\* *For identification purposes only*