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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 51% EQUITY INTEREST IN THE TARGET COMPANY**

#### **THE ACQUISITION**

The Board is pleased to announce that on 19 September 2017, after trading hours, the Purchaser, a wholly-owned subsidiary of the Company entered into the Equity Transfer Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to dispose in aggregate 51% equity interests in the Target Company for a total Consideration of RMB40,800,000.

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

- (1) A deposit of RMB5,000,000 shall be paid to Shanghai Bangzheng upon signing of the Equity Transfer Agreement, and the balance of RMB35,000,000 shall be paid to Shanghai Bangzheng within seven (7) Business Days after completion of the registration of the transfer of the Sale Interests with the local administration of industry and commerce department.
- (2) RMB800,000 shall be paid to Nanjing Shuangning within seven (7) Business Days after completion of the registration of the transfer of the Sale Interests with the local administration of industry and commerce department.

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.

## **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**

19 September 2017 (after trading hours)

### **Parties**

Purchaser: 上海乘礪實業有限公司 (Shanghai Chenglong Shiye Company Limited\*), a wholly-owned subsidiary of the Company

Vendors: (1) Shanghai Bangzheng  
(2) Nanjing Shuangning

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendors are Independent Third Parties of the Company.

### **Assets to be acquired**

The Sale Interests to be acquired represents in aggregate 51% of the registered capital of the Target Company, which is owned as to 50% by Shanghai Bangzheng and 1% by Nanjing Shuangning.

### **Consideration**

The Consideration for the Acquisition is RMB40,800,000 and subject to Completion shall be payable by the Purchaser to the Vendors in cash in the following manners:

- (1) The Purchaser shall pay the deposit of RMB5,000,000 to Shanghai Bangzheng upon signing of the Equity Transfer Agreement, and the balance of RMB35,000,000 shall be paid to Shanghai Bangzheng within seven (7) Business Days after completion of the registration of the transfer of the Sale Interests with the local administration of industry and commerce department.

- (2) The Purchaser shall pay RMB800,000 to Nanjing Shuangning within seven (7) Business Days after completion of the registration of the transfer of the Sale Interests with the local administration of industry and commerce department.

### **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 Vendors having observed all the pre-completion undertakings set out in the Equity Transfer Agreement;
- (ii) from the date of the Equity Transfer Agreement up to and including the Completion Date the representations and warranties given by the Vendors in the Equity Transfer Agreement remaining true, accurate and not misleading;
- (iii) from the date of the Equity Transfer Agreement up to and including the Completion Date there being no events which have material adverse effect on the Target Company;
- (iv) the conduct of a due diligence investigation covering, among other things, the business, affairs, operations, financial condition and records of the Target Company having been completed and the results of such due diligence investigation being satisfactory to the Company at its sole and absolute discretion; and
- (v) 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 Purchaser 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 Purchaser in writing) on or before the Long Stop Date, the Purchaser may give termination notice to the Vendors in writing to terminate the Equity Transfer Agreement and the 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 seven (7) Business Days after the fulfillment or waiver of the conditions precedent of the Share Transfer Agreement (or at such other date as the parties to the Share Transfer Agreement may agree in writing).

## **The Purchaser's Post-Completion Undertaking**

The Purchaser undertakes to the Vendors that it shall procure and finance the Target Company to repay on or before 30 September 2017 in full the related party loan extended to the Target Company by an affiliate of one of the Vendors. At present, such related party loan amounts to RMB27,000,000.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in the PRC with limited liability and is currently owned as to 50% by Shanghai Bangzheng and 50% by Nanjing Shuangning. It is principally engaged in research and development, sales and marketing of chemical products (apart from dangerous chemicals) and the provision of the related technical services.

Shanghai Bangzheng is an enterprise established in the PRC which is principally engaged in real property investments, investment management, sales and marketing planning, asset management and planning of corporate merger and restructuring.

Nanjing Shuangning is an enterprise established in the PRC whose activities include the sale of dangerous chemicals (items set out in the dangerous chemical products license), resin, the research and development and sale of chemical products and the technical service. Nanjing Shuangning is holding the remaining 49% interest in the Target Company after Completion.

## **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>For the year ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>(RMB)</b>	<b>(RMB)</b>
Net loss before taxation and extraordinary items	(6,986,834)	26,661,438
Net loss after taxation and extraordinary items	(6,986,834)	28,173,363

As at 30 June 2017, the unaudited consolidated net assets of the Target Company amounted to approximately RMB156,461,000 (equivalent to approximately HK\$185,312,500).

Upon Completion, the Target Company will become an indirect non wholly-owned subsidiary of the Company. Accordingly, the financial results of the Target Company will be consolidated into the financial results of the Group.

## **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 Board is of the view that the Acquisition will enable the Group to diversify the Group's business in a realm with potential growth opportunity and the Group considers that the investment in the Target Company will provide another source of income to the Group. This represents a unique opportunity for the Company to invest into a quality company engaging in research and development, sales and technical services of non-hazardous chemical products so as to diversify its business portfolio. As to the best knowledge of the Group, the senior management of the Target Company has substantial experience in that industry.

Having considered the above, the Board believes that the Acquisition will provide opportunity to the Group to diversify its business and to enhance the return to Shareholders.

Based on the above and with reference to the prospects of the Target Company, the Board considers that the terms of the Acquisition, which were determined after arm's length negotiations among the parties thereto, are normal commercial terms, fair and reasonable and 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 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.

**Completion is subject to the fulfillment (or waiver) of the conditions precedent set out in the Equity Transfer Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Acquisition”	the proposed acquisition of the Sale Interests by the Company from the Vendors pursuant to the Agreement
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday) on which banks generally open for normal banking business in Hong Kong
“Company”	North Mining Shares Company Limited, a company incorporated in the Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement

“Completion Date”	7 Business Days after the fulfillment or waiver of the conditions under the Equity Transfer Agreement (or at such other date as the Company and the Vendors may agree in writing)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB40,800,000, being the total consideration for the Acquisition pursuant to the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the conditional equity transfer agreement dated 19 September 2017 entered into between the Purchaser and the Vendors in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(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”	31 December 2017 (or such later date as the Purchaser and the Vendors may agree in writing)
“Nanjing Shuangning”	南京雙寧樹脂科技有限公司 (Nanjing Shuangning Resin Technology Company Limited)*
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Purchaser”	上海乘礪實業有限公司 (Shanghai Chenglong Shiye Company Limited*), a wholly-owned subsidiary of the Company
“Sale Interests”	an aggregate of 51% of the registered capital of the Target Company to be acquired by the Purchaser from the Vendors
“Shanghai Bangzheng”	上海邦正投資有限公司 (Shanghai Bangzheng Investment Company Limited)*
“Share(s)”	ordinary shares of HK\$0.016 each in the share capital of the Company

“Shareholders”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	安徽同心化工有限公司 (Anhui Tongxin Chemical Company Limited)*
“Vendors”	collectively Nanjing Shuangning and Shanghai Bangzheng
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 19 September 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*