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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)

FURTHER ANNOUNCEMENT — PROFIT FORECAST IN RELATION TO DISCLOSEABLE TRANSACTION

Reference is made to the announcement of the Company dated 25 August 2017 (the “**Announcement**”) in relation to the acquisition of 100% equity interest (the “**Acquisition**”) in Gold Pearl Investment Limited (the “**Target Company**”) and the announcements dated 15 September 2017, 25 September 2017, 16 October 2017 and 19 October 2017 respectively in relation to the delay in publication of further announcement in respect of the profit forecast. Unless otherwise stated, terms defined in the Announcement have the same meanings when used in this announcement.

KMA Consulting Limited (the “**Valuer**”), an independent valuer, was engaged by the Company to assess the fair market value of 100% equity interest of the Project Company (the “**Valuation**”). The Valuer has adopted the income approach as the valuation method. The income approach is based on the discounted future estimated cash flows method which projects the future earnings of the Project Company. Therefore, the valuation report (the “**Valuation Report**”) prepared by the Valuer constitutes a profit forecast under Rule 14.61 of the Listing Rules. This announcement is made pursuant to the requirements under Rules 14.60A and 14.62 of the Listing Rules in relation to the profit forecast.

ASSUMPTIONS OF VALUATION

The principal assumptions, including commercial assumptions, upon which the Valuation Report was based (the “**Assumptions**”) are as follows:

- The principal businesses of the Project Company will not change significantly in the foreseeable future.
- Good and marketable title to the business interests and assets being appraised is assumed.

* *For identification purposes only*

- There will be no major changes in the political, legal, fiscal, technological, economic and market conditions in the localities in which the Project Company operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Project Company.
- There will be no major changes in the current taxation laws in the localities in which the Project Company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with.
- There will be no material changes in the relevant market return, market risk, interest rates and exchange rates that would impact the Project Company's business operation.
- The market data, industrial information and statistical figures obtained from Bloomberg and other publicly available sources are true and accurate.
- The Project Company has obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the Project Company operates or intends to operate would be officially obtained and renewable upon expiry.
- The Project Company will continue to operate as a going concern and the core operation of the Project Company will not differ materially from those of present or expected.
- The information and estimates provided and the representations made by management of the Project Company and/or their representatives (the "**Local Management**") and the management of the Company and/or their representatives (the "**Management**") with regard to the Project Company's financial and business affairs are accurate and reliable.
- There are neither undisclosed assets/liabilities or unusual obligations/substantial commitments, other than normal business courses as reflected in financial statements of the Project Company, nor any litigation issues pending or threatened as of 30 June 2017, would have significant impact on the values of the Project Company.
- The cash flow projection prepared by the Local Management is reasonable, reflecting market conditions and economic fundamentals, and will be materialized.
- The cash flow projection in respect of the Project Company has been prepared on a reasonable basis that has been arrived at after due and careful consideration by Local Management and Management.
- The Project Company has acquired, or will acquire, adequate financial capital for the investments in projected capital expenditure and working capital from time to time, and any scheduled interest or repayment of loan and payable will be paid on time.

- We have been provided the YTD17 financial statements as of 31 May 2017 while the valuation date is 30 June 2017. Without further information provided to us, in the Valuation, the financial position of the Project Company as of the valuation date was assumed to have no material differences from that of 31 May 2017.
- The senior management of the Project Company will implement only those prospective financial and operational strategies that will maximize the efficiency of the operation of the Project Company.
- The senior management of the Project Company has sufficient knowledge and experience in respect of the operation of the Project Company, and the turnover of any director, management or key person will not affect the operation of the Project Company.
- The senior management of the Project Company has adopted reasonable and appropriate contingency measures against any human disruption such as fraud, corruption and strike, and the occurrence of any human disruption will not affect the operation of the Project Company.
- The senior management of the Project Company has adopted reasonable and appropriate contingency measures against any natural disaster such as fire, flood and hurricane, and the occurrence of any natural disaster will not affect the operation of the Project Company.
- In the event actual events do not accord with one or more of the above assumptions, the resulting value of the Project Company may vary substantially from the figure as set out in the Valuation Report.

DIRECTORS' CONFIRMATION

Elite Partners CPA Limited (“**Elite Partners**”), the Company’s auditors, has examined the calculations of the discounted future estimated cash flows, which do not involve the adoption of accounting policies, on which the Valuation prepared by the Valuer was based.

Elite Partners has reported to the Directors that, so far as the calculations of the discounted future estimated cash flows on which the Valuation was based are concerned, the discounted future estimated cash flow has been properly compiled in all material respects in accordance with the Assumptions. The work performed by Elite Partners have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows, and thus the Valuation, are based.

The Directors have reviewed the bases and assumptions based upon which the Valuation was prepared by the Valuer. The Directors have also considered the letter from Elite Partners. On the basis of the foregoing, the Directors have confirmed that they are satisfied that the Valuation prepared by the Valuer in the Valuation Report has been made after due and careful enquiry.

A letter from Elite Partners dated 26 October 2017 in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Directors dated 27 October 2017 in compliance with Rule 14.62(3) of the Listing Rules have been submitted to the Stock Exchange, the texts of which are included in Appendix 1 and Appendix 2 to this announcement, respectively.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinions in their respective reports are as follows:

Name	Qualification
Elite Partners CPA Limited	Certified Public Accountant
KMA Consulting Limited	Independent professional valuer

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Valuer and Elite Partners is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither the Valuer nor Elite Partners has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. Each of the Valuer and Elite Partners has given and has not withdrawn its respective written consent to the issue of this announcement with inclusion of its name, statements and all references to its name (including its qualification) in the form and context in which they are included.

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

Hong Kong, 27 October 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.

APPENDIX 1 — LETTER FROM ELITE PARTNERS CPA LIMITED

26 October 2017
The Board of Directors
North Mining Shares Company Limited
Rooms 1505–7, 15/F.,
Shui On Centre,
6–8 Harbour Road, Wanchai, Hong Kong

Dear Sirs,

North Mining Shares Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”)

Comfort letter on profit forecast underlying the valuation of the acquisition of the 100% equity interest of Gold Pearl Investment Limited (the “Target Company”) and its subsidiaries (the “Target Group”) (the “Acquisition”) in connection with discloseable transaction of the Group

We report on the calculations of the discounted future estimated cash flows on which the valuation (the “Valuation”) report dated 16 August 2017 prepared by KMA Consulting Limited in respect of the Valuation of the transaction in connection with proposed acquisition of the 100% equity interest of the Target Company and its subsidiaries, as published in the Company’s announcement dated 25 August 2017 (the “Announcement”). Capitalised terms used in this letter have the same meanings as defined in the Announcement of the Company dated 25 August 2017 unless the context otherwise requires.

The Valuation which is determined based on the discounted cash flows and is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THE REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows for the Valuation which is regarded as a profit forecast under Rule 14.62 of the Listing Rules.

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. The discounted future estimated cash flows do not involve the adoption of accounting policies.

The discounted future estimated cash flows depend on future events and on a number of bases and assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Consequently, we have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows, and thus the Valuation, are based.

BASIS OF OPINION

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Forecast in accordance with the assumptions made by the directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We accept no responsibility to any other person in respect of, arising out of in connection with our work. Our work does not constitute any valuation of the Acquisition. Accordingly, we do not express an audit opinion.

OPINION

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company.

Yours faithfully,

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong

APPENDIX 2 — LETTER FROM BOARD OF DIRECTORS

27 October 2017

The Listing Division
The Stock Exchange of Hong Kong Limited
11/F., One International Finance Centre
1 Harbour View Street
Hong Kong

Dear Sirs,

We refer to the announcement of the Company dated 25 August 2017 in relation to the acquisition of 100% equity interest (the “**Acquisition**”) in the Target Company (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We also refer to the valuation report (the “**Valuation Report**”) prepared by KMA Consulting Limited (the “**Valuer**”) regarding the valuation of the fair market of the 100% equity interest of the Project Company. The Valuation constitutes a profit forecast pursuant to Rule 14.61 of the Listing Rules.

We have reviewed the bases and assumptions based upon which the Valuation was prepared by the Valuer, and have reviewed the Valuation for which the Valuer is responsible. We have also considered the report from Elite Partners CPA Limited, the Company’s auditors, confirming that, so far as the calculations of the discounted future estimated cash flows on which the Valuation was based are concerned, the discounted future estimated cash flow has been properly compiled in all material respects in accordance with the bases and assumptions upon which the Valuation Report was based.

On the basis of the above, we are of the opinion that the Valuation prepared by the Valuer has been made after due and careful enquires.

Yours faithfully,
For and on behalf of the board of directors of
North Mining Shares Company Limited
Yang Ying Min
Chairman