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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)**

### **MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE DEBT RESTRUCTURING**

This announcement is made by the Board pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 30 December 2018 in relation to, amongst others, the Standstill Deed regarding the Convertible Notes and the negotiation with the Noteholder.

The Board announces that on 18 January 2019 (after trading hours), the Company entered into the non-legally binding MOU with the Noteholder in relation to the Possible Debt Restructuring.

**The Board wishes to emphasize that no binding agreement in relation to the Possible Debt Restructuring has been entered into as at the date of this announcement. As such, the Possible Debt Restructuring may or may not proceed. Further announcement in respect of the Possible Debt Restructuring will be made by the Company in the event that any Formal Agreement has been signed.**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance Cap. 571 of the Laws of Hong Kong).

## **MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE DEBT RESTRUCTURING**

Reference is made to the announcement of the Company dated 30 December 2018 in relation to, amongst others, the Standstill Deed regarding the Convertible Notes and the negotiation with the Noteholder.

The Board announces that on 18 January 2019 (after trading hours), the Company entered into the non-legally binding MOU with the Noteholder in relation to the Possible Debt Restructuring.

Date: 18 January 2019 (after trading hours)

Parties: (i) The Company  
(ii) The Noteholder

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, each of the Noteholder and its ultimate beneficial owners are an Independent Third Parties.

### **Major terms of the MOU**

#### ***Capitalisation and Shares Subscription***

The parties to the MOU agree in principle to convert part or all of the principal of the Convertible Notes held by the Noteholder into the new Shares of the Company. In addition, in order to improve the Company's financial position, the Noteholder intends to subscribe for new Shares of the Company in cash. The parties to the MOU will negotiate in good faith the amount of debt to be capitalised and the number of new subscription shares and subscription price in accordance with the market conditions and in compliance with laws and regulations including the Listing Rules and the Takeover Code.

#### ***Exclusivity and binding effect***

The Company will not, and will procure its directors, officers, employees, representatives and agents will not, directly or indirectly, for a period of 60 days from the date of the MOU: (i) solicit, initiate or encourage inquiries or offers from; or (ii) initiate and continue negotiations or discussions with or furnish any information to; or (iii) enter into any agreement or settlement of intent or understanding with, any person or entity other than the Noteholder with respect to transactions contemplated under the MOU and/or similar transactions.

### ***Formal agreement***

The Noteholder and the Company shall negotiate in good faith to procure that the Formal Agreement be entered into as soon as possible and in any event, on or before the date falling 60 days from the date of execution of the MOU or such later date as the parties thereto may agree.

If the Noteholder and the Company fail to enter into the Formal Agreement within 60 days (or a later date as the parties thereto may agree) after the date of the execution of the MOU, the MOU shall lapse and none of the parties shall have any obligations towards each other (save for any antecedent breach). For the avoidance of doubt, the termination of the MOU does not prejudice any of the Noteholder's rights under the Standstill Deed.

**The Board wishes to emphasize that no binding agreement in relation to the Possible Debt Restructuring has been entered into as at the date of this announcement. As such, the Possible Debt Restructuring may or may not proceed. Further announcement in respect of the Possible Debt Restructuring will be made by the Company in the event that any Formal Agreement has been signed.**

### **DEFINITIONS**

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

<b>“Board”</b>	the board of Directors
<b>“Company”</b>	North Mining Shares Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 433)
<b>“connected person”</b>	has the meanings as ascribed to it under the Listing Rules
<b>“Convertible Notes”</b>	10% convertible notes in the aggregate principal amount of HK\$250 million due 2018, which were issued by the Company to the Original Subscriber pursuant to the conditional subscription agreement dated 8 December 2016 entered into between the Company and the Original Subscriber and subsequently novated to the Noteholder pursuant to a deed of novation entered into between the Original Subscriber, the Company and the Noteholder
<b>“Director(s)”</b>	director(s) of the Company

<b>“Formal Agreement”</b>	the formal subscription agreement which may or may not be entered into in relation to the Possible Debt Restructuring
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC
<b>“Independent Third Party(ies)”</b>	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“MOU”</b>	the memorandum of understanding dated 18 January 2019 entered into between the Company and the Noteholder setting out preliminary understanding in relation to the Possible Debt Restructuring
<b>“Noteholder”</b>	廣州基金國際股權投資基金管理有限公司(Sfund International Investment Fund Management Limited), a company incorporated in Hong Kong
<b>“Original Subscriber”</b>	Shanghai Huiyin Hanfei Equity Investment Fund Management Company Limited* (上海滙垠翰非股權投資基金管理有限公司), a company incorporated in the PRC with limited liability and is owned as to 40% by Guangzhou Industrial Investment Fund Management Co., Ltd.* (廣州產業投資基金管理有限公司)
<b>“Possible Debt Restructuring”</b>	the proposed debt restructuring to be implemented by the Company to settle the indebtedness of the Company
<b>“PRC”</b>	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“Share(s)”</b>	ordinary share(s) of the Company
<b>“Shareholder(s)”</b>	holder(s) of the issued Share(s)

<b>“Standstill Deed”</b>	the standstill deed dated 28 December 2018 and entered into between the Company and the Noteholder pursuant to which (among other terms) the maturity date of the Convertible Notes was agreed to be extended to 28 September 2019, on and subject to certain terms and conditions therein
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Takeovers Code”</b>	the Hong Kong Code on Takeovers and Mergers
<b>“%”</b>	per cent.

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

Hong Kong, 18 January 2019

*As at the date of the announcement, the Board comprises Mr. Yang Ying Min, Mr. Qian Yi Dong, Mr. Zhang Jia Kun and Mr. Zhao Jian as executive Directors; and Mr. William Fong, Mr. Leung Kar Fai and Dato Dr. Cheng Chak Ho as independent non-executive Directors.*

\* *For identification purpose only*