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## **NORTH MINING SHARES COMPANY LIMITED**

### **北方礦業股份有限公司**

*(Provisional Liquidators Appointed)*

*(For Restructuring Purposes)*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 433)**

## **EXECUTION OF SETTLEMENT AGREEMENT FOR THE WINDING UP PETITIONS IN THE BERMUDA AND HONG KONG**

This announcement is made by North Mining Shares Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

References are made to the announcements of the Company dated 12 July 2019, 25 July 2019, 21 August 2019, 26 August 2019, 30 September 2019, 14 October 2019, 30 October 2019, 3 November 2019, 4 November 2019, 18 November 2019 and 13 February 2020 in relation to, among others, (1) the winding-up petition presented by Natu Investment Management 1 Company Limited (the “**Petitioner**”) in the Court of First Instance of the High Court of Hong Kong (the “**Hong Kong Petition**”) against the Company for the outstanding balance of principal, with interest accrued of the note dated 20 September 2017 in the principal amount of HK\$170,000,000 (the “**Note**”) and a supplementary agreement dated 20 March 2018 (the “**Supplementary Agreement**”) (which is being disputed by the Company and the Petitioner) and (2) the winding up petition and the application for appointment of provisional liquidators on a light touch basis for restructuring purposes only in the Supreme Court of Bermuda (the “**Bermuda Petition**”) presented by the Company.

The board of directors of the Company (the “**Board**”) is pleased to announce that on 7 June 2020 (the “**Execution Date**”), the Company entered into a settlement agreement with the Petitioner for an out-of-court settlement of the Hong Kong Petition (the “**Settlement Agreement**”).

## **The Hong Kong Petition**

As at the Execution Date, the Company and the Petitioner agree and confirm that for the purposes of the Settlement Agreement the outstanding total balance is HK\$119,948,632.00 (the “**Indebtedness**”), being the principal of the Note in the amount of HK\$106,596,344.67 (the “**Principal**”) and interest in the sum of HK\$13,352,287.33 accrued in accordance with the amended interest rate mentioned below.

According to the Settlement Agreement, the Company agrees to repay to the Petitioner the Indebtedness in the manner as set out in the Settlement Agreement in full and final settlement, satisfaction and discharge of its claim (inclusive of the Petitioner’s legal costs in the Hong Kong Petition and in the Bermuda Petition) against the Company in the Hong Kong Petition.

Pursuant to the Settlement Agreement, the Company and the Petitioner agree to make the payments to settle the Indebtedness and calculate interest payable in the following manner:-

- (a) the interest on the Principal shall accrue from the issue date of the Note (i.e. 20 September 2017) and up to and including 19 March 2018 at the rate of 12% per annum and shall accrue from 20 March 2018 up to the full repayment at the rate of 18% per annum;
- (b) the interest on the Principal shall be computed on the basis of a 365-day year and accrue daily and be calculated on the basis of the actual number of days elapsed; and
- (c) the Indebtedness shall be satisfied in the following manner:-
  - (i) the Company shall deposit a cashier order issued by a licensed bank in the People’s Republic of China in the sum of the RMB equivalent of HK\$15,000,000 (the “**Cashier Order**”), with an independent third party jointly appointed by the Company and the Petitioner (the “**Third Party**”) within one working day of banks in Hong Kong (excluding Saturdays, Sundays and Hong Kong public holidays) (the “**Business Day**”) after the Execution Date (the “**1st Instalment**”). The 1st Instalment shall be released to the Petitioner immediately after the High Court of Hong Kong orders to dismiss the Hong Kong Petition (whether made orally, in writing, or in any other form and no objection may be raised in any event);

- (ii) the Company shall pay the Petitioner HK\$15,000,000 (or its RMB equivalent if acceptable by the Petitioner) on each of the dates falling the expiry, of six months, twelve months and eighteen months from the Execution Date (if the relevant payment date is not a Business Day, the following Business Day) (the “**Subsequent Instalments**”); and
- (iii) the Company shall pay the Petitioner the remaining outstanding Indebtedness provided that the 1st Instalment and the Subsequent Instalment shall have been repaid in full in accordance with clauses (c) (i) and (c) (ii) above on the second anniversary date of the Execution Date (if the payment date is not a Business Day, the following Business Day).

If the Company fails to repay on the relevant repayment dates in the manner specified above, it will be considered in default. For the avoidance of doubt, if the Petitioner (for any reason other than the Petitioner) fails to receive the 1st Instalment, the Petitioner has the right to immediately enforce its rights under the Note and the Supplementary Agreement (regardless of whether the Company and the Petitioner dispute existence of the Settlement Agreement and its terms) and recover the outstanding principal and interest calculated in accordance with the terms and the calculation method in the Note and the Supplementary Agreement from the Company.

The Settlement Agreement further sets out that the Company shall send a letter to the opposing creditors in the Hong Kong Petition to obtain their agreement to the terms and conditions of the Settlement Agreement (including but not limited to the amount of the Indebtedness and the repayment schedule) on or before the next Business Day following the Execution Date, and arrange their legal representative to endorse by way of a consent summons in the agreed form (the “**Consent Summons**”) to (1) dismiss the Hong Kong Petition; (2) to vacate the hearing for the Hong Kong Petition returnable on 17 June 2020 at 10:00 a.m. before the Honourable Mr. Justice Harris with one day reserved; and (3) to ask for no order as to costs of the Hong Kong Petition, including costs of the Consent Summons as soon as practicable after the Execution Date. The Petitioner agrees to endorse the Consent Summons within one business day after the Petitioner receives the written acknowledgement of receipt of the Cashier Order from the Third Party and the Consent Summons is signed by the respective legal representatives of the Company and all of the opposing creditors and to provide the signed Consent Summons to the legal representatives of the Company on the same day.

In consideration of the Petitioner agreeing to enter into the Settlement Agreement, the Company irrevocably and voluntarily agrees to instruct its Bermuda legal representative to withdraw the Bermuda Petition (the “**Withdrawal of the Bermuda Petition**”) by way of summons within three Business Days after the Execution Date. The Petitioner agrees (1) not to oppose the Withdrawal of the Bermuda Petition; (2) not to substitute as the petitioner to continue perusing the Bermuda Petition; and (3) agrees to no order as to costs in relation to the entirety of the Bermuda Petition.

The Hong Kong legal representative of the Company in respect of the Hong Kong Petition shall be responsible for filing of consent summons to the High Court of Hong Kong for dismissal of the Hong Kong Petition. The Bermuda legal representative of the Company shall be responsible for taking out summons in the Supreme Court of Bermuda for withdrawal of the Bermuda Petition.

The Company will invoke further announcements to update the progress of the withdrawal of the Hong Kong Petition and the Bermuda Petition as and when appropriate.

By order of the Board  
**North Mining Shares Company Limited**  
*(Provisional Liquidators Appointed)*  
*(For Restructuring Purposes)*  
**Yang Ying Min**  
*Chairman*

Hong Kong, 7 June 2020

*As at the date of this announcement, the Board of the Company comprises Mr. Yang Ying Min, Mr. Qian Yi Dong, Mr. Zhang Jia Kun and Mr. Zhao Jian as Executive Directors; and Mr. Wong Wai Chun Alex, Dato Dr. Cheng Chak Ho and Mr. Yeung Yat Chuen as Independent Non-executive Directors.*