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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)**

**(1) ISSUE OF THE CONVERTIBLE  
NOTES UNDER SPECIFIC MANDATE,  
THE PROMISSORY NOTES  
AND THE PENALTY NOTES;  
AND  
(2) PROPOSED INCREASE IN  
AUTHORISED SHARE CAPITAL**

### **THE SUBSCRIPTION AGREEMENTS**

The Board is pleased to announce that on 22 December 2020 (after trading hours), the Company entered into the following Subscription Agreements:

- (1) the SFund International Subscription Agreement with SFund International, pursuant to which:
  - (i) SFund International has conditionally agreed to subscribe, and the Company has conditionally agreed to issue the SFund International Convertible Notes in an aggregate principal amount of HK\$319,520,548 which entitle the SFund International to subscribe for up to 19,970,034,250 Conversion Shares at the initial Conversion Price of HK\$0.016 per Conversion Share (subject to adjustments);
  - (ii) the Company has conditionally agreed to issue the SFund International Promissory Note; and
  - (iii) the Company has conditionally agreed to issue the SFund International Penalty Note.

(2) the Huatuan Subscription Agreement with Huatuan, pursuant to which:

- (i) the Huatuan has conditionally agreed to subscribe, and the Company has conditionally agreed to issue the Huatuan Convertible Notes in an aggregate principal amount of HK\$429,193,445 which entitle Huatuan to subscribe for up to 26,824,590,312 Conversion Shares at the initial Conversion Price of HK\$0.016 per Conversion Share (subject to adjustments);
- (ii) the Company has conditionally agreed to issue the Huatuan Promissory Note; and
- (iii) the Company has conditionally agreed to issue the Huatuan Penalty Note.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

Under the terms and conditions of the Convertible Notes, the Company will be required to issue an aggregate of 46,794,624,562 Conversion Shares upon the conversion in full of the Convertible Notes at the initial Conversion Price. The Board proposes to increase the Company's authorised share capital from HK\$500,000,000 divided into 31,250,000,000 Shares of HK\$0.016 each to HK\$2,000,000,000 divided into 125,000,000,000 Shares of HK\$0.016 each by creation of an additional 93,750,000,000 Shares.

### **INTENDED USE OF PROCEEDS**

The gross proceeds from the Subscriptions will be approximately HK\$748,713,993. The Company intends to allocate the gross proceeds from the Subscriptions and the gross proceeds from the Promissory Notes and Penalty Notes for the settlement of the Redemption Amount. As the consideration under the Convertible Notes, Promissory Notes and Penalty Notes and the Redemption Amount shall be set-off against each other, the Group will use its internal resources to settle the related expenses payable in connection with the Subscription Agreements and the transactions contemplated therein.

### **THE SGM**

The SGM will be convened and held for the Shareholders to consider, and if thought fit, to approve, among other things, (i) the Subscription Agreements and the transactions contemplated thereunder, including the grant of Specific Mandate for allotment and issue of the Conversion Shares; (ii) the Authorised Share Capital Increase. To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting on relevant resolutions at the SGM.

A circular containing, among other things, (i) details of the Subscription Agreements, (ii) details of the Authorised Share Capital Increase; and (iii) a notice for convening SGM is expected to be despatched by the Company to the Shareholders on or before 12 January 2021 so as to allow sufficient time for preparation of relevant information for the inclusion in the circular.

**Shareholders and potential investors should be aware of and take note that the Completion is conditional upon fulfilment or waiver of conditions of the Subscription Agreements. Accordingly, the Subscriptions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.**

The Board is pleased to announce that on 22 December 2020 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers in relation to the issue of the Convertible Notes, Promissory Notes and Penalty Notes.

## **THE SUBSCRIPTION AGREEMENTS**

Save for the principal amount of the Convertible Notes to be subscribed for by each of SFund International and Huatuan and the principal amount of the Promissory Notes and Penalty Notes to be issued by the Company, the principal terms and conditions of the SFund International Subscription Agreement and the Huatuan Subscription Agreement are substantially the same.

### **Date**

22 December 2020 (after trading hours of the Stock Exchange)

### **Parties**

*Under the SFund International Subscription Agreement*

- (i) the Company as issuer; and
- (ii) SFund International as subscriber.

*Under the Huatuan Subscription Agreement*

- (i) the Company as issuer; and
- (ii) Huatuan as subscriber.

To the best of the Board's knowledge, information and belief, having made all reasonable enquiries, the Subscribers and their ultimate beneficial owner(s) are Independent Third Parties of the Company under the Listing Rules.

Set out below are the principal terms of the Subscription Agreements:

### **SFund International Subscription Agreement**

Pursuant to the SFund International Subscription Agreement, SFund International has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the SFund International Convertible Notes in an aggregate principal amount of HK\$319,520,548, which entitle SFund International to subscribe for up to 19,970,034,250 Conversion Shares at the initial Conversion Price of HK\$0.016 per Conversion Share (subject to adjustments).

Assuming there is no further issue or repurchase of the Shares and the SFund International Convertible Notes are converted in full at the initial Conversion Price, the Conversion Shares to be issued to SFund International represents (i) approximately 85.45% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 46.08% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares under the SFund International Convertible Notes.

Subject to the fulfilment or waiver of the conditions set out in the SFund International Subscription Agreement, upon Completion, the Company will also issue to SFund International the SFund International Promissory Note and the SFund International Penalty Note, the principal amount of which will be determined on Completion Date.

### **Huatuan Subscription Agreement**

Pursuant to the Huatuan Subscription Agreement, Huatuan has conditionally agreed to subscribe, and the Company has conditionally agreed to issue the Huatuan Convertible Notes in an aggregate principal amount of HK\$429,193,445, which entitle Huatuan to subscribe for up to 26,824,590,312 Conversion Shares at the initial Conversion Price of HK\$0.016 per Conversion Share (subject to adjustments).

Assuming there is no further issue or repurchase of the Shares and the Huatuan Convertible Notes are converted in full at the initial Conversion Price, the Conversion Shares to be issued to Huatuan represents (i) approximately 114.78% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 53.44% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares under the Huatuan Convertible Notes.

Subject to the fulfilment or waiver of the conditions set out in the Huatuan Subscription Agreement, upon Completion, the Company will also issue to Huatuan the Huatuan Promissory Note and the Huatuan Penalty Note, the principal amount of which will be determined on Completion Date.

## Conditions Precedent

Completion of the Subscription Agreements shall be conditional upon the fulfillment or waiver (as the case may be) of the following:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Conversion Shares falling to be issued upon exercise of conversion rights attached to the Convertible Notes, and such approval not being subsequently revoked or cancelled;
- (b) the Shareholders having passed an ordinary resolution at the SGM to approve, *inter alia*, the Authorised Share Capital Increase and the issue of the Convertible Notes and Conversion Shares under the Convertible Notes;
- (c) (if required) the Subscribers having obtained the whitewash waiver from the SFC in accordance with the Takeovers Code, having satisfied all conditions attached thereto and such waiver has not been revoked;
- (d) the Company's representations and warranties remaining true, accurate and are not misleading in all respects at all times between the date of the Subscription Agreements and the Completion Date (both dates inclusive);
- (e) the Subscribers' representations and warranties remaining true, accurate and are not misleading in all respects at all times between the date of the Subscription Agreements and the Completion Date (both dates inclusive);
- (f) the Company having performed all of its obligations under the Subscription Agreements which are ought to be performed prior to the Completion Date;
- (g) between the date of the Subscription Agreements and the Completion Date (both dates inclusive), there being no events the occurrence of which have caused or may cause any material adverse effect;
- (h) the Company having obtained all necessary approvals, consents, authorisations or confirmation from third parties with whom the Company and/or its subsidiaries have entered into any agreement or arrangement for the consummation and/or performance of the transactions contemplated under the Subscription Agreements.

The Company may in its absolute discretion waive condition (e) set out above and each of the Subscribers may in its absolute discretion waive conditions (d), (f) and (g) set out above.

Conditions (a), (b), (c) and (h) may not be waived by any party.

If any of the above conditions is not fulfilled (or waived as the case may be) on or before 30 June 2021 (or such later date as the Company and the Subscribers may agree), the Subscription Agreements shall lapse and no party to the Subscription Agreements shall have any liability or obligation towards the other party except for the liability for antecedent breaches.

## Completion

Subject to the fulfilment (or where appropriate, waiver by any of the parties to the Subscription Agreements) of the conditions precedent to the Subscription Agreements, Completion shall take place on or before the third (3rd) Business Day following the date on which all conditions precedent are fulfilled (or waived) or such later date as the Company and the Subscribers may agree. Completion of the SFund International Subscription Agreement and Huatuan Subscription Agreement is not inter-conditional.

On Completion Date, the Company will also issue the Promissory Notes and the Penalty Notes to the Subscribers, the principal amount of which will be determined upon Completion.

## PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

Save for the principal amount, the principal terms and conditions of the SFund International Convertible Notes and the Huatuan Convertible Notes are substantially the same.

- |   |   |   |
|---|---|---|
| Principal Amount                        | : | (i) HK\$319,520,548 in respect of the SFund International Convertible Notes; and<br><br>(ii) HK\$429,193,445 in respect of the Huatuan Convertible Notes.   |
| Issue price                             | : | 100% of the principal amount.   |
| Maturity date                           | : | the day immediately preceding the second (2 <sup>nd</sup> ) anniversary of the date of issue of the Convertible Notes (the “ <b>Maturity Date</b> ”).   |
| Interest rate                           | : | 8% per annum payable on the Maturity Date.  |
| Conversion rights and conversion period | : | The noteholder will have the right to convert the whole or part of the principal amount of the Convertible Notes into the Conversion Shares at any time and from time to time, between the date of issue of Convertible Notes and up to the Maturity Date (both dates inclusive). If any amount under the Convertible Notes remains outstanding as at the Maturity Date, the noteholder is entitled to request the Company to settle the outstanding amount by cash and/or (provided that prior consent from the Stock Exchange is obtained) by the issue of Conversion Shares at the then prevailing Conversion Price. |
| Restrictions on conversion              | : | The noteholder may only exercise the conversion right in the circumstances that the exercise of such right will not (1) cause the public float of the Company being less than 25% of its issued share capital under Rule 8.08 of the Listing Rules; and (2) render the noteholder or any party acting in concert with it being obliged to make a mandatory general offer under the Takeovers Code, or if so rendered, the relevant person has agreed to make such offer in accordance with the Takeovers Code or such obligation has been waived by the SFC.  |

- Conversion Price : The initial Conversion Price is HK\$0.016 per Conversion Share, subject to adjustment as set out and in accordance with the terms and conditions of the Convertible Notes. The initial Conversion Price represents:
- (1) a premium of approximately 6.67% to the closing price of HK\$0.015 per Share as quoted on the Stock Exchange on 22 December 2020, being the date of the Subscription Agreements;
  - (2) a premium of approximately 3.90% to the average closing price of HK\$0.0154 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately before the date of the Subscription Agreements; and
  - (3) a premium of approximately 5.26% to the average closing prices of HK\$0.0152 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately before the date of the Subscription Agreements.

The initial Conversion Price was arrived at after arm's length negotiations between the Company and each of the Subscribers, with reference to, among others, the recent market prices of the Shares. The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

- Adjustment to Conversion Price : The Conversion Price may from time to time be adjusted in accordance with the terms and conditions of the Convertible Notes upon occurrence of any of the following events:
- (i) an alteration to the nominal value of the Shares as a result of consolidation or subdivision;
  - (ii) issue of any Shares credited as fully paid by way of capitalisation of profits or reserves;
  - (iii) any capital distribution (other than the issue of scrip dividend) to the Shareholders;
  - (iv) issue of Shares/other securities, options, warrants or other rights to subscribe for or purchase any Shares/other securities to all or substantially all Shareholders for cash or otherwise, in each case the consideration per Share is less than 80% of the average closing price per Share for the five (5) consecutive trading days immediately preceding the announcement of such issue;



- (v) issue wholly for cash by the Group of securities convertible into or exchangeable for or carrying rights of subscription for Shares, at a consideration per Share which is less than 80% of the average closing price per Share for the five (5) consecutive trading days immediately preceding the announcement of such issue;
- (vi) any modification of the rights of conversion attaching to any securities referred to in sub-paragraph (v) above so that following such modification the consideration per Share is less than 80% of the average closing price per Share for the five (5) consecutive trading days immediately preceding the date of announcement of the proposals for such modification; and
- (vii) issue of Shares to Shareholders under a scrip dividend plan and the market value of such Shares (calculated at the average closing price per Share for the five (5) consecutive trading days immediately preceding the date of announcement of such issue) is more than 110% of the amount of dividend which Shareholders could elect to or would otherwise receive in cash.

Conversion Shares : Based on the initial Conversion Price of HK\$0.016 per Conversion Share, a maximum of 19,970,034,250 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the SFund International Convertible Notes in full.

Based on the initial Conversion Price of HK\$0.016 per Conversion Share, a maximum of 26,824,590,312 Conversion Shares will be allotted and issued upon exercise of conversion rights attaching to the Huatuan Convertible Notes in full.

Early Redemption : The Company shall have the right, from the date of issue of the Convertible Notes to five (5) days before the Maturity Date, redeem the whole or part of the outstanding principal amount of the Convertible Notes by written notice to the noteholder, together with interest accrued.



- Transferability : Upon provision of written notice for not less than five (5) Business Days by the Subscribers, the Convertible Notes may be assigned or transferred, subject to compliance with the following conditions, requirements and provisions:
- (a) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations;
  - (b) the approval for listing in respect of the Conversion Shares; and
  - (c) all applicable laws and regulations.
- Events of Default : If any of the events specified below occurs, the noteholder may give notice to the Company that all amount outstanding under the Convertible Notes (including the principal amount and unpaid interest accrued thereunder) become immediately due and payable:
- (a) the Company fails to pay any principal or interest in respect of the Convertible Notes, the Promissory Notes and/or the Penalty Notes when due, unless such failure is caused solely by the administrative or technical errors and payment is made within five (5) Business Days from the due date for payment thereof; or
  - (b) the Shares cease to be listed on the Stock Exchange, unless such delisting is a result of a general offer becoming unconditional; or
  - (c) failure by the Company to perform or breach by the Company of any covenant, condition or provision of the Convertible Notes, the Promissory Notes and/or the Penalty Notes which failure/breach is incapable of remedy or, if capable of remedy, has not in the opinion of the noteholder been remedied within 14 days after written notice of such default is given to the Company by the noteholder; or
  - (d) an encumbrancer takes possession of or a receiver, manager or other similar officer takes over the whole or any part of the business, assets, properties or revenues of the Company or any of its subsidiaries; or

- (e) unless with prior written consent of the noteholder (i) the Company or any of its subsidiaries is unable to pay its debts as they fall due or payment of debts is accelerated, or (ii) an administrator or liquidator or receiver is appointed or agreed to be appointed (or application for any such appointment is made) in respect of the Company or any of its subsidiaries or the whole or any part of the undertaking, assets, properties or revenues of the Company or any of its subsidiaries, or (iii) the Company or any of its subsidiaries takes any legal action or is subject to legal action for restructuring or deferment of its debt, or (iv) the Company or any of its subsidiaries entering into a general assignment or settlement of debt with or for the benefit of any of its creditors; or
- (f) a resolution is passed or an order of a court of competent jurisdiction is made that the Company or any of its subsidiaries be wound up, liquidated, bankrupt or dissolved for the purposes other than the internal restructuring of the Group; or
- (g) suspension of trading of the Shares on the Stock Exchange for five (5) consecutive trading days; or
- (h) occurrence of any change in the business, financial conditions or operations of the Group that have caused or may cause any material adverse effect; or
- (i) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under any of the Convertible Notes, the Promissory Notes and/or the Penalty Notes; or
- (j) false or misleading representations being or having been made by the Company or any of its subsidiaries in relation to the Convertible Notes, the Promissory Notes and/or the Penalty Notes; or
- (k) the Company or any of its subsidiaries ceases or threatens to cease all or substantially all of its businesses or operations; or
- (l) (i) the Company or any of its subsidiaries being subject to legal action, arbitration or other legal proceedings initiated by its creditors; or (ii) the occurrence of events in relation to the Company or any of its subsidiaries that in the opinion of the noteholder may affect the Company's ability to repay its debts.

- Voting rights : A noteholder will not be entitled to attend or vote at any general meetings of the Company by reason only of it being a noteholder.
- Ranking : The Conversion Shares when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares then in issue.

## **SPECIFIC MANDATE TO ISSUE THE CONVERSION SHARES**

The issue of the Conversion Shares is subject to the Shareholders' approval. The Conversion Shares to be issued upon exercise of the conversion rights at the Conversion Price (subject to adjustment) will be issued and allotted pursuant to the Specific Mandate to be sought from the Shareholders at the SGM.

## **PRINCIPAL TERMS OF THE PROMISSORY NOTES AND THE PENALTY NOTES**

Save for the identity of the noteholder and the principal amount, the principal terms and conditions of the Promissory Notes and the Penalty Notes are substantially the same.

- Principal Amount : SFund International Promissory Note: the interest payable (calculated at an annual interest rate of 10%) but unpaid by the Company under the 2016 Bond between the date of the SFund International Subscription Agreement and the Completion Date (both dates inclusive)

Huatuan Promissory Note: the interest payable (calculated at the respective interest) but unpaid by the Company under the respective Loans between the date of the Huatuan Subscription Agreement and the Completion Date (both dates inclusive)

SFund International Penalty Note: the penalty interest payable (calculated at an annual interest rate of 10%) but unpaid by the Company under the 2016 Bond between 30 September 2019 and the Completion Date (both dates inclusive)

Huatuan Penalty Note: the penalty interest payable (calculated at an annual interest rate of 10%) but unpaid by the Company under the Loans from the date of the respective Loans and the Completion Date (both dates inclusive)

- Maturity date : the day immediately preceding the second (2<sup>nd</sup>) anniversary of the date of issue of the Promissory Notes and the Penalty Notes, unless the noteholder demands repayment of all or any part of such notes on an earlier day. In any event, the Company is required to repay the Promissory Notes and the Penalty Notes in full on the maturity date regardless of whether any demand is made by the noteholder.

- Early repayment : upon provision of at least five (5) business days' prior written notice to the noteholder, the Company shall have the right to repay the whole or any part of the outstanding principal amount of the Promissory Notes and the Penalty Notes before the maturity date.
- Interest rate : the Promissory Notes and the Penalty Notes bear no interest during its term.

## **INFORMATION OF THE SUBSCRIBERS**

SFund International is a company incorporated in Hong Kong with limited liability. SFund International and its subsidiaries are principally engaged in equity investment and fund management. SFund International is an indirect wholly-owned subsidiary of Guangzhou Industrial Investment Fund Management Co., Ltd.\* (廣州產業投資基金管理有限公司), which is in turn wholly-owned by Guangzhou City Construction Investment Group Co., Ltd.\* (廣州市城市建設投資集團有限公司). SFund International is the holder of the 2016 Bond.

Huatuan is a company incorporated in the PRC with limited liability and the creditor of the Loans.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, SFund International and Huatuan, and their respective ultimate beneficial owner(s) are Independent Third Parties.

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

The Group is principally engaged in investment holdings, mining operations exploitation and trading of mineral resources, and chemical trading operations manufacturing and sale of chemical products.

The gross proceeds from the Subscriptions will be approximately HK\$748,713,993. The Company intends to allocate the gross proceeds from the Convertible Notes, Promissory Notes and Penalty Notes for the redemption of the Redemption Amount. Pursuant to the terms and conditions of the Subscription Agreements, the consideration under the Subscription Agreements shall set off against the Redemption Amount, the Group will use its internal resources to settle the related expenses payable in connection with the issuance of the Convertible Notes, Promissory Notes and Penalty Notes.

The Board is of the view that entering into of the Subscription Agreements enables the Company to redeem the 2016 Bond, which has already fallen due, and to extend the maturity period of the Loans. Taking into account the two (2) year maturity period of the Convertible Notes, Promissory Notes and Penalty Notes, the Directors consider that the terms of the Subscription Agreements, which were arrived at after arm's length negotiations between the Company and the Subscribers, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Completion and assuming full conversion of the Convertible Notes at the initial Conversion Price (assuming there is no further issue or repurchase of the Shares):

	As at the date of this announcement		Immediately after Completion and assuming the Convertible Notes are converted in full	
	No. of Shares	Approximate %	No. of Shares	Approximate % (Note 6)
Qian Yong Wei ("Mr. Qian") (Note 1)	11,500,000	0.05	11,500,000	0.02
China Wan Tai Group Limited ("China Wan Tai") (Note 1)	234,240,000	1.00	234,240,000	0.33
Universe Union Limited ("Universe Union") (Note 1)	3,146,168,552	13.46	3,146,168,552	4.48
China Gem Fund IX L.P. ("China Gem Fund") (Note 3)	3,018,000,000	12.91	3,018,000,000	4.30
Gu Jie ("Mr. Gu") (Notes 2, 4)	1,876,580,000	8.03	1,876,580,000	2.67
Pleasant Journey Global Limited ("Pleasant Journey") (Note 5)	1,324,929,577	5.67	1,324,929,577	1.89
SFund International	—	—	19,970,034,250	28.46
Huatuan	—	—	26,824,590,312	38.23
Other public Shareholders	13,758,968,157	58.88	13,758,968,157	19.61
Total:	<u>23,370,386,286</u>	<u>100.00</u>	<u>70,165,010,848</u>	<u>100.00</u>

Notes:

- Mr. Qian beneficially owns 11,500,000 Shares, and held 95% interest in China Wan Tai. China Wan Tai beneficially owns 234,240,000 Shares, and held 100% interest in Universal Union. Universal Union beneficially owns 3,146,168,552 Shares.
- Driven Innovation Limited ("Driven Innovation") is the limited partner of China Gem Fund contributing approximately 83.75% of the total capital commitment including its 3,018,000,000 Shares to China Gem Fund. Driven Innovation is wholly owned by China Huarong International Holdings Limited ("China Huarong International") which in turn is owned as to 11.90% by Huarong Zhiyuan Investment & Management Company Limited ("Huarong Zhiyuan") and as to 88.10% by Huarong Real Estate Company Limited ("Huarong Real Estate"). Huarong Zhiyuan and Huarong Real Estate both are wholly owned by China Huarong Asset Management Company Limited. (ii) Oceanic Merchant Limited ("Oceanic") is wholly owned by China Huarong International. Mr. Gu charged 1,870,000,000 of the Shares he is interested to Oceanic on 11 December 2014. Accordingly, China Gem Fund is interested in 3,018,000,000 Shares, Driven Innovation is deemed to be interested in 3,018,000,000 Shares, each of China Huarong Asset, Huarong Real Estate, China Huarong International is deemed to be interested in 4,888,000,000 Shares and Oceanic is interested in 1,870,000,000 Shares for the purpose of Part XV of the SFO.

- (3) China Gem Investment Management Limited (“**China Gem Investment**”), the general partner of China Gem Fund is directly wholly-owned by China Gem Financial Group Limited (“**China Gem Financial**”) which is, in turn, directly wholly-owned by China Gem Group Limited (“**China Gem Group**”) which is, in turn, directly wholly owned by Zhong Ling (“**Mr. Zhong**”). Accordingly, each of China Gem Investment, China Gem Financial, China Gem Group and Mr. Zhong is deemed to be interested in 3,018,000,000 Shares held by China Gem Fund for the purpose of Part XV of the SFO.
- (4) The Company issued and allotted a total of 1,870,000,000 conversion shares to Mr. Gu on 29 August 2014 and Mr. Gu subsequently charged these shares to Oceanic on 11 December 2014.
- (5) These shares were held by Pleasant Journey. Pleasant Journey is wholly owned by Mint International Group Limited which is wholly owned by Shanghai Mint Investment Advisory Company Limited (“**Shanghai Mint**”). Shanghai Mint is deemed to be interested in the Shares held by Pleasant Journey for the purpose of Part XV of the SFO.
- (6) The percentage figures included in this table are subject to rounding adjustment, which may not add up to 100%.

## EQUITY FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

Set out below is the equity fund raising activities of the Company during the past twelve months immediately preceding the date of this announcement:

Date of announcement	Description	Net proceeds raised (approximate)	Intended use of proceeds	Actual use of net proceeds
7 June 2020	Subscription of new shares under general mandate	HK\$30,000,000	(i) Payment of settlement sum;  (ii) Repayment of other indebtedness of the Company; and  (iii) General working capital of the Group.	Net proceeds have been used as intended

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

## APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may be issued and allotted upon the exercise of the conversion rights attached to the Convertible Notes. No application will be made by the Company to the Listing Committee for the listing of the Convertible Notes.

## PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

Under the terms and conditions of the Convertible Notes, the Company will be required to issue an aggregate of 46,794,624,562 Conversion Shares upon the conversion in full of the Convertible Notes at the initial Conversion Price. The Board proposes to increase the Company's authorised share capital from HK\$500,000,000 divided into 31,250,000,000 Shares to HK\$2,000,000,000 divided into 125,000,000,000 Shares by creation of an additional 93,750,000,000 Shares. The proposed Authorised Share Capital Increase is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM approving the same.

## THE SGM

The SGM will be convened and held for the Shareholders to consider, and if thought fit, to approve, among other things, (i) the Subscription Agreements and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Conversion Shares; and (ii) the Authorised Share Capital Increase. To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting on the relevant resolutions at the SGM.

A circular containing, among other things, (i) details of the Subscription Agreements, (ii) details of the Authorised Share Capital Increase; and (iii) a notice for convening SGM is expected to be despatched by the Company to the Shareholders on or before 12 January 2021 so as to allow sufficient time for preparation of relevant information for the inclusion in the circular.

**Shareholders and potential investors should be aware of and take note that the Completion is conditional upon fulfilment or waiver of conditions of the Subscription Agreements. Accordingly, the Subscriptions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2016 Bond”	a bond in the principal amount of HK\$250,000,000 issued by the Company on 29 December 2016 bearing interest at the rate of 10% per annum which matured on 29 December 2018
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Authorised Share Capital Increase”	the proposed increase in the authorised share capital of the Company from HK\$500,000,000 divided into 31,250,000,000 Shares of HK\$0.016 each to HK\$2,000,000,000 divided into 125,000,000,000 Shares of HK\$0.016 each by creation of an additional 93,750,000,000 Shares



“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 (Stock Code: 433)
“Completion”	completion of the Subscriptions in accordance with the terms and conditions of the Subscription Agreements
“Completion Date”	on or before the third (3rd) Business Day following the date on which the conditions precedent are fulfilled (or waived) or such later date as the Company and the Subscribers may agree
“Conversion Price”	the initial conversion price of the Convertible Notes of HK\$0.016 per Conversion Share, subject to adjustments
“Conversion Share(s)”	new Share(s) to be allotted and issued by the Company upon the exercise of conversion rights attaching to the Convertible Notes at the Conversion Price
“Convertible Notes”	collectively, the SFund International Convertible Notes and the Huatuan Convertible Notes
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region
“Huatuan”	Huatuan (Group) Limited* (華豚(集團)有限公司), a company incorporated in the PRC with limited liability
“Huatuan Convertible Notes”	the 8% interest bearing convertible notes to be issued by the Company on the Completion Date pursuant to the Huatuan Subscription Agreement
“Huatuan Penalty Note”	the interest-free promissory note to be issued by the Company on the Completion Date pursuant to the Huatuan Subscription Agreement
“Huatuan Promissory Note”	the interest-free promissory note to be issued by the Company on the Completion Date pursuant to the Huatuan Subscription Agreement

“Huatuan Subscription”	the subscription of Huatuan Convertible Notes by Huatuan pursuant to the Huatuan Subscription Agreement
“Huatuan Subscription Agreement”	the conditional subscription agreement dated 22 December 2020 entered into between the Company and Huatuan
“Independent Third Party(ies)”	an individual or a company who or which is independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders, of the Company, its subsidiaries or any of their respective associate(s)
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the seven (7) loan agreements entered into between the Company as borrower and Huatuan as lender in the principal aggregate sum of HK\$312,652,803 with the maturity date of 31 December 2021
“Penalty Notes”	collectively, the SFund International Penalty Note and Huatuan Penalty Note
“PRC”	the People’s Republic of China
“Promissory Notes”	collectively, the SFund International Promissory Note and Huatuan Promissory Note
“Redemption Amount”	principal amount and interest accrued under the 2016 Bond and the Loans
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SFund International”	SFund International Investment Fund Management Ltd* (廣州基金國際股權投資基金管理有限公司), a company incorporated in Hong Kong with limited liability
“SFund International Convertible Notes”	the 8% interest bearing convertible notes to be issued by the Company on the Completion Date pursuant to the SFund International Subscription Agreement
“SFund International Penalty Note”	the interest-free promissory note to be issued by the Company on the Completion Date pursuant to the SFund International Subscription Agreement

“SFund International Promissory Note”	the interest-free promissory note to be issued by the Company on the Completion Date pursuant to the SFund International Subscription Agreement
“SFund International Subscription”	the subscription of SFund International Convertible Notes by SFund International pursuant to the SFund International Subscription Agreement
“SFund International Subscription Agreement”	the conditional subscription agreement dated 22 December 2020 entered into between the Company and SFund International
“SGM”	a special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, the Specific Mandate
“Share(s)”	ordinary shares of HK\$0.016 each in the share capital of the Company
“Shareholders”	the holder of Shares
“Specific Mandate”	the mandate to be sought from the Shareholders at the SGM to allot and issue the Conversion Shares upon exercise in full of the conversion rights attached to the Convertible Notes and the Authorised Share Capital Increase
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	SFund International and/or Huatuan, as the case may be
“Subscription Agreements”	collectively, the SFund International Subscription Agreement and the Huatuan Subscription Agreement
“Subscriptions”	collectively, the SFund International Subscription and the Huatuan Subscription
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs

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

Hong Kong, 22 December 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, Ms. Guo Xiao Ying and Dato Dr. Cheng Chak Ho as Independent Non-executive Directors.*

*\* for identification purposes only*