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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION AGREEMENT

On 22 April 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber have conditionally agreed to subscribe for, the Subscription Shares comprising an aggregate of 223,000,000 new Shares at the Subscription Price of HK\$0.016 per Subscription Share.

The Subscription Shares, which will be issued under the General Mandate, represent (a) approximately 0.95% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 0.95% of the Company's issued share capital as enlarged by the issue and allotment of the Subscription Shares.

The gross proceeds of the Subscriptions will amount to approximately HK\$3.568 million and the net proceeds receivable by the Company under the Subscriptions are estimated to be approximately HK\$3.566 million after deducting the relevant expenses incurred in relation to the Subscriptions. The Company intends to use the net proceeds from the Subscriptions for the settlement of bank loans and other borrowings under the current liabilities of the Group.

By a resolution of the Shareholders passed at the AGM, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the then total number of Shares of the Company in issue as at 31 July 2020, i.e. 4,299,077,257 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares is not subject to the approval of the Shareholders.

An application will be made by the Company to the Stock Exchange for the grant of approval in the listing of, and permission to deal in, the Subscription Shares.

GENERAL

Shareholders and potential investors should note that Completion is subject to fulfilment of the conditions precedent under the Subscription Agreement. As the Subscriptions may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares or other securities of the Company.

THE SUBSCRIPTION AGREEMENT

On 22 April 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares comprising an aggregate of 223,000,000 new Shares at the Subscription Price of HK\$0.016 per Subscription Share.

The Subscription Agreement

Date : 22 April 2021 (after trading hours)

Issuer : the Company

Subscriber : Ms. Wen

Subscription Shares : 223,000,000 Subscription Shares

Subscription Price : HK\$0.016 per Subscription Share

Ms. Wen is a PRC resident and a private investor with experience in investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Ms. Wen and her associates are Independent Third Parties. As at the date of this announcement, Ms. Wen and her associates do not hold any Share. Save for the Subscription under Subscription Agreement, there are no prior or continuous business or other relationships between Ms. Wen, her associates and the Company. Upon completion of the Subscription under Subscription Agreement, Ms. Wen intends to remain as a passive investor of the Company.

The Subscription Shares

The Subscription Shares, which will be issued under the General Mandate, represent (a) approximately 0.95% of the issued share capital of the Company as at the date of this announcement; and (b) approximately 0.95% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.

The Subscription Price

The Subscription Price is HK\$0.016 per Subscription Share, representing:

- (a) a premium of approximately 23.08% to the closing price of HK\$0.013 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (b) a premium of approximately 23.08% over the average of the closing prices of HK\$0.013 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Subscription Agreement; and
- (c) a premium of approximately 23.08% over the average of the closing prices of HK\$0.013 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Subscription Agreement.

The Subscription Price was determined and negotiated on an arm's length basis between the Company and the Subscriber with reference to, among other things, the prevailing market price of the Shares and the liquidity of the Shares. The Directors consider that the Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Based on the estimated expenses for the Subscription, the net Subscription Price is approximately HK\$0.016 per Subscription Share.

Issue of the Subscription Shares under the General Mandate

By a resolution of the Shareholders passed at the AGM, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the then total number of Shares of the Company in issue as at 31 July 2020, i.e. 4,299,077,257 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares is not subject to the approval of the Shareholders.

An application will be made by the Company to the Stock Exchange for the grant of approval in the listing of, and permission to deal in the Subscription Shares.

Ranking

The Subscription Shares shall rank *pari passu* in all respects with the existing Shares in issue as at the Completion Date and shall be allotted and issued by the Company free from all liens, charges, security interests, encumbrances or other third party rights together with all rights attaching thereto on and after the date of their allotment including all dividends declared or payable or distributions made or proposed to be made at any time by reference to a record date falling on or after the date of allotment of the Subscription Shares.

Conditions Precedent of the Subscription

Completion of the Subscription under the Subscription Agreement shall be conditional upon the following conditions precedent being fulfilled (or being waived by any of the parties to the Subscription Agreement) on or before 5:00 p.m. (Hong Kong time) on the Long Stop Date:

- (a) the compliance with the requirements of the Stock Exchange and the Listing Rules, including but not limited to the listing of and permission to deal in all of the Subscription Shares being granted by the Listing Committee of the Stock Exchange (either unconditionally, or subject to customary conditions);
- (b) the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Subscription Agreement to the Completion Date, save for any temporary suspension not exceeding five (5) consecutive days (as defined under the Listing Rules), or such longer period as Subscriber may accept in writing, and no indication being received by the Company on or before the Completion Date from the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange will or may be withdrawn or objected to as a result of the Completion or in connection with the terms of the Subscription Agreement;
- (c) the representations, warranties and undertakings of the Company remaining true and accurate in all material respects, and not misleading in any material respect, as given on the date of the Subscription Agreement and at the Completion;
- (d) the representations, warranties and undertakings of the Subscriber remaining true and accurate in all material respects, and not misleading in any material respect, as given on the date of the Subscription Agreement and at the Completion; and
- (e) each of the parties to the Subscription Agreement having performed in all material respects all of the covenants and Agreement required to be performed by it under the Subscription Agreement on or prior to the Completion Date.

The Subscriber may in her absolute discretion at any time waive in writing above conditions precedent (b), (c) and/or (e) (or any part thereof), and the Company may in its absolute discretion at any time waive in writing above conditions precedent (d) and/or (e) (or any part thereof).

In the event any of the above conditions precedent is not fulfilled (or being waived by any parties to the Subscription Agreement), at or before 5:00 p.m. (Hong Kong time) on the Long Stop Date, the obligations of the parties under the Subscription Agreement shall forthwith cease to be of any effect and none of the parties to the Subscription Agreement shall be bound to carry out the remaining terms of the Subscription Agreement and no party to the Subscription Agreement shall have any right to damages or reimbursement for any cost and expenses that it may have incurred in connection with or arising out of the Subscription Agreement or the failure to complete the Subscription, save for any antecedent breaches thereof.

Completion

Subject to fulfilment (or, where appropriate, waiver by any of the parties to the Subscription Agreement) of the conditions precedent to the Subscription Agreement, the Completion shall take place on the Completion Date.

EFFECTS ON SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming no further change in the Company's issued share capital from the date of this announcement up to Completion):

	As at the date of this announcement		Immediately after Completion	
	No. of Shares	Approximate % ^{Note 6}	No. of Shares	Approximate % ^{Note 6}
Qian Yong Wei (“Mr. Qian”) (Note 1)	11,500,000	0.05	11,500,000	0.05
China Wan Tai Group Limited (“China Wan Tai”) (Note 1)	234,240,000	1.01	234,240,000	0.99
Universal Union Limited (“Universal Union”) (Note 1)	3,146,168,552	13.46	3,146,168,552	13.33
China Gem Fund IX L.P (“China Gem Fund”) (Note 3)	3,018,000,000	12.91	3,018,000,000	12.79
Gu Jie (“Mr. Gu”) (Notes 2, 4)	1,876,580,000	8.03	1,876,580,000	7.95
Pleasant Journey Global Limited (“Pleasant Journey”) (Note 5)	1,324,929,577	5.67	1,324,929,577	5.62
Ms. Wen	—	—	223,000,000	0.95
Other public Shareholders	<u>13,758,968,157</u>	<u>58.88</u>	<u>13,758,968,157</u>	<u>58.32</u>
Total:	<u>23,370,386,286</u>	<u>100.00</u>	<u>23,593,386,286</u>	<u>100.00</u>

Note:

- (1) 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.

- (2) (i) 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%.

REASONS FOR THE SUBSCRIPTION AND USE OF NET PROCEEDS

The Group is principally engaged in mining and property businesses.

According to the Company’s unaudited consolidated statement of financial position as disclosed in the Company’s Interim Report 2020, the Group’s current liabilities in relation to bank loans and other borrowings amounted to approximately HK\$830 million.

The gross proceeds from the Subscription will be approximately HK\$3.568 million. Upon Completion, it is expected that such net proceeds of approximately HK\$3.566 million from the Subscription will be utilised for settlement of the Company’s loans and other current liabilities to alleviate part of the current liabilities of the Group.

The Directors consider that the terms of the Subscription Agreement are on normal commercial terms which were arrived at after arm’s length negotiations between the Company and the Subscriber, and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVES MONTHS

Apart from the fund-raising activity mentioned below, the Company has not raised any funds by issuing equity securities in the past twelve months immediately preceding the date of this announcement.

Date of announcement(s)	Fund-raising activity	Net proceeds (<i>approximate</i>)	Intended use of net proceeds	Actual use of the net proceeds as at the date of this announcement
7 June 2020 and 5 August 2020	Subscription of 1,875,000,000 Shares under general mandate	HK\$29,800,000	(i) Payment of first instalment of a settlement agreement of the Company; (ii) Repayment of indebtedness of the Company; and (iii) General working capital of the Group	Used as intended

GENERAL

Shareholders and potential investors should note that the Completion is subject to fulfilment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares or other securities of the Group.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 31 July 2020
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday and public or statutory holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Company”	North Mining Shares Company Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Subscription pursuant to the terms of the Subscription Agreement
“Completion Date”	a date within five (5) Business Days after all of the conditions precedent to the Subscription Agreement has been fulfilled by the Company or, as the case may be, waived by the Subscriber (or such later date as the Company and the Subscriber may agree in writing)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate to allot, issue and deal with up to 4,299,077,257 Shares, representing 20% of the aggregate number of issued Shares as at the date of passing of the relevant resolution at the AGM
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a third party or third parties independent of the Company and the connected persons of the Company
“Interim Report 2020”	the Interim Report of the Company for the six months ended 30 June 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	21 October 2021 (or such later date as the Company and the Subscriber may agree in writing)
“Ms. Wen”	Ms. Wen Jun Hua* (溫筠華), a PRC resident and a private investor
“PRC”	The People’s Republic of China
“Share(s)”	the ordinary share(s) of HK\$0.016 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ms. Wen
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 22 April 2021 entered into between the Company as issuer and Ms. Wen as subscriber for the subscription of 223,000,000 Shares at the Subscription Price
“Subscription Price”	HK\$0.016 per Subscription Share
“Subscription Share(s)”	an aggregate of 223,000,000 new Shares to be issued by the Company to the Subscriber pursuant to the terms and conditions of the Subscription Agreement under General Mandate
“%”	per cent.

* *For identification purposes only*

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

Hong Kong, 22 April 2021

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.