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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

THE PLACING

On 18 May 2012, after trading hours, the Company and the Placee entered into the Placing Agreement pursuant to which the Company has conditionally agreed to allot and issue, and the Placee has conditionally agreed to subscribe for 300,000,000 Placing Shares at a price of HK\$0.26 each. The Placee, who is the Chairman of the board of Taiwan LITE-ON Group, is an independent third party (as defined in the Listing Rules) and not a connected person (as defined in the Listing Rules) of the Company.

The Placing Shares represent (i) approximately 2.31% of the existing issued share capital of the Company of 13,002,616,709 Shares as at the date of this announcement; and (ii) approximately 2.26% of the Company's issued share capital of 13,302,616,709 Shares as enlarged by the Placing Shares.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 18 May 2012, after trading hours

Issuer: The Company

Placee

Mr. Soong Kung Yuan, is an independent third party (as defined in the Listing Rules) and not a connected person (as defined in the Listing Rules) of the Company. Mr. Soong is the Chairman of the board of Taiwan Lite-On Group. Lite-On Group was founded in 1975 as a producer of LEDs (Light-Emitting Diodes). With its initial public offering in 1983, Lite-On was the first technology company listed on the Taiwan Stock Exchange (stock code : 2301). In year 2006, it was awarded the Asian's "Fabulous 50" companies by Forbes (USA) and the Info Tech 100 (Ranked No.79) by Business Week (USA).

Placing Shares

The Placing Shares represent (i) approximately 2.31% of the existing issued share capital of the Company of 13,002,616,709 Shares as at the date of this announcement; and (ii) approximately 2.26% of the Company's issued share capital of 13,302,616,709 Shares as enlarged by the Placing Shares.

Ranking of Placing Shares

The Placing Shares will, upon issue, rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.26 represents (i) a premium of approximately 12.55% to the closing price of HK\$0.231 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 13.54% to the average closing prices of HK\$0.229 per Share for the last 5 consecutive trading days up to and including the Last Trading Day; and (iii) a premium of approximately 14.04% to the average closing prices of HK\$0.228 per Share for the last 10 consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placee. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 25 May 2011, of which the Directors is empowered to allot, issue or dispose of a maximum of 2,600,523,341 Shares. The General Mandate has not been previously utilised prior to the date of this announcement. The Placing Shares will be issued under the General Mandate and therefore no Shareholders' approval is required.

Conditions of the Placing

Completion of the Placing is subject to, among other things, the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares.

Completion of the Placing will take place on the second Business Day after the fulfilment of the conditions precedent as set out in the Placing Agreement or such other date as may be agreed by the Company and the Placee.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Board considers that the Placing will strengthen the financial position of the Group. The Directors are of the view that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The proceeds from the Placing of about HK\$78,000,000 are intended to be used as general working capital for the Group.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structure of the Company immediately before and after the completion of the Placing is set out below:

	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	Approx. percentage	No. of Shares	Approx. percentage
Universal Union Limited	6,114,438,552	47.02%	6,114,438,552	45.96%
Placee	-	0.00%	300,000,000	2.26%
Other public shareholders	<u>6,888,178,157</u>	<u>52.98%</u>	<u>6,888,178,157</u>	<u>51.78%</u>
	<u>13,002,616,709</u>	<u>100%</u>	<u>13,302,616,709</u>	<u>100%</u>

Notes: (1) Mr. Qian Yong Wei (“Mr. Qian”) holds 95% interest in China Wai Tai Group Limited (“China Wai Tai”). China Wan Tai holds 100% interest in Universal Union Limited. Universal Union Limited holds 6,114,438,552 Shares. Together with the 25,000,000 Shares held by Mr. Qian personally, Mr. Qian is interested in 6,139,438,552 Shares.

(2) Kingston Finance Limited is deemed to have a security interest in 3,952,907,719 Shares held by Universal Union Limited. Kingston Finance Limited is wholly owned by Ample Cheer Limited which is 80% owned by Best Forth Limited, and Best Forth Limited is wholly owned by Mrs. Chu Yuet Wah. Accordingly, Ample Cheer Limited, Best Forth Limited and Mrs. Chu Yuet Wah are also deemed to have a security interest in the 3,952,907,719 Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the previous 12 months immediately preceding the date of this announcement.

GENERAL

The principal activities of the Group are (i) mining operation – exploitation, exploration and trading of mineral resources; (ii) property leasing operations; and (iii) property management operations.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“Board”	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, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion Date”	the date on which all the conditions precedent as set out in the Placing Agreement have been fulfilled
“Connected Person(s)”	has the meaning given to that term in the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting held on 25 May 2011
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	17 May 2012, being the last trading day for the Shares before the date of the Placing Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee”	Mr. Soong Kung Yuan 宋恭源先生
“Placing”	the placing of 300,000,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 18 May 2012 entered into between the Company and the Placee in relation to the Placing
“Placing Price”	HK\$0.26 per Placing Share
“Placing Share(s)”	an aggregate of 300,000,000 new Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement
“Share(s)”	the ordinary share(s) of HK\$0.016 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of
North Mining Shares Company Limited
Gao Yuan Xing
Chairman

Hong Kong, 18 May 2012

As at the date of this announcement, the Board comprises Mr. Gao Yuan Xing, Mr. Qian Yi Dong, Mr. Zhao Qing and Mr. Zhang Jia Kun as executive Directors; Mr. Fan Wei Guo as non-executive Director and Mr. Mu Xiangming, Mr. Lo Wa Kei Roy and Dr. Cheng Chak Ho as independent non-executive Directors