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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)

VOLUNTARY ANNOUNCEMENT

ENTERING INTO OF FORMAL AGREEMENTS IN RELATION TO THE EQUITY TRANSFER

THE EQUITY TRANSFER

This announcement is made by North Mining Shares Company Limited (the “**Company**”) on a voluntary basis to provide its Shareholders and potential investors with information relating to the latest development of the MOUs as referred in the Company’s announcement dated 13 November 2023.

In respect of the MOU 2, the Board is pleased to announce that on 22 November 2023 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreements with Mr. Sha and Mr. Zhang respectively pursuant to which each of Mr. Sha and Mr. Zhang conditionally agreed to sell their respective equity interest of 51% and 49% of the Target Company 2 for an aggregate consideration of RMB1,000,000 to the Purchaser. The Consideration shall be satisfied by way of cash payment by the Company.

The Target Company 2, a company established in the PRC, is a high-tech enterprise which is principally engaged in the manufacturing and sale of functional and environmentally friendly new materials in the PRC.

LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Equity Transfer exceed 5%, the Equity Transfer itself does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Equity Transfer contemplated under the Equity Transfer Agreements is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

THE EQUITY TRANSFER

Reference is made to the Company's announcement dated 13 November 2023 in relation to the MOUs.

In respect of the MOU 2, the Board is pleased to announce that on 22 November, 2023 (after trading hours of the Stock Exchange), the Purchaser entered into the Equity Transfer Agreements with Mr. Sha and Mr. Zhang respectively pursuant to which each of Mr. Sha and Mr. Zhang conditionally agreed to sell their respective equity interest of 51% and 49% of the Target Company 2 for an aggregate consideration of RMB1,000,000 to the Purchaser. The Consideration shall be satisfied by way of cash payment by the Company.

THE EQUITY TRANSFER AGREEMENTS

The principal terms of the Equity Transfer Agreements are set out below:

Date

22 November, 2023 (after trading hours of the Stock Exchange)

Parties

- (i) 上海匯頌實業有限公司, an indirect wholly-owned subsidiary of the Company, as the Purchaser; and
- (ii) Mr. Sha and Mr. Zhang as the vendors to the respective Equity Transfer Agreements.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of Mr. Sha and Mr. Zhang is an Independent Third Party.

Equity interest to be acquired

Pursuant to the Equity Transfer Agreements, each of Mr. Sha and Mr. Zhang, as the vendor, has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the respective equity interest of 51% and 49% of the Target Company 2.

Consideration

The consideration for the equity interest of 51% and 49% of the Target Company 2 amounts to RMB510,000 and RMB490,000 respectively. The Consideration shall be satisfied by cash payment by the Company within 30 days upon completion of change in business registration in respect of the Equity Transfer.

The Consideration was determined after arm's length negotiations between Mr. Sha, Mr. Zhang and the Purchaser on normal commercial terms based on the registered capital of the Target Company 2.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and on normal commercial terms and the Equity Transfer is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Equity Transfer shall be conditional upon the fulfilment of the following conditions precedent:

- (i) the Company being satisfied with the results of the due diligence review to be conducted on the Target Company after signing of the Equity Transfer Agreements respectively;
- (ii) all necessary consents, approvals and registration procedures of such equity changes of the Target Company 2 from the relevant government authority in the PRC having been obtained;
- (iii) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Equity Transfer Agreements and the transactions contemplated thereunder having been obtained;
- (iv) there is no situations, facts or circumstances that would or might render the warranties or terms under the Equity Transfer Agreements being breached;

- (v) (if required) the passing by the Shareholders at a special general meeting of the Company to be convened and held of ordinary resolution(s) by poll to approve the Equity Transfer Agreements and the transactions contemplated thereunder in accordance with the Listing Rules and the applicable laws and regulations; and
- (vi) the warranties under the Equity Transfer Agreements to be given by each respective vendor to the Equity Transfer Agreements remain true, accurate and not misleading in all material respects.

If the conditions have not been fulfilled (or waived by the Purchaser as the case may be) on or before 31 January 2024, or such later date as the vendors and the Purchaser may agree, the Equity Transfer Agreements shall cease and neither party to the Equity Transfer Agreements shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Upon completion of the Equity Transfer, the Target Company 2 will be held as to 100% by the Purchaser and will become an indirect wholly-owned subsidiary of the Company, and its financial results will be consolidated into the consolidated financial statements of the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company 2 is a company established in the PRC with limited liability and is principally engaged in the manufacturing and sale of functional and environmentally friendly new materials in the PRC.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

The principal activities of the Group are (i) investment holding; (ii) mining operations — exploitation and exploration of mineral resources; and (iii) chemical trading operations — manufacturing and sale of chemical products.

The Board considers that the Equity Transfer would allow the Group to tap into environmentally friendly new materials manufacturing industry in the PRC by leveraging on the high-new technologies in utilisation of mineral resources and thus broaden the Group's business spectrum and it is beneficial for the Group to seek suitable investment opportunities from time to time to expand its business in the innovation of new materials industry and enhance the long-term growth potential of the Group. In light of the promising market potential in the PRC, this new business segment, if materialised, is expected to generate a sustainable income growth for the Group. Hence, the Board is of the view that the entering into of the Equity Transfer Agreements is in the interest of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Equity Transfer exceed 5%, the Equity Transfer itself does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Equity Transfer contemplated under the Equity Transfer Agreements is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	North Mining Shares Company Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange (stock code: 433)
“connected person”	has the meanings as ascribed under the Listing Rules
“Consideration”	the aggregate consideration for the Equity Transfer of RMB1,000,000
“Director(s)”	director(s) of the Company
“Equity Transfer”	the equity transfer contemplated under the Equity Transfer Agreements
“Equity Transfer Agreements”	the two equity transfer agreements dated 22 November 2023 entered into between the Company and Mr. Sha and Mr. Zhang respectively whereby the Company has conditionally agreed to purchase and each of Mr. Sha and Mr. Zhang has conditionally agreed to sell the respective equity interest of 51% and 49% of the Target Company 2
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU 1”	the memorandum of understanding dated 13 November 2023 and entered into between the Company and Mr. Sha setting out the preliminary understanding in relation to the possible equity transfer contemplated thereunder
“MOU 2”	the memorandum of understanding dated 13 November 2023 and entered into between the Company, Mr. Sha and Mr. Zhang setting out the preliminary understanding in relation to the possible equity transfer contemplated thereunder
“MOUs”	MOU 1 and MOU 2
“Mr. Sha”	沙立盛 (Sha Li Sheng)
“Mr. Zhang”	張春 (Zhang Chun)
“Possible Equity Transfer”	the possible equity transfer contemplated under the MOU 1 and/or the MOU 2 respectively
“PRC”	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
“Purchaser”	上海匯頌實業有限公司 (Shanghai Huisong Industrial Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.02 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules

“Target Company 2” 廣西平果艾科美特新材料有限公司 (Guangxi Pingguo Aikemet New Material Co., Ltd.*), a company established in the PRC with limited liability

“%” per cent

* The English translation of Chinese names in this announcement, where indicated, are included for information purpose only and should not be regarded as the official English translation of such Chinese names.

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

Hong Kong, 23 November 2023

As at the date of this announcement, the Board comprises Mr. Yang Ying Min as Chairman and executive Director, Mr. Qian Yi Dong and Mr. Shen Jian as executive Directors; and Mr. Shek Man Ho, Mr. Shen Ming Jie and Mr. Feng Jia Wei as independent non-executive Directors.