
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **North Mining Shares Company Limited (In Liquidation in Hong Kong)** (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities of the Company. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



NORTH MINING SHARES COMPANY LIMITED

北方礦業股份有限公司

(In Liquidation)

(Incorporated in Bermuda with limited liability)

(Stock Code: 433)

**RESTRUCTURING TRANSACTIONS INVOLVING, INTER ALIA,
(1) CAPITAL REORGANISATION;
(2) ISSUE OF SUBSCRIPTION SHARES
TO THE INVESTOR UNDER SPECIFIC MANDATE;
(3) SCHEME OF ARRANGEMENT;
(4) PROPOSED ISSUE OF NEW SHARES
UNDER SPECIFIC MANDATE;
AND
NOTICE OF SPECIAL GENERAL MEETING**

A letter from the Liquidators is set out on pages 9 to 29 of this circular.

A notice convening the SGM of the Company to be held at Coral, 1/F., Auberge Discovery Bay Hong Kong, 88 Siena Avenue, Discovery Bay, Lantau Island, Hong Kong at 11:00 a.m. on Friday, 7 July 2023 is set out on pages SGM-1 to SGM-5 of this circular. Whether or not you are able to attend the SGM of the Company in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the SGM of the Company or any adjournment thereof (i.e. 11:00 a.m. on Wednesday, 5 July 2023). Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person in the SGM of the Company or any adjourned meeting should you so wish. In such event, the instrument appointing a proxy shall be deemed revoked.

13 June 2023

CONTENTS

	<i>Page</i>
Definitions	1
Expected Timetable	7
Letter from the Liquidators	9
Notice of SGM	SGM-1

DEFINITION

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

“Admitted Claim(s)”	Debts claimed by each Creditor which is admitted, approved or adjudicated, if applicable, according to the procedures stipulated in the Scheme
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) when banks in Hong Kong are open for business
“Capital Reduction”	the proposed reduction of the par value of each of the issued Consolidated Shares of HK\$0.32 to HK\$0.02 by cancelling the paid up capital of the Company to the extent of HK\$0.30 on each of the issued Consolidated Shares
“Capital Reorganisation”	the proposed capital reorganisation of the Company’s share capital involving (i) the Share Consolidation; (ii) the Capital Reduction; (iii) the Share Subdivision; and (iv) the Share Premium Cancellation
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Claim”	any debt, liability or obligation of the Company (whether known or unknown, whether actual or contingent, whether present, future or prospective, whether liquidated or unliquidated), whether arising by virtue of contract, at common law, in equity or by statute in Hong Kong, Bermuda or in any other jurisdiction or in any manner whatsoever and which includes without limitation a debt or liability to pay money or money’s worth, any liability for breach of trust, any liability in contract (including any guarantee liability of the Company), tort or bailment and any liability arising out of an obligation to make restitution, together with all interest on such debt, obligation or liability
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies Ordinance”	the Companies Ordinance (Cap. 622)

DEFINITION

“Company”	North Mining Shares Company Limited (In Liquidation), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 433)
“Completion”	the completion of the Restructuring Transactions pursuant to the term of the Restructuring Agreement, including (i) completion of the Capital Reorganisation; (ii) completion of the Investor’s Subscription; (iii) the Scheme having become effective; and (iv) completion of the Scheme Shares Issue, details of the conditions precedent for completion is set out under the paragraph headed “The Restructuring Agreement”
“Consolidated Shares”	new ordinary share(s) of HK\$0.32 each in the share capital of the Company immediately after the Share Consolidation becoming effective but prior to the Capital Reduction
“Credit Facility”	the credit facility of up to HK\$21,500,000 provided by the Investor to the Company under the Restructuring Exclusivity Agreement
“Creditor(s)”	any person with the benefit of a Debt other than the Excluded Claims. “Creditors” shall be construed accordingly as all creditors each of which holds a Debt against the Company
“Debt(s)”	the amount of debts claimed by each of the Creditors against the Company, whether actual, present, future, contingent, liquidated or unliquidated, “Debts” shall be construed accordingly as the aggregated amount of each Debt holding by each Creditor
“Director(s)”	the director(s) of the Company
“Excluded Claims”	(i) Preferential Claims, (ii) Operational Debts, (iii) Petition Costs, (iv) the liabilities due under the Restructuring Exclusivity Agreement and the Restructuring Agreement
“Group”	the Company and its subsidiaries from time to time
“High Court”	The High Court of Hong Kong
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITION

“Investor”	Huatune Corporation* (華豚(集團)有限公司), a company incorporated in the PRC with limited liability
“Investor’s Subscription”	the subscription of 256,410,256 New Shares under the Restructuring Agreement by the Investor
“Last Trading Day”	31 March 2021, being the last trading day prior to the signing of the Restructuring Agreement, which took place after trading hours
“Latest Practicable Date”	8 June 2023, being the latest practicable date prior to the despatch of this circular for the purpose of ascertaining certain information contained in this circular
“Liquidators”	Ms. So Kit Yee Anita and Mr. Tsui Chi Chiu, the joint and several liquidators of the Company, both of Ernst & Young Transactions Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Long Stop Date”	30 September 2023, or such later date as the parties hereto may agree in writing
“New Shares”	new ordinary share(s) of HK\$0.02 each in the capital of the Company immediately upon the Capital Reorganisation becoming effective
“Operational Debts”	certain debts of the Company to be set out in the scheme document for the Scheme which include, among others, the executive director’s fee, listing fee, share register fee, professional and services fee and wages
“Petition Costs”	the legal costs of the petitioners in relation to the winding up petitions filed against the Company under HCCW452/2021
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preferential Claim(s)”	claim(s) which would be treated as a preferential claim pursuant to Section 265 of Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong

DEFINITION

“Proposed Restructuring”	the proposed restructuring of the Company’s capital and debt comprising (i) the Capital Reorganisation; (ii) the Investor’s Subscription; and (iii) the Scheme
“Restructuring Agreement”	the formal agreement dated 21 February 2023 entered into between the Company, the Liquidators and the Investor and as supplemented by the Supplemental Restructuring Agreement in relation to the Restructuring Transactions
“Restructuring Exclusivity Agreement”	the exclusivity agreement dated 8 September 2022 (supplemented by the supplemental exclusivity agreement dated 1 December 2022) entered into between the Company, Liquidators and the Investor
“Restructuring Documents”	the Restructuring Agreement and all other documents necessary to document and implement the transactions contemplated under the Restructuring Agreement and the Resumption
“Restructuring Transaction(s)”	collectively, (i) the Capital Reorganisation; (ii) the Investor’s Subscription; and (iii) the Scheme
“Resumption”	resumption of trading of the Shares (or the New Shares if the Capital Reorganisation has become effective) on the Stock Exchange
“Sanction Order”	the approvals or sanctions on the Scheme by the High Court
“Scheme”	the scheme of arrangement to be entered into between the Company and the Creditors, subject to the approval by the High Court, which will be implemented in Hong Kong
“Scheme Administrators”	Ms. So Kit Yee Anita and Mr. Leung Fredric Hin Hang
“Scheme Claims”	any Claim(s) against the Company other than the Excluded Claims
“Scheme Company”	a company to be incorporated in Hong Kong with limited liability, being a special purpose vehicle to be held and controlled by the Scheme Administrators or such other persons as may be nominated by the Scheme Administrators
“Scheme Shares”	11,086,710,827 New Shares to be allotted and issued under the Scheme pursuant to the terms thereof
“Scheme Shares Issue”	the allotment of issue of a total of 11,086,710,827 New Shares to the Creditors under the Scheme

DEFINITION

“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among others, the Restructuring Transactions
“Share(s)”	ordinary share(s) of HK\$0.016 each in the capital of the Company prior to the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every twenty (20) Shares of HK\$0.016 into one (1) Consolidated Share of HK\$0.32
“Share Premium Cancellation”	the proposed cancellation of the entire amount in the sum of HK\$3,791,452,301 standing to the credit of the share premium account of the Company
“Share Subdivision”	the proposed sub-division of each authorised but unissued Consolidated Share of par value HK\$0.32 each into 16 authorised and unissued New Shares of par value of HK\$0.02 each
“Shareholder(s)”	the holder(s) of the Share(s) or the New Shares
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the SGM for the allotment and issue of the Subscription Shares and the Scheme Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 256,410,256 Subscription Shares by the Investor subject to the terms and conditions of the Restructuring Agreement
“Subscription Price”	the issue price of HK\$0.156 per Subscription Share
“Subscription Share(s)”	the New Shares to be allotted and issued under the Investor’s Subscription
“Supplemental Restructuring Agreement”	the supplemental restructuring agreement dated 7 June 2023 entered into between the Company, the Liquidators and the Investor
“Working Capital Facility”	the working capital facility of up to HK\$18,500,000 to be provided by the Investor to the Company under the Supplemental Restructuring Agreement and the Working Capital Facility Agreement

DEFINITION

“Working Capital Facility Agreement” the working capital facility agreement dated 7 June 2023 entered into between the Company, the Liquidators and the Investor

“%” per cent.

Certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

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

EXPECTED TIMETABLE

The expected timetable for implementation of the Proposed Restructuring is set out below:

Event	Time and Date 2023
Latest time for lodging transfer documents and relevant share certificates to be eligible to attend and vote at the SGM.....	4:30 p.m. Monday, 3 July
Closure of register of members to determine the eligibility for the SGM	Tuesday, 4 July to Friday, 7 July (both days inclusive)
Latest time for return of proxy forms for the SGM	11:00 a.m., on Wednesday, 5 July
Record date for determining Shareholders' eligibility to attend and vote at the SGM	Friday, 7 July
Date and time of the SGM.....	11:00 a.m., on Friday, 7 July
Publication of announcement of results of the SGM	before 7:00 p.m., on Friday, 7 July
High Court's first hearing for convening a Creditors' meeting	Wednesday, 26 July

EXPECTED TIMETABLE

The following events are conditional on (i) the results of the SGM and the relevant court hearings; and (ii) the fulfilment of the conditions for the implementation of the Proposed Restructuring, therefore, the dates are tentative:

Event	Time and Date 2023
Effective date of the Capital Reorganisation	Tuesday, 11 July
First day for free exchange of existing share certificates for new share certificates for the New Shares	Tuesday, 11 July
High Court's first hearing for convening a Creditors' meeting	Wednesday, 26 July
Last day for free exchange of existing share certificates for new share certificates for the New Shares	Monday, 14 August
Creditors' meeting to consider and, if thought fit, approve the Scheme	After the High Court's first hearing
High Court's hearing on the petition to sanction the Scheme.....	Friday, 8 September
Completion of the Investor's Subscription and issuance of Subscription Shares and despatch of certificates for the Subscription Shares to the Investor.....	Before the Completion
The Scheme becomes effective.....	Before the Completion
Application for withdrawal or stay of the winding-up petitions and the discharge of the Liquidators.....	Before the Completion
Fulfilment of all the resumption guidance imposed by the Stock Exchange and publication of an announcement relating to the Resumption.....	Before the Completion
Resumption and dealings in the New Shares (including the Subscription Shares and Scheme Shares) commences.....	on or before 30 September

All times and dates specified in the timetable above refer to Hong Kong times and dates unless otherwise specified.

The timetable is tentative only. In the event that the Company fails to satisfy all of the resumption guidance imposed by the Stock Exchange by 30 September 2023, the Listing Division of the Stock Exchange may recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing status at its discretion.

Any subsequent change to the expected timetable will be announced by the Company as and when appropriate.

LETTER FROM THE LIQUIDATORS



NORTH MINING SHARES COMPANY LIMITED

北方礦業股份有限公司

(In Liquidation)

(Incorporated in Bermuda with limited liability)

(Stock Code: 433)

Joint and Several Liquidators:

Ms. So Kit Yee Anita

Mr. Tsui Chi Chiu

Executive Directors:

Yang Ying Min

Qian Yi Dong

Shen Jian

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of

business in Hong Kong:

27/F., One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

13 June 2023

To the Shareholders

Dear Sir or Madam,

**RESTRUCTURING TRANSACTIONS INVOLVING, INTER ALIA,
(1) CAPITAL REORGANISATION;
(2) ISSUE OF SUBSCRIPTION SHARES
TO THE INVESTOR UNDER SPECIFIC MANDATE;
(3) SCHEME OF ARRANGEMENT;
(4) PROPOSED ISSUE OF NEW SHARES
UNDER SPECIFIC MANDATE;
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference are made to the announcements of the Company dated 30 June 2021, 28 September 2021, 30 December 2021, 2 March 2022, 21 March 2022, 31 March 2022, 19 April 2022, 20 April 2022, 17 May 2022, 15 July 2022, 15 September 2022, 29 September 2022, 5

LETTER FROM THE LIQUIDATORS

December 2022, 30 December 2022, 10 February 2023, 21 February 2023, 9 March 2023 and 7 June 2023 (collectively, the “**Announcements**”) in relation to, among other things, (i) the suspension of trading of Shares on the Stock Exchange; (ii) the guidance received from the Stock Exchange regarding the resumption of trading of the Company’s shares on the Stock Exchange; (iii) the announcements in relation to the proposed restructuring; (iv) the decision of Listing Review Committee overturning the decision of the Listing Committee.

On 21 February 2023, the Company, the Liquidators and the Investor have entered into the conditional Restructuring Agreement in relation to the implementation of the Restructuring Transactions.

On 7 June 2023, the Company, the Liquidators and the Investor have entered into the Supplemental Restructuring Agreement.

The purpose of this circular is to provide you, among other things, further details of the Proposed Restructuring.

2. THE RESTRUCTURING AGREEMENT

Date: 21 February 2023

Parties: (i) the Company; (ii) the Investor; and (iii) the Liquidators

Conditions precedent for Completion:

Completion of the Restructuring Agreement is conditional upon the fulfillment of the following conditions precedent on or before the Long Stop Date:

- (i) the signing of all the Restructuring Documents by all the parties thereunder as may be required to be entered into to give effect to the Restructuring Transactions before Completion;
- (ii) an official copy of the order of the High Court sanctioning the Scheme pursuant to the Companies Ordinance having been delivered to the Registrar of Companies in Hong Kong for registration;
- (iii) the order of the High Court sanctioning the dismissal of the winding-up petitions presented against the Company and the discharge of the Liquidators in Hong Kong;
- (iv) the Scheme having become effective;
- (v) the resumption of trading of the Shares (or New Shares if the Capital Reorganisation has become effective) on the Stock Exchange (or the obtaining of an indication from the Stock Exchange that subject to the completion of each of the Restructuring Transactions and the fulfilment of all the resumption guidance given by the Stock Exchange the trading of the Shares will be resumed); and

LETTER FROM THE LIQUIDATORS

(vi) all necessary governmental, regulatory and corporate authorisations, approvals, consents and/or waivers for the entering into of the Restructuring Agreement and the performance of obligations hereunder having been obtained and effective.

None of the above conditions could be waived. Pursuant to the Restructuring Agreement, if the conditions precedent have not been fulfilled on or before the Long Stop Date, the Restructuring Agreement will be terminated.

As at the Latest Practicable Date, none of the conditions above had been fulfilled.

Termination

Each of the Liquidators and the Investor may terminate the Restructuring Agreement by serving written notice to other parties hereto if the Investor or the Liquidators (as the case may be) (i) materially breach or default in any of its/their obligations under the Restructuring Agreement or fail to comply fully with such obligations; and (ii) fail to rectify such breach, default or non-compliance within fourteen (14) Business Days of the non-defaulting party notifying the defaulting party in writing of such breach, default or non-compliance.

Automatic termination

Unless the Liquidators and the Investor shall otherwise agree, the Restructuring Agreement shall be terminated automatically if:

- (1) the listing of the Shares has been cancelled by the Stock Exchange before the date of Completion and the Company has failed in an appeal to the Listing Review Committee of the Stock Exchange to reverse such decision; or
- (2) Completion has not taken place on or before the Long Stop Date or such other date as the Company, the Investor and the Liquidators may agree in writing; or
- (3) the Liquidators and the Investor agree in writing that the Restructuring Agreement shall be terminated; or
- (4) the Scheme is terminated in the accordance with its terms and conditions and accordingly the Scheme Claims due to the Creditors are revived; or
- (5) the Investor fails to make any payment of funding to the Company in accordance with the Restructuring Agreement and such failure is not being rectified (i.e. the payment of funding is not made) within fourteen (14) Business Days from such failure.

If the Restructuring Agreement is terminated, the Scheme shall terminate and all the Scheme Claims shall be deemed to have revived and the Creditors will be entitled to pursue against the Company in respect of such Scheme Claims as if the Scheme had never been effective and binding provided that credit be given to any distributions made under the Scheme.

LETTER FROM THE LIQUIDATORS

3. THE CAPITAL REORGANISATION

As set out in the Restructuring Agreement, the Company proposes to implement, subject to the approval by the Shareholders, the Capital Reorganisation. The Capital Reorganisation will comprise:

- (i) Share Consolidation: every 20 issued and unissued Shares of par value of HK\$0.016 will be consolidated into 1 Consolidated Share of par value of HK\$0.32 each;
- (ii) Capital Reduction: immediately after the Share Consolidation becoming effective, the par value of every issued Consolidated Share will be reduced from HK\$0.32 to HK\$0.02 by the cancellation of the paid up capital of the Company to the extent of HK\$0.30 on each issued Consolidated Share, giving rise to a credit balance of approximately HK\$350,555,794.20 on the basis of 1,168,519,314 Consolidated Shares then in issue. The credit arising therefrom will be applied to set off the accumulated loss of the Company, and the balance of the credit, if any, will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act;
- (iii) Share Subdivision: immediately following the Capital Reduction becoming effective, each of the authorised but unissued Consolidated Shares of HK\$0.32 each will be sub-divided into 16 authorised but unissued New Shares of HK\$0.02 each; and
- (iv) Share Premium Reduction: the amount of HK\$3,791,452,301 standing to the credit of the Share Premium Account be reduced to nil and that the credit arising therefrom be transferred to the contributed surplus account of the Company within the meaning of the Companies Act and will be applied to further set off the accumulated loss of the Company.

Fractional entitlement to New Shares

Fractional New Shares arising from the Capital Reorganisation will be disregarded and not be issued to the Shareholders but all such fractional New Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. Fractional New Shares will only arise in respect of the entire shareholding of a holder of Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling the Shares in a number sufficient to make up an entitlement to receive a whole number of New Shares.

The New Shares will rank *pari passu* in all respects with each other in accordance with the Company's bye-laws.

LETTER FROM THE LIQUIDATORS

Effects of the Capital Reorganisation

Other than the relevant expenses to be incurred, the implementation of the Capital Reorganisation will not, by itself, alter the underlying assets, liabilities, businesses, operations, management or financial position of the Company and the Group or the rights and the proportional interests of the Shareholders.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, before and after completion of the Capital Reorganisation (assuming no Shares are issued from the date of this circular until the effective date of the Capital Reorganisation):

	Immediately before the Capital Reorganisation becoming effective	Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.016 per Share	HK\$0.02 per New Share
Number of authorised shares	31,250,000,000 Shares	25,000,000,000 New Shares
Authorised share capital	HK\$500,000,000	HK\$500,000,000
Number of issued and paid-up shares	23,370,386,286 Shares	1,168,519,314 New Shares
Paid-up capital	HK\$373,926,180.57	HK\$23,370,386.28

Conditions for Capital Reorganisation

The effectiveness of the Capital Reorganisation is conditional upon the following:

- (i) the passing of the necessary resolutions by the Shareholders to approve the Capital Reorganisation at the SGM;
- (ii) compliance with section 46(2) of the Companies Act, including the Directors being satisfied that on the date on which the Capital Reduction and the Share Premium Cancellation are to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction and the Share Premium Cancellation would be, unable to pay its liabilities as they become due;
- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the New Shares in issue following the Capital Reorganisation taking effect; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

None of the above conditions could be waived. As at the Latest Practicable Date, none of the above conditions had been fulfilled.

LETTER FROM THE LIQUIDATORS

Expected effective date of the Capital Reorganisation

The Capital Reorganisation shall become effective when the conditions mentioned above are fulfilled.

Listing and dealings

An application has been made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the New Shares. Subject to the granting of the listing of, and the permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought from any other stock exchange.

Exchange of share certificates for the New Shares

Subject to the Capital Reorganisation becoming effective, Shareholders may, on or after Tuesday, 11 July 2023 until Monday, 14 August 2023 (both days inclusive) between 9:00 a.m. and 4:00 p.m. on any Business Day, submit the share certificates for the existing Shares (in purple colour) to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong to exchange, at the expense of the Company, for new share certificates of the New Shares (in peach colour).

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 each (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Company's branch share registrar in Hong Kong for each share certificate for the Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of share certificates involved is higher.

After Tuesday, 11 July 2023, share certificates for the existing Shares will remain valid and effective as documents of title and may be exchanged for share certificates for the New Shares at any time but will cease to be valid for delivery, trading and settlement purposes.

LETTER FROM THE LIQUIDATORS

Board lot size

Currently, the Shares are listed on the Stock Exchange in board lot of 10,000 Shares. The board lot size for trading on the Stock Exchange will remain as 10,000 New Shares upon Capital Reorganisation becoming effective.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the New Shares, the Company is in the process of appointment of an agent to provide matching services (subject to the Scheme being effective and trading is resumed).

Further announcement(s) will be made by the Company to inform the Shareholders of the odd lot arrangement as and when appropriate.

Shareholders should note that the matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Reasons for the Capital Reorganisation

Pursuant to Rule 13.64 of the Listing Rules and the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange, where the market price of the securities of the issuer approaches the extremity of HK\$0.01 which the Stock Exchange considers to be any trading price less than HK\$0.10, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation.

The Share prices have remained below HK\$0.10 since July 2018. In view of the prolonged period of share prices trading at extremity, the proposed Share Consolidation is justified to increase the corresponding Share prices to facilitate trading activities. The proposed Share Consolidation does not have any effect of offsetting the intention of any prior corporate actions. The Board considered that the benefits of the proposed Capital Reorganisation outweigh the potential costs arising from creation of odd lots. In addition, the Company is prohibited from issuing new shares at below their par value under the Company’s bye-laws and the Companies Act of Bermuda. As such, the Capital Reduction will give the Company greater flexibility in pricing any future issue of shares.

Accordingly, the Board is of the view that the Capital Reorganisation is in the interest of the Company and the Shareholders as a whole despite the potential costs and negative impact arising from odd lots. Save under the Restructuring Transactions, the Company currently has no plan to conduct any fund raising. However, if any suitable investment opportunities shall arise in the future, the Company may consider such necessary fund raising activities as required.

For the avoidance of doubt, the Investor’s Subscription and the Scheme are conditional upon the Capital Reorganisation taking effect, but not vice versa.

LETTER FROM THE LIQUIDATORS

4. THE INVESTOR'S SUBSCRIPTION

Under the Restructuring Agreement (as supplemented by the Supplemental Restructuring Agreement), the Investor's Subscription forms part of the Restructuring Transactions. A summary of the principal terms of the Investor's Subscription is set out below.

Date of the Restructuring Agreement	:	21 February 2023
Parties	:	(i) the Company (as issuer); (ii) the Investor (as subscriber); and (iii) the Liquidators
Subscription price	:	HK\$0.156 per New Share
Amount of the Investor's Subscription	:	HK\$40,000,000
Number of shares to be issued under the Investor's Subscription	:	256,410,256 New Shares

The Investor is also one of the Creditors. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Investor and its ultimate beneficial owners are independent of and not connected with the Company and its subsidiaries, its connected person(s) and their respective associate(s).

The Subscription Shares

Pursuant to the Restructuring Agreement, the Investor shall subscribe for a total of 256,410,256 New Shares for a total subscription price of HK\$40,000,000, representing approximately HK\$0.156 per New Share, which shall be satisfied by the Investor in the following manner:

- (i) set-off against the aggregate outstanding amount advanced or to be advanced by the Investor to the Company under the Credit Facility and the Working Capital Facility prior to the Completion in whole on a dollar-for-dollar basis for a maximum of HK\$21,500,000 and HK\$18,500,000 respectively; and
- (ii) the remaining balance (if the Credit Facility and the Working Capital Facility are not fully drawn down) shall be payable by the Investor to the Company in cash by way of a cashier order issued by a licensed bank in Hong Kong or by way of telegraphic transfer to the designated bank account of the Company.

LETTER FROM THE LIQUIDATORS

In the event that the Subscription does not take place on or before the Long Stop Date or the Restructuring Agreement has been terminated pursuant to the terms therein, the Company shall remain liable to all outstanding amounts under the Restructuring Exclusivity Agreement. Any outstanding amount under the Restructuring Exclusivity Agreement which has not been off-set against the subscription money for the Subscription Shares shall remain liable by the Company to the Investor.

The total number of Subscription Shares to be allotted and issued under the Subscription represents:

- (i) approximately 17.99% of the issued shares of the Company upon the completion of the Capital Reorganisation as enlarged by the allotment and issue of the Subscription Shares; and
- (ii) approximately 2.05% of the issued shares of the Company upon the completion of the Capital Reorganisation as enlarged by the allotment and issue of the Subscription Shares and the Scheme Shares.

The Subscription Price

The Subscription Price of HK\$0.156 per New Share represents (assuming the Share Consolidation became effective):

- (i) a discount of approximately 40% to the theoretical closing price of HK\$0.26 per New Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 41.8% to the average of the theoretical closing price per New Share of approximately HK\$0.268 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 42.6% to the average of the theoretical closing price per New Share of HK\$0.272 for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a premium of approximately HK\$1.242 over the audited consolidated net liabilities of the Company of approximately HK\$1.086 per New Share as at 31 December 2021; and
- (v) a premium of approximately HK\$1.445 over the audited consolidated net liabilities of the Company of approximately HK\$1.289 per New Share as at 31 December 2022.

The Subscription Price was determined after arm's length negotiation between the Company and the Investor with reference to (i) the poor financial position of the Company; (ii) the prevailing market prices of the Shares prior to the suspension of trading; (iii) the recent market conditions; and (iv) the substantial funding to be provided by the Investor for the Company to proceed with the rescue plan. Given that the Company is currently in liquidation and needs to undertake the Restructuring Transactions, the poor

LETTER FROM THE LIQUIDATORS

financial position of the Group, and the risk of the Investor in undertaking the support to the Company in its implementation of the Restructuring Transactions, the Directors are of the view that a discounted issue price is inevitable in this large-scale fundraising exercise, which is not uncommon among companies involving creditors' scheme or debt restructuring. Further, in light of the fact that after various discussions, the Investor was identified as a willing funder to provide the Credit Facility to facilitate the preparation and formulation of the rescue plan, as well as to provide further funding to the Company for its future operation and business development by way of the Investor's Subscription despite an uncertainty that the rescue plan may or may not succeed, the Directors consider that the Subscription Price which is set at a premium to the net liabilities of the Company is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions of the Investor's Subscription

Completion of the Investor's Subscription is conditional upon the fulfillment of the following conditions precedent:

- (i) the Company having obtained either conditional approval or approval-in-principle from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares, upon the Capital Reorganisation becoming effective, on the Stock Exchange and such approval has not been withdrawn prior to the Completion;
- (ii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation, if any;
- (iii) the passing of at the SGM the Shareholders' resolutions of the Company approving:
 - a. the Capital Reorganisation;
 - b. the Investor's Subscription and the allotment and issue of the Subscription Shares;
 - c. the Scheme and the allotment and issue of the Scheme Shares; and
 - d. any other transactions contemplated under the Restructuring Agreement which require the approval of the Shareholders;
- (iv) the Company having obtained either conditional approval or approval-in-principle from the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Subscription Shares and the Scheme Shares on the Stock Exchange and such approval has not been withdrawn prior to the Completion;
- (v) the Scheme having become unconditional (save for the condition that the Restructuring Agreement having become unconditional); and

LETTER FROM THE LIQUIDATORS

- (vi) all other necessary waivers, consents and approval including but not limited to those from the Stock Exchange, the SFC (if applicable) and any other relevant government or regulatory authorities, which are required (if any) for the implementation of the Restructuring Transactions having been obtained, and all the conditions attached to such approval or decision (if any) having been fulfilled.

None of the conditions precedent above could be waived. As at the Latest Practicable Date, none of the conditions above had been fulfilled.

Application for the listing of the Subscription Shares

The Investor's Subscription is subject to the Shareholders' approval. If approved, the Company will allot and issue the Subscription Shares under the Specific Mandate to be granted by the Shareholders at the SGM. An application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares will rank *pari passu* in all respects with each other in accordance with the Company's bye-laws.

5. THE SCHEME

Scheme Shares Issue

As at the Latest Practicable Date, based on the proof of Debts received by the Company, the total estimated indebtedness, other than the Excluded Claims, owed by the Company to the Creditors amounted to approximately HK\$1.7 billion. This indebtedness figure is indicative only and will be subject to changes in the number of proof of Debts received and the final determination by the Scheme Administrators and (if applicable) adjudication under the Scheme.

Subject to Sanction Order on the Scheme by the High Court, the Scheme will become legally binding on the Company and its Creditors upon filing of the Sanction Order of the High Court with the Companies Registry in Hong Kong.

Upon the Scheme becoming effective, the Company will implement the Scheme Shares Issue, under which it is estimated that the Company will allot and issue, in aggregate, a total of 11,086,710,827 New Shares where the Creditors will receive 1 New Share for every HK\$0.156 in the amount of the Admitted Claims due to them by the Company in the event all the Admitted Claims are proved and admitted in full. Where the Admitted Claims are not proved and admitted in full, the number of Scheme Shares to be received by each Creditor will be adjusted by dividing the amount of the Admitted Claim of each Creditor with the total amount of Admitted Claims under the Scheme, multiplied by the total of 11,086,710,827 New Shares, such that the Creditors will receive such number of New Shares proportional to their respective Admitted Claims. For settlement of

LETTER FROM THE LIQUIDATORS

the Debt of the Creditors in accordance with the terms of the Scheme, and upon which all the Debts of the Creditors will be discharged and extinguished in full and the Creditors will not be allowed to make any claim against the Company in respect of their Debts.

The Investor is also one of the Creditors. As disclosed in the section headed “8. Effect on the shareholding structure of the Company” of this circular, the Investor will be entitled to 3,466,583,804 Scheme Shares as a Creditor.

The terms for allotment and issue of the Scheme Shares was determined with reference to the prevailing market conditions, situation and financial position of the Company and an acceptable recovery rate which has been agreed by most of the Creditors of the Company. The Scheme Shares will represent approximately 88.61% of the enlarged issued share capital of the Company (assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares and Scheme Shares and after adjusted for the effect of the Capital Reorganisation), and will rank pari passu in all respects with each other in accordance with the Company’s by-laws.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, all the existing Creditors are independent of and not connected with the Company and its subsidiaries, its connected person(s) and their respective associate(s).

Application for the listing of the Scheme Shares

The allotment and issue of the Scheme Shares is subject to Shareholders’ approval. The Company will allot and issue the Scheme Shares under the Specific Mandate to be granted by the Shareholders at the SGM. An application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Scheme Shares.

Conditions precedent to the Scheme

The Scheme shall become effective subject to the fulfilment of the following conditions precedent:

- (i) over fifty per cent. (50%) in number of the Creditors, representing at least seventy five per cent. (75%) in value of the Creditors, present and voting in person or by proxy at the Scheme meeting, vote in favour of the Scheme;
- (ii) the High Court sanctions the Scheme and an official copy of the order of the High Court sanctioning the Scheme is delivered to the Registrar of Companies in Hong Kong for registration;
- (iii) the passing of the necessary resolutions by Shareholders at the SGM for the Scheme, the transactions contemplated under the Capital Reorganisation, and the Investor’s Subscription;

LETTER FROM THE LIQUIDATORS

- (iv) the Company having obtained either conditional approval or approval in-principle from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scheme Shares on the Stock Exchange;
- (v) the Restructuring Agreement having become unconditional (save for the condition that the Scheme having become unconditional); and
- (vi) the Capital Reorganisation having become effective.

All the conditions precedent to the Scheme are not waivable. As at Latest Practicable Date, none of the conditions above had been fulfilled.

The completion of the Investor's Subscription and the Scheme Share Issue are inter-conditional upon each other. If for any reason, the Investor's Subscription does not proceed, the Scheme Share Issue will not proceed either, and vice versa.

Subject to fulfillment of the conditions precedent for the allotment and issue of the Scheme Shares, under the Scheme, the Company shall allot and issue the Scheme Shares to the Scheme Company prior to the date of Resumption, and as soon as practicable after the Scheme Administrators or the adjudicator has determined all Scheme Claim(s) (as the case may be), the Scheme Company shall then distribute such number of Scheme Shares to the relevant Creditors pursuant to the directions of the Scheme Administrators (or with such arrangement which in the opinion of the Scheme Administrators is desirable and necessary for the implementation and completion of the Scheme).

Pursuant to the Restructuring Agreement, if the Scheme has not become effective and the Subscription has not been completed on or before the Long Stop Date, the Restructuring Agreement will be terminated and the Scheme will not proceed.

Subject to the approval of the Creditors, the Shareholders, the High Court and relevant regulators, and upon completion of the Scheme, all the claims of the Creditors against the Company, and liabilities of the Company will be compromised, discharged, waived and/or settled in full. The Scheme will become legally binding on the Company and the Creditors upon fulfilment of the conditions set out in the paragraph headed "Conditions precedent to the Scheme" above and upon sanctioning of the Scheme by the High Court and the filing of the order of the High Court with the Registrar of Companies in Hong Kong. As at the Latest Practicable Date, the Scheme had not come into effect. The Company will provide an update on the Scheme as and when appropriate.

6. REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE RESTRUCTURING AGREEMENT AND THE USE OF PROCEEDS

The Restructuring Transactions form a vital part of the resumption plan of the Company as they provide the Group with the necessary financing to resolve the debts of the Company by the implemental of the Scheme.

LETTER FROM THE LIQUIDATORS

Since the suspension of trading of the Shares on 1 April 2021, the Directors have spent strenuous effort in fulfilling the conditions for resumption as set out in the resumption guidance given by the Stock Exchange. However, on 16 May 2022 the Company was ordered to be wound up by the High Court and since then the Directors ceased to have the powers to manage the Company, and on 18 July 2022, the Liquidators were appointed by the order of the High Court. Despite such development, the possibility of a corporate rescue have not been ruled out and the Liquidators have spent much effort in retrieving and assessing the business and financial information of the Company for the preparation of a liquidation analysis, and assessing whether a possible corporate rescue, if with suitable terms and could be materialised, will be in the best interest of the Creditors. On the other hand, the management of the Company and the Directors also maintained discussion with the Liquidators and any potential investors for carrying out a possible corporate rescue. After various discussions, the Investor was identified as a willing funder to provide the Credit Facility to facilitate the preparation and formulation of the resumption plan, as well as to provide further funding to the Company for its future operation and business development by way of the Investor's Subscription. As the Liquidators and the Directors understood from the Investor, the provision of restructuring funding and the Investor's Subscription is a comprehensive package to rescue the Company as well as to secure its interest in the Company upon completion of the restructuring. Although the issuance of the Subscription Shares would have a dilution effect on the shareholding of the existing Shareholders, the Investor's Subscription was considered to be beneficial not only to the Creditors but also the Shareholders and the Company as a whole, because without the provision of the Credit Facility, the Company would not be able to formulate the restructuring plan and to implement the Restructuring Transactions, and hence the implementation of the Scheme and the Resumption will not be achievable. As such, it is considered that the Investor's Subscription is an essential part of the corporate rescue and restructuring plan.

The Liquidators and the Directors consider that, taking into account of the above factors, terms for the Investor's Subscription are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Use of proceeds

The gross proceeds from the Investor's Subscription amounted to HK\$40,000,000. The Company intends that the proceeds will be used as follows:

- (i) HK\$21,500,000 has been and will be used for settling (a) service and professional fees and expenses or part thereof in connection with implementing the Restructuring Transactions and resumption in trading in the Shares; (b) the fees incurred for setting up of the Scheme Company and such fees or expenses to be reasonably and necessarily incurred in relation to the implementation of Resumption; and
- (ii) HK\$18,500,000 has been and will be used as general working capital of the Group to settle outstanding fees and necessary fees to ensure necessary corporate services for maintaining the Company and resuming its listing status.

LETTER FROM THE LIQUIDATORS

7. EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fundraising activities in the past twelve (12) months immediately preceding the Latest Practicable Date.

LETTER FROM THE LIQUIDATORS

8. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purposes only, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Capital Reorganisation having become effective; and (iii) immediately after completion of the issue of the Subscription Shares and Scheme Shares in full:

	As at the Latest Practicable Date		Immediately after the Capital Reorganisation becoming effective		Immediately after completion of the issue of Subscription Shares and the Scheme Shares in full	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of New Shares	Approximate %
The substantial Shareholders						
Qian Yong Wei	11,500,000	0.05	575,000	0.05	575,000	0.00
China Wan Tai Group Limited ^{Note 1}	3,380,408,552	14.46	169,020,427	14.46	169,020,427	1.35
China Huarong Asset Management Company Limited	3,018,000,000	12.91	150,900,000	12.91	150,900,000	1.21
Gu Jie	1,876,580,000	8.03	93,829,000	8.03	93,829,000	0.75
Pleasant Journey Global Limited	1,324,929,577	5.67	66,246,478	5.67	66,246,478	0.53
The Investor						
As the Investor for the Subscription Shares	—	—	—	—	256,410,256	2.05
As the Creditor for the Scheme Shares	—	—	—	—	3,466,583,804	27.71
Sub-total	—	—	—	—	3,722,994,060	29.76
Other Creditors						
SFund International Investment Fund Management Limited	—	—	—	—	2,591,364,858	20.70
NATU Investment Management 1 Company Limited	—	—	—	—	2,270,377,828	18.15
Harvest Wealth International Limited	—	—	—	—	1,540,967,158	12.32
Cayman Islands International Investment Limited	—	—	—	—	617,586,186	4.94
Chau Yiu Ting	—	—	—	—	416,578,854	3.33
Wu Jinyan	—	—	—	—	147,975,714	1.18
Other minority Creditors	—	—	—	—	35,276,425	0.28
Public Shareholders	<u>13,758,968,157</u>	<u>58.87</u>	<u>687,948,409</u>	<u>58.87</u>	<u>687,948,409</u>	<u>5.50</u>
Total	<u>23,370,386,286</u>	<u>100.00</u>	<u>1,168,519,314</u>	<u>100.00</u>	<u>12,511,640,397</u>	<u>100.00</u>

Note 1: Reference is made to the announcement published by the Company dated 25 October 2021. To the best of the Directors' knowledge upon reasonable enquiry, as at the Latest Practicable Date, China Wan Tai Group Limited was in liquidation.

Note 2: The public float of the Company will be approximately 19.07% immediately after completion of the issue of the Subscription Shares and the Scheme Shares in full. The shareholding structure table above is for illustrative purposes only and the exact number of Scheme Shares to be issued to each of the Creditors is subject to adjudication. The Company has taken steps to ensure the public float of the Company is at a minimum of 25% as described below.

LETTER FROM THE LIQUIDATORS

In order to ensure the public float of the Company to the minimum requirement of 25% under Rule 8.08(1)(a) of the Listing Rules, the Company has (i) engaged a placing agent to dispose of such number of Scheme Shares necessary to independent third parties of the Company on a best effort basis; and (ii) obtained an undertaking from Harvest Wealth International Limited, being one of the Creditors, that it will only receive such number of Scheme Shares that amount up to 9.90% of the enlarged issued share capital of the Company.

9. DILUTION EFFECT OF THE SUBSCRIPTION SHARES AND THE SCHEME SHARES ISSUE, AND EXCEPTIONAL CIRCUMSTANCES

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placing that would result in a theoretical dilution effect of 25% or more, unless the Stock Exchange is satisfied that there are exceptional circumstances. On 16 May 2022, the Company was ordered to be wound up by the High Court and pursuant to a court order dated 18 July 2022 granted by the Hong Kong Court of First Instance, Ms. So Kit Yee Anita and Mr. Tsui Chi Chiu of Ernst & Young Transactions Limited were appointed as the Liquidators of the Company. In light of (i) the liquidation status of the Company and the appointment of the Liquidators; (ii) the heavily indebted financial position of the Company; and (iii) the prolonged suspension of the trading in the Shares on the Stock Exchange, it was indeed not feasible or practicable for the Company to obtain any loans from banks or other financial institutions nor conduct any fund raising by way of debt or equity issuance although the Company has considered all the above fund raising alternatives. Under these exceptional circumstances and as part of the rescue proposal, the Directors and the Liquidators consider that it is fair and reasonable for the allotment and issue of the Subscription Shares and the Scheme Shares that result in a theoretical dilution effect of approximately 37.89%.

10. INFORMATION OF THE GROUP AND THE INVESTOR

The Group

The Company is an investment holding company incorporated in the Bermuda with limited liability. The Group is principally engaged in (i) mining operations — exploitation, exploration and trading of mineral resources; and (ii) chemical trading operations — manufacturing and sale of chemical products.

The Investor

The Investor is a company incorporated in the PRC with limited liability, and is beneficially owned as to 95% of its equity interest by 上海振鑫投資管理有限公司 (which in turn is owned by Mr. Qian Baohua (錢寶華) and Ms. Zhou Zhiping (周志萍) as to 95% and 5% respectively) and as to 5% of its equity interest by 上海程功酒店管理有限公司 (which in turn is wholly owned by Mr. Jiang Shikui (姜士奎)). The Investor is principally engaged in commercial properties investment in Shanghai, the PRC. The Investor is also a Creditor which has a total claim amount of approximately HK\$540 million.

LETTER FROM THE LIQUIDATORS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, following Completion of the Restructuring Transactions, the Investor intends to continue the existing principal businesses of the Group.

As at the Latest Practicable Date, the Investor had not entered into any agreement, arrangements, understandings, intention or negotiations in relation to redeployment of the employees, disposal and/or redeployment of the assets of the Group or termination nor scaling-down of any of the Group's businesses.

The Investor will conduct a review of the business activities and financial status of the Group after Completion for the purpose of formulating business plans and strategies for future business development of the Group.

Subject to the results of the review, the Investor may explore other business opportunities for the Group.

11. SHARE CAPITAL

Share Capital

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Capital Reorganisation becoming effective (assuming that there are no other changes in the share capital of the Company from the Latest Practicable Date up to effective date of the Capital Reorganisation); (iii) immediately after completion of the issue of the Subscription Shares and the Scheme Shares in full (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the completion of the issue of the Subscription Shares and the Scheme Shares) are as follows:

(i) *Share capital as at the Latest Practicable Date:*

<i>Authorised</i>	<i>HK\$</i>
<u>31,250,000,000</u> Shares	<u>500,000,000</u>
<i>Issued and fully paid or credited as fully paid</i>	<i>HK\$</i>
<u>23,370,386,286</u> Shares	<u>373,926,180.57</u>

LETTER FROM THE LIQUIDATORS

- (ii) *Share capital immediately after the Capital Reorganisation becoming effective (assuming that there are no other changes in the share capital of the Company from the Latest Practicable Date up to effective date of the Capital Reorganisation):*

<i>Authorised</i>	<i>HK\$</i>
<u>25,000,000,000</u> New Shares	<u>500,000,000</u>
<i>Issued and fully paid or credited as fully paid</i>	
<u>1,168,519,314</u> New Shares	<u>23,370,386.28</u>

- (iii) *Share capital immediately after completion of the issue of the Subscription Shares and the Scheme Shares in full (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the completion of the issue of the Subscription Shares and the Scheme Shares):*

<i>Authorised</i>	<i>HK\$</i>
<u>25,000,000,000</u> New Shares	<u>500,000,000</u>
<i>Issued and fully paid or credited as fully paid</i>	
1,168,519,314 New Shares	23,370,386.28
256,410,256 Subscription Shares to be issued	5,128,205.12
11,086,710,827 Scheme Shares to be issued	221,734,216.54
New Shares upon completion of the Investor's	
<u>12,511,640,397</u> Subscription and the Scheme Shares Issue	<u>250,232,807.94</u>

12. SGM

The SGM will be convened at Coral, 1/F., Auberge Discovery Bay Hong Kong, 88 Siena Avenue, Discovery Bay, Lantau Island, Hong Kong on Friday, 7 July 2023 at 11:00 a.m. for the Shareholders to consider and, if thought fit, to approve the Restructuring Transactions. As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders had material interest in the Restructuring Transactions and would be required to abstain from voting on the relevant resolutions to be proposed at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the

LETTER FROM THE LIQUIDATORS

Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

13. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders of the Company to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 4 July 2023 to Friday, 7 July 2023 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for entitlement to attend and vote at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 3 July 2023.

14. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Liquidators accept full responsibility for the accuracy of the information in relation to the Restructuring Transactions contained in this circular (other than those in relation to the Investor) and confirm that having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the Directors) have been arrived at after due and careful consideration and that to the Liquidators' best knowledge, information and belief, there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

15. RECOMMENDATION

Based on the above, the Directors consider that the Restructuring Transactions are in the best interest of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolution(s) at the SGM.

LETTER FROM THE LIQUIDATORS

CONTINUED SUSPENSION OF TRADING IN THE SHARES

The transactions contemplated under the Restructuring Agreement are subject to the fulfilment of a number of conditions and therefore may or may not materialise. Shareholders and potential investors of the Company should note that the despatch of this circular does not mean that the listing of the New Shares and the Scheme Shares will be approved by the Stock Exchange.

Trading in the Shares has been suspended since 9:00 a.m. on 1 April 2021. The release of this circular does not necessarily indicate that the Restructuring Transactions will be successfully implemented and that trading in the Shares will be resumed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

For and on Behalf of
North Mining Share Company Limited
(in Liquidation)
So Kit Yee Anita
Tsui Chi Chiu
Joint and Several Liquidators
Acting without personal liability

NOTICE OF SGM



NORTH MINING SHARES COMPANY LIMITED

北方礦業股份有限公司

(In Liquidation)

(Incorporated in Bermuda with limited liability)

(Stock Code: 433)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of NORTH MINING SHARES COMPANY LIMITED (the “**Company**”) will be held at Coral, 1/F., Auberger Discovery Bay Hong Kong, 88 Siena Avenue, Discovery Bay, Lantau Island, Hong Kong, Hong Kong at 11:00 a.m. on Friday, 7 July 2023 for the purposes of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company (unless otherwise indicated, capitalised terms used in this notice have the same meanings as those defined in the circular of the Company dated 13 June 2023 (the “**Circular**”)):

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the Restructuring Agreement dated 21 February 2023 (the “**Restructuring Agreement**”) (a copy of which is produced to the SGM marked “A” and signed by the Chairman of the SGM for the purpose of identification) and the Supplemental Restructuring Agreement dated 7 June 2023 (the “**Supplemental Restructuring Agreement**”) (a copy of which is produced to the SGM marked “B” and signed by the Chairman of the SGM for the purpose of identification) and entered into amongst the Company, the Liquidators, and the Investor, in relation to the restructuring of the debts and liabilities, capital structure and share capital of the Company and which comprise (i) the Capital Reorganisation; (ii) the Investor’s Subscription; and (iii) the Scheme be and are hereby approved, confirmed and ratified; and
- (b) any one Liquidator or director of the Company (each, a “**Director**” and collectively, the “**Directors**”) be and is hereby authorised to do all such things and acts and execute all documents (whether under common seal or not) which he or she considers necessary, desirable or expedient to implement or to give effect to any matters relating to the Restructuring Agreement and the transactions contemplated thereunder.”

NOTICE OF SGM

2. **“THAT**, subject to and conditional upon, (i) the Stock Exchange granting the listing of, and permission to deal in, the New Shares (as defined below); and (ii) compliance with the relevant procedures and requirements under the bye-laws of the Company, the laws of Bermuda and the Rules Governing of the Listing of Securities on the Stock Exchange to effect the Share Consolidation (as defined below), with effect from the second business day after the date on which this resolution is passed:
- (a) every 20 issued and unissued share of par value of HK\$0.016 each in the share capital of the Company will be consolidated into 1 share of par value of HK\$0.32 each (each, a **“Consolidated Share”**) in the share capital of the Company (the **“Share Consolidation”**); and
 - (b) immediately following the Share Consolidation, the authorised share capital of the Company will be HK\$500,000,000 divided into 1,562,500,000 Consolidation Shares.”

SPECIAL RESOLUTION

3. **“THAT**, subject to and conditional upon, (i) the Share Consolidation becoming effective; (ii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares (as defined below); and (iii) compliance with the requirements of section 46(2) of the Companies Act 1981 of Bermuda in respect of the Capital Reduction (as defined below) and the Share Premium Cancellation (as defined below); (iv) compliance with the relevant procedures and requirements under the bye-laws of the Company, the laws of Bermuda and the Rules Governing of the Listing of Securities on the Stock Exchange to effect the Capital Reorganisation (as defined below); and (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required to effect the Capital Reorganisation, with effect from the second business day after the date on which this resolution is passed by the Shareholders:
- (a) the par value of every issued Consolidated Share be reduced from HK\$0.32 to HK\$0.02 (the **“New Shares”**) by the cancellation of the paid up capital of the Company to the extent of HK\$0.30 on each issued Consolidated Share (the **“Capital Reduction”**);
 - (b) immediately following the Capital Reduction becoming effective, each authorised but unissued Consolidated Shares be sub-divided into 16 authorised but unissued New Shares (the **“Share Subdivision”**);
 - (c) all fractional New Shares resulting from the Capital Reorganisation will be disregarded and will not be issued to the shareholders of the Company but all such fractional New Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the Directors may think fit;
 - (d) immediately following the Share Subdivision, the authorised share capital of the Company will be HK\$500,000,000 divided into 25,000,000,000 New Shares;

NOTICE OF SGM

- (e) the entire amount standing credit of the share premium account of the Company be reduced to nil (the “**Share Premium Cancellation**” and collectively with the Capital Reduction and Share Subdivision, the matters contained in subclause (c) and (d) above, the “**Capital Reorganisation**”);
- (f) the credit arising from the Capital Reduction and the Share Premium Cancellation be credited to the contributed surplus account of the Company to be applied by the Board in any manner permitted in accordance with the by-laws of the Company and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders; and
- (g) any one Director be and is authorised to approve, sign and execute such documents, including under the seal of the Company, and take any and all steps, and to do and/or procure to be done any and all acts and things which in his/her opinion may be necessary, desirable or expedient to implement and carry into effect this resolution, including, without limitation, to aggregate, sell and retain for the benefit of the Company all fractional New Shares to which each Shareholder is otherwise entitled.

ORDINARY RESOLUTIONS

- 4. “**THAT** subject to the Listing Committee of the Stock Exchange granting the listing of and permission to deal in all of the Subscription Shares, the Directors be and are hereby granted a specific mandate for the allotment and issue of the Subscription Shares in accordance with the terms of the Restructuring Agreement (and any supplement thereto); and any Director be and is hereby authorised to do all such things and acts and execute all documents (whether under common seal or not) which he considers necessary, desirable or expedient to implement or to give effect to any matters relating to the Investor’s Subscription and the transactions contemplated thereunder.”
- 5. “**THAT** subject to and conditional upon, among others, the applicable laws of the Bermuda and Hong Kong and the directions and sanctions of the High Court, and to all the other resolutions set out in this notice being passed:
 - (a) the Scheme material particulars whereof are disclosed in the scheme of arrangement document of the Company despatched to the Creditors (details of the major terms of the scheme of arrangement are set out in the Circular), which are to be proposed and effected as a scheme under Part 13 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), be and are hereby approved, confirmed and ratified, subject to any modification thereof or addition thereof approved or imposed by the High Court (if any);
 - (b) the proposed allotment and issue of 11,086,710,827 New Shares (the “**Scheme Shares**”) at the issue price of HK\$0.156 per Scheme Share in accordance with the terms of the Scheme be and is hereby approved;

NOTICE OF SGM

- (c) subject to the Listing Committee of the Stock Exchange granting the listing of and permission to deal in all of the Scheme Shares, the Directors be and are hereby granted a specific mandate for the allotment and issue of the Scheme Shares in accordance with the terms of the Scheme; and
- (d) any one Director be and is hereby authorised to do all such things and acts and execute all documents (whether under common seal or not) which he/she considers necessary, desirable or expedient to implement or to give effect to any matters relating to the Scheme and the transactions contemplated thereunder.”

By Order of the Board
North Mining Share Company Limited
(in Liquidation)
So Kit Yee Anita
Tsui Chi Chiu
Joint and Several Liquidators
Acting without personal liability

Hong Kong, 13 June 2023

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
27/F., One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. A form of proxy for use of the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's Hong Kong branch share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the SGM, excluding Saturdays, Sundays and public holidays in Hong Kong (i.e. 11:00 a.m. on Wednesday, 5 July 2023), or any adjournment thereof.
4. In the case of joint holders of Shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such Shares as if he was solely entitled thereto, but if more than one such joint holders are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.

NOTICE OF SGM

5. The register of members of the Company will be closed from Tuesday, 4 July 2023 to Friday, 7 July 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the meeting, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 3 July 2023.
6. Members are advised to read the Circular which contains information concerning the resolutions to be proposed in the SGM.
7. References to time and dates in this notice are to Hong Kong time and dates.
8. The voting at the SGM shall be taken by way of poll.

According to the information available from the previous announcement made by the Company, immediately before the making of winding up order against the Company by the Court, the Board comprises Mr. Yang Ying Min, Mr. Qian Yi Dong and Mr. Shen Jian as executive Directors.

The affairs, business and property of the Company are being managed by the Joint & Several Liquidators who act as agents of the Company only and without personal liability.