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Ding He Mining Holdings Limited

鼎和礦業控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 705)

SUBSCRIPTION OF NEW SHARES BY LOAN CAPITALISATION

On 23 May 2017 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber or its nominee has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 700,000,000 new Shares at the Subscription Price of HK\$0.0392 per Subscription Share.

The Subscription Price represents (i) a discount of approximately 16.60% to the closing price of HK\$0.047 per Share as quoted on the Stock Exchange on 23 May 2017, being the date of the Subscription Agreement; and (ii) a discount of 20% to the average of the closing prices of HK\$0.049 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, the recent trading performance of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Subscription Shares represent (i) approximately 12.15% of the existing issued share capital of the Company; and (ii) approximately 10.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$0.0390 per Subscription Share. The entire Subscription monies will be set off against HK\$27,440,000 out of the Outstanding Sums owed by the Company to the Subscriber.

The Board announces that on 23 May 2017 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber or its nominee has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 700,000,000 new Shares at the subscription price of HK\$0.0392 per Subscription Share.

Date

23 May 2017 (after trading hours)

Parties

- (i) The Company as issuer
- (ii) The Subscriber as subscriber

The Subscriber

The Subscriber is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holdings.

Reference is also made to the announcement of the Company dated 31 July 2016, the Company and the Subscriber entered into of the Loan Agreement pursuant to which the Subscriber would advance loan of up to HK\$50,000,000 to the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the Subscriber and its ultimate beneficial owners(s) are interested in 379,606,000 Shares (representing approximately 6.59% issued share capital of the Company) as at the date of this announcement, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties.

Number of Subscription Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription, the Subscription Shares represent (i) approximately 12.15% of the existing issued share capital of the Company; and (ii) approximately 10.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscriber will become a substantial Shareholder (as defined under the Listing Rules) immediately upon completion of the Subscription.

Subscription Price

The Subscription Price represents (i) a discount of approximately 16.60% to the closing price of HK\$0.047 per Share as quoted on the Stock Exchange on 23 May 2017, being the date of the Subscription Agreement; and (ii) a discount of 20% to the average of the closing prices of HK\$0.049 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$0.0390 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account, among others, the recent trading performance of the Shares and the amount of the Outstanding Sums. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price for all 700,000,000 Subscription Shares shall be settled by the Subscriber upon completion by way of set off against HK\$27,440,000 out of the total Outstanding Sums owed by the Company to the Subscriber.

Subject to the completion of the Subscription, the Subscriber agrees to waive the interest accrued on HK\$27,440,000 out of the total Outstanding Sums for the period from the date of the Subscription Agreement to the date of completion of the Subscription.

Rights of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares; and
- (ii) all the necessary consents and approvals required to be obtained by the Subscriber in respect of the Subscription having been obtained.

In the event that the condition of the Subscription is not fulfilled on or before 23 June 2017 or such other date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

Completion of the Subscription

Completion of the Subscription will take place on the fourth business days after the conditions of the Subscription are fulfilled (or such other date as may be agreed between the parties).

Application for listing

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

GENERAL MANDATE TO ALLOT AND ISSUE OF THE SUBSCRIPTION SHARES

The Subscription Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Accordingly, the issue of the Subscription Shares is not subject to the approval of the Shareholders.

Reference is made to the announcement of the Company dated 9 May 2017 in relation to the Placing.

Under the General Mandate, the Company is authorized to allot and issue up to 1,101,924,784 Shares. Up to the date of this announcement, 250,000,000 Shares have been issued and the Placing has yet to be completed. Taking into account of the Placing Shares and assuming the Placing has been completed as at the date of this announcement, approximately 36.30% of the General Mandate has been utilized. The maximum of 700,000,000 Subscription Shares to be allotted and issued will utilize another approximately 63.53% of the General Mandate.

REASONS FOR THE SUBSCRIPTION AGREEMENT

The Group is principally engaged in (i) the mining of dolomite and manufacturing of magnesium ingots in Malaysia; (ii) bottling and sale of mineral water in the People's Republic of China; and (iii) exploration of mining resources in the Republic of Indonesia.

By entering into the Subscription Agreement, the total Outstanding Sums will be capitalised into equity capital, which will lower the gearing ratio of the Group. As such, the finance cost can be reduced and this will alleviate the difficulty of the Company to repay the Outstanding Sums.

There will be no proceeds arising from the Subscription as the entire Subscription Price will be set off against the Outstanding Sums on a dollar to dollar basis.

The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned. The Directors also consider that the Subscription will strengthen the financial position (in particular, reduction of the gearing ratio) of the Group.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Date of announcement	Event	Net proceeds and intended use	Actual use of proceeds
8 March 2017 and 29 March 2017	Placing of 150,000,000 new Shares at the placing price of HK\$0.084 per Share	The net proceeds of approximately HK\$12.22 million from the placing will be used for repayment of debts and general working capital of the Group	The placing has been lapsed as announced on 29 March 2017
1 May 2017	Subscription of 250,000,000 new Shares by loan capitalization at the subscription price of HK\$0.0408 per Share	The net proceeds of approximately HK\$10.08 million from the subscription will offset against the Outstanding Sums owed by the Company to the Subscriber	The subscription has been completed on 16 May 2017
9 May 2017	Placing of 150,000,000 new Shares at the placing price of HK\$0.0395 per Share	The net proceeds of approximately HK\$5.806 million from the placing will be used for repayment of debts and general working capital of the Group	Not yet completed as at the date of this announcement

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

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Subscription (subject to completion of the Subscription and the Placing and assuming that there is no other change in the shareholding structure of the Company before the allotment and issue of the Subscription Shares under the Subscription and the Placing Shares under the Placing) are set out below:

Shareholders	As at the date of this announcement		Immediately upon completion of the Subscription and the Placing	
	<i>Number of issued Shares</i>	<i>Approximate Percentage</i>	<i>Number of issued Shares</i>	<i>Approximate Percentage</i>
Mr. Leung Wai Kwan (<i>Note</i>)	6,074,250	0.11%	6,074,250	0.09%
The Subscriber and its associates	379,606,000	6.59%	1,079,606,000	16.33%
<i>Public Shareholders</i>				
The Placees	—	—	150,000,000	2.27%
Other Public Shareholders	<u>5,373,943,671</u>	<u>93.3%</u>	<u>5,373,943,671</u>	<u>81.31%</u>
	<u>5,759,623,921</u>	<u>100%</u>	<u>6,609,623,921</u>	<u>100%</u>

Note: Mr. Leung Wai Kwan is an executive Director.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company convened and held on 28 June 2016 to approve, among other things, the grant of the General Mandate
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Company”	Ding He Mining Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	Director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue and deal with Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 30 July 2016 and entered into between the Company as borrower and the Subscriber as lender as disclosed in the announcement of the Company dated 31 July 2016
“Placing”	the placing of new Shares under the General Mandate by the Company as announced on 9 May 2017
“Placing Shares”	the maximum of 150,000,000 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Hong Kong Media Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liabilities and the subscriber to the Subscription Agreement and the lender to the Loan Agreement

“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 23 May 2017 and entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	the subscription price of HK\$0.0392 per Subscription Share
“Subscription Shares”	an aggregate of 700,000,000 new Shares to be subscribed by the Subscriber or its nominee pursuant to the Subscription Agreement
“Outstanding Sums”	the total outstanding sums owed by the Group to the Subscriber, including but not limited to the loan under the Loan Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Ding He Mining Holdings Limited
Du Jian Jun
Chairman and Executive Director

Hong Kong, 23 May 2017

As of the date of this announcement, the Executive Directors of the Company are namely, Mr. Du Jian Jun, Mr. Ji Kuang, Mr. Li Po Wai, Mr. Fan Weipeng, Mr. Leung Wai Kwan, Ms. Meng Xiao Ying, Mr. Yin Shibo and Mr. Leung Kwok Peng Joseph and the Independent Non-executive Directors of the Company are namely, Mr. Chan Kin Ho Philip, Ms. Li Zhenzhen and Mr. Liu Bo and Mr. Zhong Zhu.