



Delong Holdings Limited

(Company Registration No:199705215g)

ANNOUNCEMENT IN RELATION TO DEVELOPMENTS IN THE STEELMAKING INDUSTRY IN CERTAIN CITIES WITHIN THE PEOPLE'S REPUBLIC OF CHINA

The Board of Directors of Delong Holding Limited (the “**Company**”) refers to the reforms introduced at the fifth meeting of Hebei Province’s 12th National People Congress, in relation to plans to reduce steelmaking capacity in the Hebei Province in the People’s Republic of China (the “**PRC**”) by 31.86 million tonnes in 2017, and to accelerate of the steelmaking capacity reduction efforts in the cities of Langfang, Baoding and Zhangjiakou, which are located in the Hebei Province, in 2017 (the “**Capacity Reduction Plans**”)¹. The Company understands that the Capacity Reduction Plans are aimed at reducing excess capacity in the steelmaking industry and the resultant environmental impacts, including air pollution, amongst others.

The Company’s subsidiary, Laiyuan County Aoyu Steel Co., Ltd. (“**Aoyu Steel**”), is located in Baoding, one of the affected cities under the Capacity Reduction Plans. As Aoyu Steel employs approximately 2,300 employees for its productions, any capacity reductions to Aoyu Steel may result in significant economic and social impact to the economy in Baoding. The Company wishes to inform its shareholders (the “**Shareholders**”) that based on current discussions between the Company and the relevant regulatory authorities in the PRC, Aoyu Steel may be required to reduce its steelmaking output in view of the Capacity Reduction Plans which in turn may adversely affect the financial position of the Group.

The Company will continue to keep the Shareholders updated as and when there are further material developments with regard to this matter.

Shareholders and potential investors should exercise caution when trading in the Company’s shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Yeo Lee Luang
Company Secretary
18 January 2017

¹ For further details, please refer to the article at <http://in.reuters.com/article/china-economy-steel-idINL4N1EY064>.