



Delong Holdings Limited

(Company Registration No:199705215g)

ACQUISITION OF BALANCE EQUITY OF LAIYUAN COUNTY AOYU STEEL CO., LTD BY DELONG HOLDINGS LIMITED (THE "COMPANY")

The Company refers to its announcement dated 18 January 2012 and 2 April 2012 ("**Announcements**") in relation to the acquisition of 80% of the equity ("**80% Acquisition**") of Laiyuan County Aoyu Steel Co. Ltd (the "**Target Company**") which was completed on 31 March 2012. Unless otherwise defined, all capitalised terms used herein shall carry the same meaning as defined in the Announcements.

It was a term of the equity acquisition agreement dated 17 January 2012 that Tianjin Qiruicheng International Trading Co., Ltd, a wholly owned subsidiary of the Company incorporated in the People's Republic of China (the "**Purchaser**") shall acquire the balance 20% of the equity of the Target Company (the "**Balance Equity**") held by Hebei Aowei Group Co. Ltd (the "**Vendor**") within three (3) years from the completion date of the 80% Acquisition and subject to the Target Company keeping its business registration and continuous production. The consideration for the above shall be calculated based on the net assets of the Target Company at the time of acquisition of the Balance Equity as assessed by the assessment organization confirmed by the Vendor and Purchaser, provided that such acquisition price shall not be lower than the price of the 20% equity of the Target Company as calculated based on the Basis Consideration and Adjusted Consideration for the 80% Acquisition. The acquisition of the Balance Equity was approved by the shareholders of the Company at an extraordinary general meeting dated 26 March 2012.

Pursuant to an agreement dated 27 March 2015 ("**Balance Equity SPA**"), the Purchaser and Vendor have agreed that the consideration for the acquisition of the Balance Equity ("**Balance Equity Consideration**") shall be calculated based on the net assets of the Target Company at the time of acquisition of the Balance Equity as previously agreed, but the Balance Equity Consideration need not be assessed by an assessment organization. The Balance Equity Consideration shall be based on the unaudited net asset of the Target Company as at 31 March 2015 as set out in the management accounts of the Target Company and as agreed between the parties. Based on current estimation from the management accounts of the Target Company, the Balance Equity Consideration shall be approximately RMB90.0 million. The parties have agreed not to have the Balance Equity Consideration assessed by an assessment organisation as the Purchaser has managed the Target Company since the completion of the 80% Acquisition in 2012 and is now familiar with the operations and business of Target Company and may avoid the costs incurred for valuation by an assessment organisation. The parties also confirm that, in accordance with the earlier term of the 80% Acquisition, the Balance Equity Consideration shall not be lower than the price of the 20% equity of the Target Company as calculated based on the Basis Consideration and Adjusted Consideration for the 80% Acquisition.

As the unaudited net asset of the Target Company as at 31 March 2015 is yet to be determined, the parties have agreed that the Purchaser shall pay RMB30.0 million in advance for the Balance Equity Consideration with effect from the Balance Equity SPA and the parties shall transfer the Balance Equity on or prior to 5 April 2015. The remaining sum payable for the Balance Equity Consideration shall be payable by the Purchaser within 3 business days of the finalisation of the Balance Equity Consideration by the parties.

BY ORDER OF THE BOARD

Yeo Lee Luang
Company Secretary