



德龙控股
DELONG HOLDINGS

DELONG HOLDINGS LIMITED (Reg. No 199705215G)

UPDATE ON PRODUCTION PLANT

1. INTRODUCTION

The board of directors (the “**Board**”) of Delong Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that certain plant and equipment of Delong Steel Limited (“**Delong Steel**”), an indirect wholly-owned subsidiary of the Company, is undergoing maintenance or in the process of being dismantled, further details of which are set out below.

2. MAINTENANCE OF BLAST FURNACE

Pursuant to the budget plan of Delong Steel, an overhaul of the production capabilities of Delong Steel’s No. 1 blast furnace (which has an annual production capacity of 660,000 tonnes) had been scheduled on 28 October 2017. The estimated maintenance period is 45 days and the estimated maintenance costs is approximately RMB22 million. The maintenance is expected to reduce the production of molten iron by approximately 85,500 tonnes in the current financial year.

3. DISMANTLING OF SHAFT FURNACE

Pursuant to the air pollution prevention and control requirements of Xingtai County, Delong Steel had on 2 November 2017 commenced the dismantling of Delong Steel’s No. 2 shaft furnace. The net asset value of the No. 2 shaft furnace is approximately RMB19.94 million as at 31 October 2017 and it can produce up to 600,000 pellets per year.

Once production by the shaft furnace has ceased, Delong Steel shall purchase pellets from other suppliers.

4. FINANCIAL EFFECTS

Due to the maintenance of the No. 1 blast furnace and the dismantling of the No. 2 shaft furnace, both the earnings per share and net tangible assets per share of the Group for the current financial year are expected to decrease by RMB1.34.

5. **FURTHER ANNOUNCEMENTS**

Announcements will be released with further information on the above and as and when there are material developments.

By Order of the Board

Ding Ligu
Executive Chairman
6 November 2017