



Delong Holdings Limited

(Company Registration No:199705215g)

UPDATE ON PRODUCTION PLANT

The Board of Directors of Delong Holding Limited (the “Company”) wishes to announce that pursuant to the Xingtai City’s 2018/2019 policies on the comprehensive management of air pollution in autumn and winter, Delong Steel Ltd (“Delong Steel”), the Group’s indirect wholly owned subsidiary, is required to shut down a blast furnace on 30 November 2018. It is expected that the hiatus on production will subsist until 31 March 2019. Further production cuts may also be required, subject to any heavy pollution warnings.

According to the current Beijing-Tianjin-Hebei air quality forecast, the winter’s environmental protection measures will gradually become more stringent, which in turn, is expected to have an impact on the Company’s operations.

In light of the production shut down on one of the Company’s blast furnaces, the Group’s production capacity is expected to be reduced by approximately 89,000 tonnes for the financial year ending 31 December 2018 (“FY2018”) and 250,000 tonnes for the financial year ending 31 December 2019 (“FY2019”) respectively, representing 2.3% and 7.4% of the estimated capacity for FY2018 and FY2019. As such the Group’s production capacity for FY2018 and FY2019 is expected to be approximately 3,830,000 tonnes and 3,370,000 tonnes respectively.

As a result of the above, based on the average selling price of hot-rolled coil for the nine-month period ended 30 September 2018, it is expected that the Group’s revenue will be reduced by approximately RMB316 million and RMB887 million in FY2018 and FY2019 respectively.

By order of the Board

Yeo Lee Luang
Company Secretary