
THE PROPOSED DISPOSAL OF THE GROUP'S ENTIRE STAKE IN DELONG (THAILAND) CO., LTD.

- WAIVER FROM REQUIREMENT FOR SHAREHOLDERS' APPROVAL

Reference is made to the announcement made by Delong Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") on 20 November 2016 in relation to the temporary cessation of operations of Delong (Thailand) Co. Ltd. ("**Delong Thailand**"), an indirect 55%-held subsidiary of the Company, and the announcement on 21 December 2016 (the "**Prior Announcement**") in relation to entering into a binding memorandum of understanding for the proposed disposal of the Group's entire equity interest in Delong Thailand (the "**Proposed Disposal**").

Capitalised terms not defined in this announcement shall have the meaning ascribed in the Prior Announcement.

As stated in the Prior Announcement, in view that the relative figure computed under Rule 1006(c) of the Listing Manual in relation to the Proposed Disposal exceeds 20%, the Company had submitted an application to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to seek a waiver from compliance with the requirement for shareholders' approval under Listing Rule 1014(2) in relation to the Proposed Disposal ("**Waiver**").

The SGX-ST had, on 21 December 2016, informed the Company that it had no objection to the Waiver, subject to the following conditions:

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, and the conditions as required under Listing Rule 107; and
- (b) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

The Company had sought the Waiver for the following reasons:

- (a) Risk profile and nature of main business not affected

Notwithstanding the Proposed Disposal, the core business of the Group will remain unchanged.

In addition, Delong Thailand had ceased operations with effect from 18 November 2016.

Accordingly, the Company's existing equity stake in Delong Thailand is neither critical nor essential to the Group's ability to operate or continue operating its core

businesses, and the scale of the Group's general operations will not decrease significantly as a consequence of the Proposed Disposal.

Conversely, in view of the ongoing deadlock between Delong Singapore and the other minority shareholders of Delong Thailand, it would be in the interests of the Group to undertake the Proposed Disposal and realise its investment at the earliest opportunity.

Further, the net proceeds of approximately S\$15,300,000 from the Proposed Disposal represents a gain on disposal of approximately S\$600,000, taking into account the book value of the Sale Shares of approximately THB367,900,000 (approximately S\$14,700,000) based on the unaudited management accounts of Delong Thailand for the financial period ended 31 October 2016. Additionally, in connection with the Proposed Disposal, it is envisaged that the existing shareholder's loan of approximately US\$25,150,000 owing from Delong Thailand will be repaid to Delong Singapore, thereby likely improving the cash position of the Group.

On the above basis, in the opinion of the Directors, there will be no material change in the overall risk profile of the Company arising from the Proposed Disposal.

(b) Urgent nature of Proposed Disposal

As mentioned above, in view of (i) the ongoing deadlock between Delong Singapore and the other minority shareholders of Delong Thailand resulting in the current break down in their relationship; and (ii) Delong Thailand having since ceased operations, the ground situation requires urgent resolution and it would thus be in the interests of the Group to dispose of its stake in Delong Thailand as expeditiously as possible.

It is currently envisaged that completion of the Proposed Disposal shall take place no later than 31 January 2017. Further, the sale and purchase of all the Sale Shares shall take place simultaneously.

Accordingly, having to convene an extraordinary general meeting to vote on the Proposed Disposal would likely result in considerable delay to, or worse, jeopardise the completion of the Proposed Disposal.

In light of the above grounds, the Company considers that it would be reasonable to expect Shareholders not to be overly concerned with the Proposed Disposal, and the Waiver would be in the interests of the Company and the Shareholders.

The Company is releasing this announcement to comply with condition (a) of the Waiver by the SGX-ST and will comply with the remaining condition (b) in due course.

BY ORDER OF THE BOARD

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Executive Chairman

21 December 2016