



# Delong Holdings Limited

(Company Registration Number: 199705215G)

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**THE PROPOSED CONSOLIDATION OF EVERY FIVE (5) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**

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## 1. Introduction

The Board of Directors (the “**Board**” or the “**Directors**”) of Delong Holdings Limited (the “**Company**”) wishes to announce that the Company proposes to undertake a share consolidation of every five (5) ordinary shares in the capital of the Company (the “**Shares**”) into one (1) ordinary (the “**Consolidated Share**”), fractional entitlements to be disregarded and dealt with in such manner as the Directors may, in their absolute discretion deem fit in the interests of the Company (the “**Proposed Share Consolidation**”).

## 2. Details of the Proposed Share Consolidation

- 2.1. Under the Proposed Share Consolidation, every five (5) existing Shares registered in the name, or standing to the credit of the securities account (as the case may be), of each shareholder of the Company (“**Shareholder**”) as at a books closure date to be determined by the Directors (the “**Books Closure Date**”) will be consolidated into one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.
- 2.2. As at the date of this Announcement, the Company has an issued and paid-up share capital of RMB2,112,480,000 comprising 550,913,635 Shares. Following the implementation of the Proposed Share Consolidation and on the assumption that there will be no new Shares issued by the Company up to the Books Closure Date, the Company will have an issued and paid-up share capital of RMB2,112,480,000 comprising 110,182,727 Consolidated Shares.
- 2.3. Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.
- 2.4. Shareholders who hold less than five (5) Existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase

additional Existing Shares so as to increase the number of Existing Shares held to a multiple of five (5) Shares prior to the Books Closure Date.

- 2.5. The Proposed Share Consolidation will have no impact on the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the shareholders' funds of the Company and its subsidiaries.
- 2.6. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. Shareholders who hold physical share certificates may wish to deposit the same with The Central Depository (Pte) Limited ("**CDP**") and have their Shares credited to their securities accounts with CDP before the announcement of the Books Closure Date, as CDP will only accept for deposit new share certificates of Consolidated Shares after the Books Closure Date.
- 2.7. Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at an extraordinary general meeting ("**EGM**") to be convened by the Company, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date.
- 2.8. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder in the Company, other than non-material changes due to rounding.

### **3. Rationale for the Proposed Share Consolidation**

- 3.1. **Compliance with the Minimum Trading Price Requirement.** With effect from 2 March 2015, the Singapore Exchange Securities Trading Limited ("**SGX-ST**") implemented a minimum trading price of S\$0.20 per share (the "**MTP**") for shares of issuers listed on the Mainboard as a continuing listing requirement to address risks associated with low-priced securities and to improve overall market quality. Issuers will be first assessed for compliance with the MTP requirement 12 months from 2 March 2015 (i.e. 1 March 2016). Issuers that fail to fulfil the MTP requirement at the first review date on 1 March 2016 or any of the subsequent quarterly reviews will be placed on the watch-list of the SGX-ST. The assessment of whether an issuer has met the MTP of S\$0.20 will be based on the issuer's volume weighted average price ("**VWAP**") of its shares for the six (6) months preceding the date of review. Issuers placed on the watch-list on or after 1 March 2016 will have a 36-month period to exit from the watch-list. Issuers who fail to exit from the watch-list will be subject to delisting in accordance with the listing rules.

On 3 December 2015, the SGX-ST announced that it was giving affected companies carrying out a share consolidation to comply with the MTP requirement, a six (6)-month extension period before they are reviewed. The extension will only apply to companies which have consolidated their shares before 1 March 2016. Therefore, if the Proposed Share Consolidation is effected before 1 March 2016, the six (6)-month VWAP of the Shares will be assessed only on 1 September 2016 instead of 1 March 2016.

The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders, as it will facilitate the Company's ability to comply with the MTP, which is a continuing listing requirement for issuers listed on the Mainboard of the SGX-ST.

- 3.2. **Reduction of the Magnitude of Volatility of the Share Price.** As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), low traded share prices translate to higher transaction costs, relative to the trading price, for each trading of one board lot of Shares. In addition, the low traded Share price may encourage speculation in the Shares, which may result in excessive Share price volatility. The Directors therefore believe that the Proposed Share Consolidation may serve to reduce the fluctuation in magnitude of the Company's market capitalization and reduce the percentage transaction cost for trading in each board lot of Shares.
- 3.3. **Increase in the Market Interest and Attractiveness of the Company and its Shares.** The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of issued Shares. Following the Proposed Share Consolidation, the Board expects that, all other things being equal, the theoretical trading price of each Consolidated Share would be higher than the trading price of each existing Share, taking into account the decrease in the number of Shares in issue following the Proposed Share Consolidation. The Directors believe that, with the reduction in the number of Shares in issue and the resulting increase in the theoretical trading price of each Consolidated Share, the Proposed Share Consolidation may also increase the profile of the Company amongst the institutional investors and the coverage of the Company amongst research houses and fund managers which may, in turn, increase market interest and activity in the Shares, and generally make the Shares more attractive to investors.

**Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustainable in the longer term.**

#### **4. Conditions for the Proposed Share Consolidation**

The Proposed Share Consolidation is subject to, *inter alia*:

- a) the approval of the SGX-ST for the Proposed Share Consolidation and for the listing and quotation of the Consolidated Shares on the SGX-ST; and
- b) the approval of Shareholders by way of an ordinary resolution at the EGM to be convened by the Company.

An application will be made by the Company to the SGX-ST for permission for the listing and quotation of the Consolidated Shares on the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

Subject to the receipt of the in-principle approval from the SGX-ST, a circular containing, *inter alia*, the notice of the EGM and further details of the Proposed Share Consolidation will be despatched to Shareholders in due course.

#### **5. Caution in trading**

Shareholders and potential investors are advised to exercise caution when dealing in the Company's securities. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubts about the actions they should take.

BY ORDER OF THE BOARD

Ding Liguo  
Executive Chairman

12 January 2016