



DELONG HOLDINGS LIMITED (REG NO. 199705215G)

UPDATE ON STATUS OF COMPENSATION FOR CESSATION OF AOYU STEEL'S OPERATIONS

Reference is made to the announcements made by Delong Holdings Limited (the **"Company"**, together with its subsidiaries, the **"Group"**) on: (i) 18 January 2017 in relation to the plans by the Hebei Province's 12th National People Congress to reduce steelmaking capacity in the Hebei Province in the PRC by 31.86 million tonnes in 2017, and to accelerate steelmaking capacity reduction efforts in the cities of Langfang, Baoding and Zhangjiakou, which are located in the Hebei Province, in 2017 (the **"Capacity Reduction Plans"**); (ii) 22 August 2017 in relation to the cessation of the operations of Laiyuan County Aoyu Steel Co., Ltd. (**"Aoyu Steel"**); (iii) 31 August 2017 in relation to the compensation to be paid by the People's Government of Laiyuan County (**"PGLC"**) for the cessation of Aoyu Steel's operations; and (iv) 5 December 2017 in relation to the update on status of compensation for cessation of Aoyu Steel's operations (the **"Prior Announcements"**).

All capitalised terms used and not defined herein shall have the same meanings given to them in the Prior Announcements.

The Board of Directors (the **"Board"**) of the Company wishes to update the shareholders of the Company (**"Shareholders"**) that further to the Company's announcement dated 5 December 2017, Aoyu Steel has, on 12 December 2017, received RMB160 million from the PGLC, which is part of the total consideration amount of RMB968 million to be paid by PGLC to Aoyu Steel pursuant to the Capacity Reduction Plans. Save for the aforementioned and the 1st Instalment that was received on 31 August 2017, the balance amount of the Compensation Sum of RMB600.0 million remains outstanding as at the date of this announcement.

As PGLC is a government authority, the relevant payment processes may be subject to bureaucratic considerations at various levels of government departments. Consequently, payments may take longer than originally envisaged.

The Company will continue following up with PGLC on the necessary payments, and will keep Shareholders informed of any material developments on this matter and make such further announcements as and when appropriate.

BY ORDER OF THE BOARD

Ding Liguo
Executive Chairman
12 December 2017