



DELONG HOLDINGS LIMITED (REG NO. 199705215G)

INCORPORATION OF A JOINT VENTURE COMPANY

- CHANGE TO THE FINANCING STRUCTURE AND DISBURSEMENT OF FUNDS

1. INTRODUCTION

Reference is made to the announcements made by Delong Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) on: (i) 12 June 2017 in relation to the Proposed JV; (ii) 10 November 2017 in relation to the incorporation of the PT. Dexin Steel Indonesia (the “**JV Co**”) for the purposes of the Proposed JV; (iii) 29 November 2017 in relation to the receipt of the SGX-ST’s approval-in-principle for the Proposed JV, subject to certain specified conditions; (iv) 18 December 2017 in relation to the results of the extraordinary general meeting that was convened to seek shareholders’ approval for, amongst others, the Proposed JV; (v) 19 December 2017, 10 April 2018, 28 June 2018 and 14 August 2018 in relation to the disbursement of funds and verification by auditors; (vi) 27 February 2018 in relation to the verification of the cash and cash equivalents of the Group and the employee compensation for the cessation of Aoyu Steel’s operations (collectively, the “**Previous Announcements**”) and (vii) the circular dated 2 December 2017 in relation to *inter alia* the Proposed JV (the “**Circular**”).

All capitalised terms used and not defined herein shall have the same meanings ascribed to them in the Circular.

Further to the Previous Announcements, the board of directors of the Company (the “**Board**”) wishes to announce that there will be a change to the financing structure of the Proposed JV.

2. CHANGE TO THE FINANCING STRUCTURE

Section 6.4.1 of the Circular provides that, *inter alia*,

- (a) the financing structure of the Proposed JV pursuant to the Agreement is comprised of (i) capital contribution towards the JV Co by its shareholders; (ii) shareholders’ loans; and (iii) mid-term and long-term bank facilities;
- (b) the Company will make an announcement in the event that there are any material changes to the financing structure of the Proposed JV; and
- (c) subject to the total initial investment being US\$950 million, in the event that bank financing is not obtained or is insufficient for the Steel Project, the shareholders of the JV Co shall advance further shareholders’ loans for such amount which bank financing is not obtained, according to their respective shareholding proportions in the JV Co.

As at the date of this Announcement, all the shareholders of the JV Co have fully contributed an aggregate amount of US\$150.0 million to the capital of the JV Co, and disbursed an aggregate amount of US\$135.0 million as shareholders’ loans in accordance with their respective shareholding proportions in the JV Co. However, as project financing for the Steel Project from the relevant banks has yet to be approved, all the shareholders (including Delong Steel) of the JV Co have agreed to disburse further shareholders’ loans to the JV Co of an

aggregate amount of approximately US\$121.0 million in accordance with their respective shareholding proportions in the JV Co. Accordingly, based on Delong Steel's 45% shareholding interests in the JV Co, the Company shall disburse US\$54.45 million (equivalent to approximately S\$74.8 million¹) as shareholders' loan to the JV Co (the "**Further Shareholders' Loan**"). The proceeds of the Further Shareholders' Loan will be utilised towards the funding of the construction of the Steel Project and working capital of the JV Co.

3. DISBURSEMENT OF FUNDS

It has been agreed that all shareholders of the JV Co shall first disburse an aggregate sum of US\$50.0 million to the JV Co in accordance with their respective shareholding proportions in the JV Co, and the remaining balance of US\$71.0 million shall be disbursed to the JV Co in a similar manner in due course.

Pursuant to the Circular, the disbursement of any further shareholders' loan shall be made within fifteen (15) business days after the JV Co gives a duly endorsed written notification to its shareholders.

Further to the above, the Company has on 19 November 2018 disbursed a sum of US\$22.5 million (equivalent to approximately S\$30.9 million) to the JV Co by way of a shareholder's loan, and the aforesaid disbursement has been checked and verified by the Company's auditors, Deloitte & Touche LLP, who sighted the remittance advice for the payment made to JV Co in accordance with the Agreement. The Company understands that the other shareholders of the JV Co have also made the relevant contributions in accordance with their respective shareholding proportions in the JV Co.

The interest rate payable on the Further Shareholders' Loan shall be determined in a subsequent JV Co Shareholders' Meeting based on the performance of the Steel Project. Any repayment shall be made to all the shareholders of the JV Co concurrently based on their respective shareholding proportions in the JV Co.

4. FURTHER ANNOUNCEMENTS

The Company will make further announcements in respect of any further changes to the financing structure of the Proposed JV as well as in relation to the disbursement of funds as and when funds are disbursed for such purpose.

BY ORDER OF THE BOARD

Ding Liguo
Executive Chairman
19 November 2018

¹ Based on the exchange rate of US\$1.00 : S\$1.373 as at 19 November 2018