



DELONG HOLDINGS LIMITED (REG NO. 199705215G)

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ANNOUNCEMENT PURSUANT TO RULE 704(17)(C)  
OF THE LISTING MANUAL OF THE SGX-ST

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1. INTRODUCTION

The board of directors (the “**Board**”) of Delong Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its indirect wholly-owned subsidiary, Delong Steel Limited (“**Delong Steel**”), has on 4 December 2017 entered into a sale and purchase agreement (the “**Agreement**”) with Mr. Guo Zhimin (the “**Vendor**” and together with Delong Steel, the “**Parties**”), pursuant to which Delong Steel agrees to acquire the Vendor’s entire 60% equity interest in Xingtai Degui Nano Material Technology Limited Company (邢台德贵纳米材料科技有限公司) (the “**Target Company**”) for a purchase consideration of RMB6 million (the “**Proposed Acquisition**”).

As none of the relative figures computed on the applicable bases under Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Listing Manual**”) exceeds 5%, the Proposed Acquisition is a non-discloseable transaction under Chapter 10 of the Listing Manual.

Upon the completion of the Proposed Acquisition, the Target Company will become a subsidiary of the Company.

2. INFORMATION RELATING TO THE PROPOSED ACQUISITION

2.1 Rationale for the Proposed Acquisition

Due to the consolidation of the limestone industry as well as increasingly stringent environmental standards in the People’s Republic of China (“**PRC**”), the supply of limestone has been greatly impacted and the cost of limestone and lime have accordingly been trending upwards. As such, the Proposed Acquisition will offer the Group access to a stable supply of limestone or lime, which is one of the raw materials used in steel production. Further, ready access to raw materials at lower costs will reduce the Group’s operating expenses, enabling the Group to engage in more competitive product pricings.

2.2 Information on the Target Company

The Target Company was incorporated in the PRC on 16 August 2016 with a registered paid-up capital of RMB10 million. As at the date of this announcement, the Vendor and Ms. Yan Liyin owns respectively 60% and 40% of the equity interest in the Target Company.

The Target Company is principally engaged in the trading of limestone and lime, as well as the research and development on nanocalcium carbonate. In addition, the Target Company is also in the early stages of constructing 2 lime kiln production plants with an aggregate annual lime processing capacity of 0.44 million tonnes at Xingtai City.

### 2.3 Information on the Vendor

The Vendor is not related to any of the Directors and controlling shareholders of the Company.

## 3. **CONSIDERATION FOR THE PROPOSED ACQUISITION**

- 3.1 The aggregate consideration for the Proposed Acquisition is RMB6 million (the “**Consideration**”) which was arrived at following arm’s length negotiations on a willing-buyer willing-seller basis, and taking into account, *inter alia*, the independent valuation of the Target Company as at 31 October 2017.
- 3.2 Delong Steel had commissioned Hebei Zhuoqin Asset Appraisal Co., Ltd (the “**Valuer**”) to conduct a valuation on the Target Company. Based on the valuation conducted by the Valuer, the value placed on the Target Company as at 31 October 2017 is approximately RMB10.0 million, such valuation being based on assets-based approach.
- 3.3 Pursuant to the Agreement, the Consideration shall be paid by Delong Steel in full to the Vendor within 3 days after the Vendor’s 60% equity interest in the Target Company is transferred to Delong Steel and Delong Steel is registered as the holder of such interest.

## 4. **CONDITIONS TO THE PROPOSED ACQUISITION**

- 4.1 The Agreement shall take effect upon the satisfaction of the following conditions: (1) due execution of the Agreement by the Parties and (2) each Party having obtained authorisation and approval from its board of directors or shareholders (as the case may be).
- 4.2 The completion of the share transfer is conditional upon the compliance by the Parties with the requirements and procedures set out in the Agreement that relate to the share transfer, as well as the registration of Delong Steel as holder of the 60% equity interest in the Target Company.

## 5. **FINANCIAL EFFECTS**

The Proposed Acquisition is not expected to have any material impact on the net tangible assets per share or earnings per share of the Group for the current financial year ending 31 December 2017.

## 6. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

## **BY ORDER OF THE BOARD**

Ding Liguo  
Executive Chairman  
6 December 2017