



德龙控股
DELONG HOLDINGS

DELONG HOLDINGS POSTS 1H2009 NET PROFIT OF RMB 29.3 MILLION; REVERSES 1Q2009 LOSSES ON STRENGTHENED DEMAND FOR STEEL AND STEEL-RELATED PRODUCTS IN THE PRC

- *Recorded net profit of RMB 34.9 million for 2Q2009 on strengthened domestic demand for fixed assets investment and automotives spurred by the PRC central government’s RMB 4 trillion stimulus package*
- *The Group will continue to focus on cost containment measures, enhancing sales efforts and product mix to boost performance in 2H2009*

RMB (Million)	2Q2009	1Q2009	Change (%)	1H2009	1H2008	Change (%)
Revenue	1,889.5	1,606.1	17.7	3,495.6	6,548.6	(46.6)
Cost of Sales	(1,755.7)	(1,523.3)	15.3	(3,279.0)	(5,932.0)	(44.7)
Gross Profit/(Loss)	133.8	82.8	61.6	216.6	616.7	(64.9)
Net Profit/ (Loss) after Tax	34.9	(5.5)	NM	29.3	329.8	(91.1)
Gross Profit Margin (%)	7.1	5.2	NM	6.2	9.4	NM
Net Profit Margin (%)	1.8	NM	NM	0.8	5.0	NM

SINGAPORE, 13 August 2009 – Singapore Exchange (“SGX”) Mainboard-listed Delong Holdings Limited (“Delong” or “the Group”), a leading manufacturer of hot-rolled steel coils (“HRC”) in the People’s Republic of China (“PRC”), announced today that it had posted a net profit after tax of RMB34.9 million for its

April – June 2009 (“2Q2009”) financial period on strengthened demand for steel and steel-related products in the PRC. Delong had previously reported a net loss after tax of RMB 5.5 million for its January – March 2009 (“1Q2009”) period.

This performance was achieved on the back of a 17.7% increase in revenue to RMB 1.9 billion in 2Q2009 from RMB 1.6 billion in 1Q2009. Underscoring the improvement in financial performance for 2Q2009 were the effects of the RMB 4.0 trillion stimulus package introduced by the PRC central government, which is primarily targeted at mitigating the slower economic growth in the PRC and to increase demand in fixed asset investments.

Commenting on the Group’s performance in 2Q2009, Delong’s Chairman, Mr. Ding Liguó said, “Despite growing competition within the domestic steel sector and fluctuating raw material prices that threatened our operating margins, Delong was able to deliver a set of credible results in 2Q2009. Our strengthened performance in 2Q2009 was largely due to the success of our strategic initiatives at cost containment and enhanced sales efforts which capitalises on the growing domestic demand for steel and steel-related products, arising from the continued recovery of the PRC domestic economy and higher demand for fixed asset investments and automotives.”

“While domestic conditions have improved, conditions surrounding the recovery of the global economy and the steel industry remain unclear. As such, Delong will continue to focus on our current approach in adopting prudent cost containment approaches to limit our exposure to price fluctuations in raw materials while ensuring a steady supply for the Group. In addition, Delong will also focus on augmenting our sales effort, variation of our product mix and the production of higher-margin specialized steel products which will enable us to better capitalize on available opportunities within the PRC thereby maximising operating returns for our stakeholders.” Mr. Ding added.

Sequentially, the Group recorded gross and net profit margins of 7.1% and 1.8% respectively, in 2Q2009 compared to 5.1% and a net loss recorded for 1Q2009.

Fully diluted earnings for the period were 6.52 Singapore cents ("S cents") and net asset value per share as at 30 June 2009 increased to 260.9 cents from 251.6 S cents as at 31 December 2008.

Updates on Evraz Acquisition

On 19 February 2008, the Group announced that Evraz Group S.A. ("Evraz") – Russia's second largest steelmaker – had entered into a share purchase agreement (the "SPA") with Delong's existing majority shareholder Best Decade Holdings Limited ("Best Decade"), Ding Liguo and Zhao Jing (collectively, the "Covenantors") pursuant to which Evraz agreed to acquire from Best Decade an initial 10.01% stake in Delong which will be further raised to 51% upon obtaining the necessary approvals from the PRC regulatory authorities.

Subsequent to the abovementioned announcement, Evraz had on 15 August 2008, announced that it had entered into a supplemental agreement ("Supplemental Agreement") with Best Decade and the Covenantors to amend the terms of the SPA pursuant to which Evraz, Best Decade and the Covenantors agreed, inter alia, to extend the period for which Evraz will be entitled to exercise its option ("Call Option") to call for approximately 32.08% of the shares held by Best Decade in Delong ("Option Shares"), and the period for which Best Decade will be entitled to exercise its option ("Put Option") to put the Option Shares to Evraz to 18 February 2009, if (amongst other conditions required to be fulfilled under the SPA) the necessary anti-trust approvals from the PRC regulatory authorities are obtained prior to the expiry of the extended period.

Subsequently, Evraz had on 11 February 2009, announced that it had entered into a second supplemental agreement with Best Decade and the Covenantors to amend the terms of the SPA (as amended by the Supplemental Agreement),

pursuant to which Evraz, Best Decade and the Covenantors agreed, inter alia, to further extend the period for which Evraz is entitled to exercise its Call Option and the period for which Best Decade is entitled to exercise its Put Option subject to satisfaction of certain conditions (including the necessary anti-trust approvals from the PRC regulatory authorities) to 18 August 2009. As at 11 February 2009, the review of the anti-trust approval has yet to be completed. Evraz and Best Decade are currently working closely with the relevant PRC authorities to obtain the necessary anti-trust approval for the acquisition and will advise shareholders on any developments that occur.

The Group wishes to advise shareholders that despite the tighter credit market, it has existing secured and unsecured credit facilities with various domestic and foreign financial institutions. The Group will closely monitor the current lending policies towards the PRC steel industry and keep itself apprised of any changes that may arise.

###End of Release###

Issued on behalf of Delong Holdings Limited by WeR1 Consultants Pte Ltd

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About Delong Holdings Limited

SGX-listed Delong Holdings Limited is a steel manufacturing group headquartered in Beijing, People's Republic of China. Its production base is located 430km southwest of Beijing in Hebei Province, placing it in proximity to raw material sources and an extensive client base encircled by the Bohai Economic Circle. As a dedicated hot-rolled coil manufacturer, Delong specializes in the supply of steel in such specifications for the infrastructure, pipe-making, cold-rolled coil, machinery and automotive industries in People's Republic of China. The Group also has interests in other synergistic businesses such as resource investment.