



**德龙控股**  
DELONG HOLDINGS

*PRESS RELEASE –1Q2009 RESULTS*

**DELONG HOLDINGS POSTS 1Q2009 REVENUE OF RMB1.6 BILLION  
DESPITTE WEAK MARKET SENTIMENTS IN THE PRC**

- *Achieved RMB1.6 billion in revenue despite a reduced demand for steel and steel-related products due to continued weakness in the global economy*
- *Recorded a marginal loss of RMB5.5 million due to volatility in demand and prices for steel-related products in the PRC. Group remains cautiously optimistic of the PRC steel industry and will focus on cost containment and effective cash flow management*
- *Despite a global credit crunch, the Group continues to have sufficient credit facilities with global financial institutions that can be called upon if such need arises*

<b>RMB (Million)</b>	<b>1Q2009</b>	<b>1Q2008</b>	<b>Change (%)</b>
<b>Revenue</b>	1,606.1	2,818	(43.0)
<b>Cost of Sales</b>	(1,523.3)	(2,632.2)	(42.1)
<b>Gross Profit/(Loss)</b>	82.8	185.8	(55.4)
<b>Net Profit/ (Loss) after Tax</b>	(5.5)	46.3	(112.0)
<b>Gross Profit Margin (%)</b>	5.2	6.6	NM
<b>Net Profit Margin (%)</b>	NM	1.6	NM

**SINGAPORE, 14 May 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 a net loss after tax of RMB5.5 million for its January – March 2009 (“1Q200”) financial period due to global economic downturn and credit crunch which impacted demand for steel and steel-related products in the PRC.

Group revenue declined 43% to RMB1.6 billion in 1Q2009 from RMB2.8 billion in 1Q2008 due to a significant decrease in sales volume and average selling prices of the Group’s HRC products owing to reduced demand for steel and steel-related products by the Group’s key customers in the PRC. The decline in demand, and recessionary factors that impacted product prices resulted in a net loss after tax of RMB5.5 million in FY2009.

Commenting on the Group’s performance in 1Q2009, Delong’s Chairman, Mr. Ding Ligu, said, “While the near term conditions for the PRC steel industry continues to remain challenging, we remain cautiously optimistic about the potential of the PRC steel industry. In particular, the continued impetus from the PRC central government’s RMB4 trillion economic stimulus package will serve to drive the development of the broad base economy. While we do not expect market conditions to significantly improve in 1H2009, Delong will continue to focus on prudent cost containment measures and effective cash flow management to prepare for the recovery of the steel industry in the long-run.”

In line with the decline in financial performance for 1Q2009, net asset value per share as at 31 March 2009 declined to 250.6 RMB cents from 251.6 RMB 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 Ligu 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 which the Group will call upon if such need arises.

**###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.