德龙控股
DELONG HOLDINGS

FOR IMMEDIATE RELEASE

DELONG POSTS IMPROVING PROFIT MARGINS ON GRADUAL PICK-UP IN DEMAND FOR STEEL

- **Bettered profit margins quarter-to-quarter on improving industry fundamentals and effective cost containment measures**
- **Lower raw material costs offset softer sales; 3Q2009 gross profit rises more than ten-fold to RMB 248.2 million**
- **To undertake bonds restructuring exercise, enabling the Group to duly fulfill its debt obligations despite difficult market situation**

(RMB Million)	*3Q2009*	*3Q2008*	*Change (%)*	*9M2009*	*9M2008*	*Change (%)*
Revenue	**2,127.3**	**3,103.5**	**(31.5)**	**5,622.9**	**9,652.2**	**(41.7)**
Gross Profit	**248.2**	**21.7**	**1,044.5**	**464.8**	**638.4**	**(27.2)**
Net Profit / (Loss)	**139.1**	**(63.2)**	**NM**	**168.5**	**266.6**	**(36.8)**
EPS[1] (RMB Cents)	**26.0**	**(11.8)**	**NM**	**31.5**	**49.8**	**(36.8)**
(RMB Cents)	**As at 30 Sep 09**	**As at 31 Dec 08**	*Change (%)*			
NAV per share[2]	**288.0**	**251.6**	**14.5**			

(1) Fully diluted; based on the weighted average number of shares in issue of 535,478,498 shares as at end of 3Q2009/9M2009, 535,427,784 shares as at end of 3Q2008, and 535,344,701 shares as at end of 9M2008.
(2) Based on 535,478,498 shares in issue as at both 30 September 2009 and 31 December 2008.

SINGAPORE, 12 November 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 its third quarter results ended 30 September 2009 ("3Q2009").

Improving Profit Margins

In 3Q2009, Delong recorded RMB 2.1 billion in revenue, a decrease of RMB 976 million or 31.5% as compared to the same period last year. In spite of lower year-on-year sales, the Group has seen a slowing in the rate of decrease of both selling prices and sales volume over the quarters in the year to-date. This was attributed to a pick-up in demand for steel products as the PRC economy increases its fixed asset investments.

On successful cost containment measures and lower raw material prices, the Group reduced its cost of sales, which decreased substantially by 39.0% from RMB 3.1 billion in 3Q2008 to RMB 1.9 billion in 3Q2009. This more than offset the softening in sales, thereby attributing to an over ten-fold surge in the Group's gross profit to

RMB 248.2 million in 3Q2009 from RMB 21.7 million in 3Q2008. Net profit after tax was RMB 139.1 million in 3Q2009, compared with a net loss after tax of RMB 63.2 million in 3Q2008.

On a nine-month basis, Group revenue was down 41.7% to RMB 5.6 billion, mainly on a weak 1H performance that resulted from poor global economic conditions. Accordingly, 9M2009 gross profit was down 27.2% to RMB 464.8 million, and net profit down 36.8% to RMB 168.5 million.

However, on a sequential basis, the Group has consistently improved its profitability over the past three financial quarters. Gross and net profit margins recorded 11.7% and 6.5% respectively in 3Q2009, compared to 7.1% and 1.8% respectively in 2Q2009 and a 5.2% gross margin and net loss in 1Q2009.

Commenting on the Group's 3Q2009 results, Chairman **Mr Ding Liguo** said, "The steel industry in China has been facing severe challenges since 2008 due to the harsh economic situation and market adjustments. Riding on the continued expansion of the PRC economy, and backed by strong customer relationships and stringent cost containment measures, we are pleased to see clear improvement to our profitability over the last three quarters. However, 4Q may present some seasonal weakness in demand, so we continue to adopt a prudent view on the industry's performance."

Proactively Managing Debt Obligations

As at 30 September 2009, the Group's assets totalled RMB 6.2 billion, of which RMB 3.4 billion were in property, plant and equipment, RMB 898.9 million in inventories and RMB 370.6 million in cash and cash equivalents. In comparison to the Group's balance sheet as at 31 December 2008, during which it held RMB 6.0 billion in total assets, inventories and trade receivables (both current and non-current) showed a more significant increase, while cash balances decreased along with the course of normal business activities.

As at the end of the reporting period, the Group also recorded RMB 4.7 billion in total liabilities, of which RMB 1.5 billion was attributed to the convertible bonds issued by Delong in June 2007 (the "Convertible Bonds"). Short-term borrowings for working capital purposes accounted for another RMB 1.0 billion, while trade payables accounted for another RMB 1.3 billion.

Net asset value per share stood at RMB 288.0 cents as at 30 September 2009, an increase of 14.5% since 31 December 2008.

Although the Group has maintained a good credit standing through the years, domestic bank lending to steel companies within the PRC is still expected to remain tight. Delong will continue to monitor the domestic credit situation closely.

Earlier this year, the uncertainty surrounding the recovery of the global economy has prompted the Company to reassess its ability to fulfill its obligations under the Convertible Bonds, in particular its obligation to redeem in part or full the Convertible Bonds at a redemption price at 109.34% of the principal amount on 8 June 2010 at the election of the bondholders.

Thus, on 9 September 2009, Delong announced its proposal to amend the terms and conditions of the Convertible Bonds ("Bonds Restructuring"), which has since been approved by both bond- and shareholders on 2 October 2009 and 12 November 2009 respectively. The completion of the Bonds Restructuring will provide the Group with a financially viable route to fulfill its bonds obligations under an alternative settlement scheme.

Cautious Outlook

During 3Q2009, the proposal to acquire a 51% stake in Delong by Russian steelmaker Evraz Group S. A. ("Evraz") lapsed, as approval from the PRC anti-trust authorities could not be obtained by 18 August 2009, the date on which the option to purchase Delong shares to make up the 51% stake was to expire. Nevertheless, Evraz retains a 10.0% strategic stake in Delong, and the two parties continue to be in dialogue for future collaborative opportunities.

Looking forward, the PRC steel industry is set to see domestic demand supported by a buoyant market environment fostered by the RMB 4-trillion government stimulus package. Already, in the year to-date, the PRC economy has recorded encouraging moderate expansion. Fixed asset investment spending within PRC in the first nine months of 2009 has also demonstrated a significant increase of 33.4% year-on-year. However, steel prices are expected to remain under pressure for a length of time, as the nation resolves its overcapacity issues.

Mr. Ding concluded, "While the PRC economy remains strong, those surrounding the recovery of the global economy remain unclear. In view of this, Delong will continue to devote its energy to cost containment measures to minimise the impact of price fluctuations. We will also continue to focus on products that are relevant to the local economic context, in particular HRC with specifications suited to the infrastructure as well as pipe and machinery fabrication industries. Delong will spare no efforts in upholding our dedicated position within the PRC steel market."

###End of Release###

Issued on behalf of Delong Holdings Limited by SPRG

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About Delong Holdings Limited

Singapore Exchange Mainboard-listed **Delong Holdings Limited** ("Delong" or the "Group") is a dedicated steel manufacturing group located in the People's Republic of China, specialising in the manufacture of hot-rolled steel coils ("HRC"). Delong's production base, strategically located 430 km southwest of Beijing, sits in proximity to abundant raw material sources and an extensive client base encompassed within the Bohai Economic Circle. With strong capabilities in manufacturing HRC of customisable widths and thicknesses, Delong's products cater to the highly specific needs of its clients in the infrastructure, pipe and machinery fabrication, as well as automotive industries.