



德龙控股
DELONG HOLDINGS

FOR IMMEDIATE RELEASE

DELONG POSTS RMB 416.9 MILLION FULL-YEAR NET PROFIT⁽¹⁾ ON STRONG FINISH IN 4Q2009

- Posted net profit (excluding exceptional gain) of RMB 416.9 million in FY2009, bolstered by RMB 248.4 million achieved in 4Q2009
- Higher sales and controlled raw material costs improve profitability
- Successfully restructured convertible bonds in December 2009 and reduced debt obligations

(RMB Million)	4Q2009	4Q2008	Change (%)	FY2009	FY2008	Change (%)
Revenue	2,088.4	1,458.2	43.2	7,711.3	11,110.4	(30.6)
Gross Profit	236.7	(507.7)	NM	701.5	130.7	436.9
Net Profit / (Loss)	500.3	(637.0)	NM	668.8	(370.4)	NM
Net Profit / (Loss) excluding Exceptional Gain ⁽²⁾	248.4	(637.0)	NM	416.9	(370.4)	NM
Basic EPS ⁽³⁾ (RMB)	0.93	(1.19)	NM	1.25	(0.69)	NM
(RMB)	As at 31 Dec 09	As at 31 Dec 08	Change (%)			
NAV per share ⁽³⁾	3.80	2.52	50.8			

(1) Excluding exceptional gain arising from Bonds Restructuring.

(2) Exceptional gain arising from Bonds Restructuring.

(3) Based on the weighted average number of ordinary shares in issue of 535,478,498 shares as at 31 December 2009 and 31 December 2008.

SINGAPORE, 26 February 2010 – 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 fourth quarter (“4Q2009”) and full-year results (“FY2009”) for the financial year ended 31 December 2009.

Stronger Sales and Effective Cost Containment

Supported by improving economic conditions, FY2009 witnessed more stable product prices and less volatile business performance sequentially, compared to FY2008. While on a full-year basis Group revenue declined 30.6% year on year to RMB 7.7 billion, principally as a result of lower sales volume and average selling prices, revenue for 4Q2009 was up 43.2% from the

corresponding period a year ago to RMB 2.1 billion, providing a lift to Delong's full-year results. The Group sold 2.5 million tonnes of HRC in FY2009.

Effective cost containment measures, backed by higher product average selling prices, have helped the Group widen its gross profit to RMB 236.7 million in 4Q2009, compared to a gross loss of RMB 507.7 million in 4Q2008. The Group posted a full year gross profit of RMB 701.5 million, up 436.9% from RMB 130.7 million in FY2008, boosted in particular by stronger performance in the second half of FY2009.

During the reporting year, the Group also significantly reduced its distribution, marketing and finance expenses, which were offset by tax expenses (compared to tax credits in the preceding year). Excluding RMB 251.9 million in an exceptional gain¹ arising from the Group's Bonds Restructuring completed in December 2009, Delong posted a net profit after tax of RMB 248.4 million and RMB 416.9 million for 4Q2009 and FY2009 respectively, reversing net losses of RMB 637.0 million and RMB 370.4 million recorded in 4Q2008 and FY2008 respectively.

In early 2009, uncertainty surrounding the recovery of the global economy had prompted Delong to reassess its ability to fulfill its obligations under convertible bonds issued in 2007 ("Old Convertible Bonds"). In a move to proactively manage its debt obligations, the Group proposed to amend the terms and conditions of the Old Convertible Bonds. The completion of the Bonds Restructuring in December 2009 has provided the Group with a financially viable route to fulfill its bonds obligations under an alternative settlement scheme.

Commenting on the Group's FY2009 performance, Chairman **Mr Ding Ligu** said, "The key themes in 2009 for us were selective focus on higher-margin specialised products directed for use in the infrastructure and construction industries, as well as stringent cost containment, which have clearly helped us deliver a full year's profitability against a very difficult economic backdrop. With the support of our bond- and shareholders, we have also successfully restructured the Group's convertible debt obligations, placing us in a stronger financial position to address the challenges ahead."

Strengthened Balance Sheet with Debt Restructured

As at 31 December 2009, the Group held RMB 6.3 billion in total assets on its balance sheet, of which RMB 3.3 billion were in property, plant and equipment ("PPE"). This is a small increase over RMB 6.1 billion recorded as at 31 December 2008, largely attributable to increased inventories of raw material stock, offset by depreciation in PPE and decrease in cash from RMB 676.4 million to RMB 290.1 million, as cash was used in partial settlement of the principle amount due under the Old Convertible Bonds during the Bonds Restructuring.

As at the end of the financial year, the Group also recorded RMB 4.3 billion in total liabilities, compared to RMB 4.7 billion as at 31 December 2008. Mainly due to the successful restructuring of the Old Convertible Bonds, the Group reduced its debt obligations significantly

¹ This is an exceptional gain arising from a discount to principal granted by holders of Delong's Old Convertible Bonds. For definitions and summarised terms to the Bonds Restructuring, please refer to the annex at the end of this release.

from RMB 2.8 billion to RMB 2.3 billion in both long- and short-term borrowings. Consequently, debt-to-equity ratio improved from 206.0% to 114.8% over the one year.

Net asset value per share stood at RMB 3.80 as at 31 December 2009, an increase of 50.8% over 31 December 2008.

Although bank lending to companies within the PRC is expected to tighten progressively on growing concerns of excess liquidity and rapidly rising asset prices, Delong has successfully maintained its credit facilities with both domestic and foreign financial institutions.

Cautious Outlook

In a recent report, the PRC Ministry of Industry and Information Technology expressed a positive long-term view on the steel industry, which is supported by increased government investment, global economic recovery, sufficient market liquidity and government measures to promote the healthy development of the industry.

In the immediate term, however, oversupply pressures will continue to loom across the industry. According to the National Bureau of Statistics, the Chinese steel industry produced 587.6 million tonnes of crude steel in 2009, up 13.5% from 2008. The China Iron & Steel Association further estimates that in 2010, the PRC's steel output will reach 600.0 million tonnes.

Rising production costs are also expected to impact steelmakers' performance in the year ahead. Iron ore price negotiations between the PRC steel manufacturers and major global iron ore producers, which began in 4Q2009, are indicating a price increase of approximately 30 to 40% for the next contract year beginning 1 April 2010. There has also been increasing convergence between spot and benchmark ore prices in recent months. While the Group maintains the flexibility to deploy a combination of both spot and contract iron ore, it is expected that the price differential between the two sources will narrow in FY2010.

The Group continues to adopt a prudent outlook for FY2010, during which it intends to continue focusing on cost containment and product specialisation, so as to maximise profitability and steer the Group's business through a challenging environment.

###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.

Annex – Summarised Terms of the Bonds Restructuring

The key terms of the Bonds Restructuring are as follows:

	Description	Execution Date
(i)	Initial cash settlement of US\$30 million (approximately RMB 204.8 million) to bondholders, which eliminated US\$80 million of debt	26 November 2009
(ii)	Mandatory conversion of approximately US\$30 million of the old Convertible Bonds into a separate class of shares in Delong that feature put and call options and rank <i>pari passu</i> with existing common shares (the “Converted Ordinary Shares”)	26 November 2009
(iii)	At bondholders’ election, the old Convertible Bonds can be exchanged for a separate class of bonds which can be converted into Delong common shares at anytime up to 1 June 2012 (the “New Bonds”)	10 December 2009
(iv)	Scheduled redemption of principal outstanding on remaining bonds not exchanged into New Bonds and whose terms and conditions have been amended (the “Amended Bonds”)	31 December 2010; 31 December 2011; and 8 June 2012
(v)	5% coupon to be paid to bondholders on the Amended Bonds and New Bonds	Semi-annually, beginning 30 June 2010 and ending June 2012