



PRESS RELEASE

Delong Holdings reports revenue of RMB 1.6 billion in 1Q2011

SINGAPORE, 12 May, 2011 – 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”) has reported a Group revenue of RMB 1.6 billion for 1Q2011.

This represents a 21.2% decline in revenue compared to the turnover of RMB 2 billion in 1Q2010. The reduced turnover was due mainly to the lower output of its core products, resulting from a 5-week maintenance programme of two of its steel plant furnaces in February 2011.

Although average selling price of HRC went up, overall sales quantity fell by 208,091 tonnes or 34.7% in 1Q2011.

The Group’s gross profit margin also slipped from 5.8% in 1Q2010 to 2.5% in 1Q2011. The decrease was primarily due to the rise in average cost of sales per tonne, resulting from the weaker production output and increase in raw material prices such as iron ore and coal.

While the cost of sales and distribution and marketing expenses fell owing to the lower sales, the Group saw higher administrative and finance costs - primarily due to the higher interest rates on borrowings as well as the increase in bank borrowings drawdown for working capital purposes in 1Q2011. The increase was partially offset by the decrease in accrued interest on the convertible bonds as the Group had fully redeemed the convertible bonds (Restrictive) in December 2010 compared to previous corresponding period.

As a result of the lower sales and reduced operating margins, the Group reported a net loss after tax of RMB22.1 million in 1Q2011, against a net profit of RMB42.0 million in 1Q2010.

On an encouraging note, the Group maintained a healthy cash position. Cash in hand was up 24.4% to RMB 436.3 million from RMB 350.8 million in the same period last year. This was mainly due to cash inflow from operations and additional bank borrowings.

Group Basic Earnings per Share (EPS) softened to a loss per share of RMB 0.04 from an EPS of RMB 0.08 in 1Q2010. The Net Asset Value (NAV) decreased from RMB 4.36 (as of December 31, 2010) to RMB 4.31 in 1Q2011 (as of 31 March 2011).

Commenting on the Group's 1Q2011 results, Chairman Mr Ding Liguo said, "While the Group's 1Q results were affected by the lower output caused largely by the maintenance of our plant furnaces, our plants have since resumed full operations in March 2011.

"The outlook for steel industry in China remains uncertain as commodity prices are expected to rise. While the Japanese earthquake could trigger a higher demand for steel for reconstruction activities and hence higher prices for HRC, the profit margin for steel manufacturers still face challenges due to higher raw material prices.

"In view of these trends, we maintain a cautious outlook for the coming months. We will however, persist in our M&A strategy to take advantage of the consolidation in China's steel industry to scout for strategic M&A opportunities to expand our business.

"We will also continue to enhance our portfolio by including higher value-added products to maintain our profit margins and deliver reasonable returns to our shareholders."

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.

*Release issued on behalf of Delong Holdings Limited by
Stratagem Consultants Pte Ltd*

For more information, please contact:
Tham Moon Yee/ Lee Yew Meng/ Adrian Yan Wen Liang
Tel: 6227 0502

Email: tmy@stratagemconsultants.com
yewmeng@stratagemconsultants.com
adriany@stratagemconsultants.com