PRESS RELEASE

Delong Holdings posts net profit of RMB 83.4 million in 2Q2011

- ***Revenue up 108.3% to RMB3,282 million in 2Q2011 from 1Q2011***
- ***Four-fold rise in gross profit QoQ to RMB 160.0 million from RMB 39.6 million in 1Q2011***
- ***Cash in hand up 26.1% to RMB 643.0 million in the first half of FY2011***

SINGAPORE, 4 August, 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 rebounded with a net profit of RMB 83.4 million in 2Q2011 from a loss of RMB 22.1 million in 1Q2011.

Revenue also rose 108.3% in 2Q2011 to RMB 3,282 million from RMB 1,576 million for 1Q2011.

The quarterly improvement follows the resumption of operations at Delong’s two blast furnaces which underwent a six-week maintenance from February 2011. Consequently, gross profit leapt by 304% to RMB 160.0 million from RMB 39.6 million in the previous quarter.

On a year-on-year basis, the Company continued to report increased revenue on higher average selling price of HRC.

In 2Q2011, overall HRC sales increased by 67,163 tonnes or 10.2% to 727,675 tonnes from 2Q2010 level of 660,512 tonnes, due to higher demand from customers. With an 11.0% YoY increase in the average selling prices of its HRC products in 2Q2011, Delong achieved revenue growth of 16.7% from RMB 2,811 million in 2Q2010.

However, due to the increase in raw materials prices which outpaced the rise in average selling price of HRC, gross profit softened by 34.3% from the previous corresponding period.

Net profit was down by 33.1% or RMB 41.3 million in 2Q2011 from RMB 124.6 million for 2Q2010.

As the Group had fully redeemed the convertible bonds (Restrictive) in December 2010, finance expenses also fell by 10.7% YoY, primarily due to lower interest expense on the convertible bonds.

For the first half of FY2011, revenue edged up by 1.0% to RMB 4,857 million from RMB 4,810 million in 1H2010 as improved selling prices and sales volume in 2Q2011 offset the drop in production output of HRC because of maintenance shutdown in 1Q2011. Gross profit declined by 44.5% to RMB 199.6 million from RMB 359.5 million in 1H2010.

Inventories rose by 27.3% in 1H2011 mainly due to higher raw material prices and increased purchase of raw materials in anticipation of higher raw materials prices in 2H2011.

Operationally, the Group maintained a healthy cash position. Cash in hand was up 26.1% to RMB 643.0 million in 1H2011 from RMB 509.7 million as at 31 December 2010. This was mainly due to a cash inflow from operations of RMB 41.1 million and additional bank borrowings.

Group Basic Earnings per Share (EPS) eased to RMB 0.15 in 2Q2011 from RMB 0.23 in 2Q2010. The Net Asset Value (NAV) however increased from RMB 4.36 as at 31 December 2010 to RMB 4.45 as at 30 June 2011.

Commenting on the Group's 2Q2011 results, Chairman Mr Ding Liguo said, "We have significantly improved our performance since 1Q2011, largely due to the resumption of full operations at our blast furnaces in 2Q2011. Our 1Q results were affected by the plant maintenance. Our bottomline is back in the black and this even allowed us to book a record quarterly revenue number that has surpassed all past ones.

"The outlook for steel industry in China however remains uncertain, with fluctuating raw material prices being one of the major factors. Commodity prices have been kept at unprecedented highs, eating into steelmakers' profit margins globally. According to statistics compiled by UK research agency MEPS, iron ore prices have more than doubled since January 2009, in contrast to a 50 per cent rise in benchmark steel prices.

"In view of these trends, we maintain a cautious outlook for the coming months. We will remain prudent in our operations and vigilant of risk factors that could impact our business. At the same time, we will take advantage of market opportunities to expand our business via strategic M&A activities."

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.

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