



德龙控股
DELONG HOLDINGS

NEWS RELEASE

DELONG 2Q2012 NET PROFIT UP 110.2% TO RMB175.3 MILLION

- *Maiden contributions from Aoyu Steel lift revenue by 22.1% to RMB4.0 billion*
- *Sales volume of HRC and steel billets increase 40.3% to 1.02 million tonnes*
- *Continue to explore earnings-accretive acquisitions to boost capacity*

(RMB' million)	2Q2012	2Q2011	% Change	1H2012	1H2011	% Change
Revenue	4,007.8	3,281.7	22.1	6,419.3	4,857.3	32.2
Gross Profit	277.2	160.0	73.2	333.4	199.6	67.0
Gross Profit Margin (%)	6.9	4.9	2.0 ppt	5.2	4.1	1.1 ppt
Profit Before Tax	184.4	112.9	63.2	170.1	81.5	108.8
Net Profit	175.3	83.4	110.2	161.0	61.3	162.7

Singapore, August 14, 2012 – Delong Holdings Limited (“Delong” or the “Group”), a manufacturer of hot-rolled steel coils (“HRC”) in the People’s Republic of China (“PRC”), announced today a 110.2% jump in net profit to RMB175.3 million for the quarter ended June 30, 2012 (“2Q2012”), from RMB83.4 million for the corresponding period (“2Q2011”).

Group revenue rose 22.1% to RMB4.0 billion for 2Q2012, from RMB3.3 billion for 2Q2011, as the Group benefited from first time contributions from its newly acquired operating subsidiary in April 2012, Laiyuan County Aoyu Steel Co. Ltd (“Aoyu Steel”). Aoyu Steel contributed 25.9% or RMB1.0 billion of total revenue in 2Q2012.

Backed by the higher revenue and lower raw material prices, gross profit in 2Q2012 soared 73.2% to RMB277.2 million, from RMB160.0 million in 2Q2011. Consequently, gross profit margin improved 2.0 percentage points to 6.9% for 2Q2012, from 4.9% for 2Q2011.

Commenting on the Group's performance, Delong's Chairman, Mr. Ding Liguu, said, "Our strong performance in the year to date demonstrates the initial results of our growth strategy by acquisition and the Group's competitiveness. While competition in the PRC steel industry remains intense, our ability to offer customisable high-grade HRC and billets coupled with our strong relationship with major customers contributed to a 40.3% improvement in sales volume in 2Q2012."

In 2Q2012, the Group sold 690,571 tonnes of HRC and 330,185 tonnes of steel billets, as compared to 727,524 tonnes of HRC and 151 tonnes of steel billets for 2Q2011. The significant increase in steel billet sales was due to contributions from Aoyu Steel, which is principally engaged in the manufacture and sale of steel billets.

For the six months ended June 30, 2012 ("1H2012"), the Group recorded a 162.7% jump in net profit to RMB161.0 million, on the back of a 32.2% increase in revenue to RMB6.4 billion, against a net profit of RMB61.3 million and revenue of RMB4.9 billion for the six months ended June 30, 2011 ("1H2011").

Recent Developments & Outlook

Amidst concerns of slowing economic growth in the PRC, coupled with the continued over-supply and falling domestic prices in the steel industry, operating conditions within the PRC steel industry is expected to remain challenging over the near-term.

"We remain cautiously optimistic on the mid to long-term prospects of the Chinese steel industry. The continued growth of the Chinese economy as well as on-going consolidation and phasing out of inefficient capacity will continue to lay the foundation for long-term sustainable growth in the PRC steel industry," Mr. Ding added.

“Our recent acquisition of Aoyu Steel underpins our strategy to seek synergistic M&A opportunities for growth. The transaction had significantly boosted our sales volume and created an additional revenue stream for the Group. Moving forward, it is Delong’s strategy to continue to explore and evaluate earnings-accretive acquisitions to boost the Group’s competitiveness and production capabilities.” Mr. Ding concluded.

About Delong Holdings Limited

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 and sale of steel billets and hot-rolled steel coils (“HRC”). Delong’s production bases are situated in Hebei Province and in proximity to abundant raw material sources as well as an extensive client base within the Bohai Economic Circle. With strong capabilities in manufacturing steel billets and HRC to customers’ specifications, Delong’s products are used in the infrastructure, pipe and machinery fabrication, and automotive industries.

Delong is listed on the Singapore Exchange since 2005.

ISSUED ON BEHALF OF	:	Delong Holdings Limited
BY	:	Citigate Dewe Rogerson, i.MAGE Pte Ltd 1 Raffles Place #26-02 One Raffles Place SINGAPORE 048616
CONTACT	:	Mr Clarence Fu / Mr Ng Chung Keat at telephone
DURING OFFICE HOURS	:	6534-5122 (Office)
AFTER OFFICE HOURS	:	9781-0737 / 9781-3605 (Handphone)
EMAIL	:	clarence.fu@citigatedrimage.com chungkeat.ng@citigatedrimage.com

088/12/002/DHL
August 14, 2012