

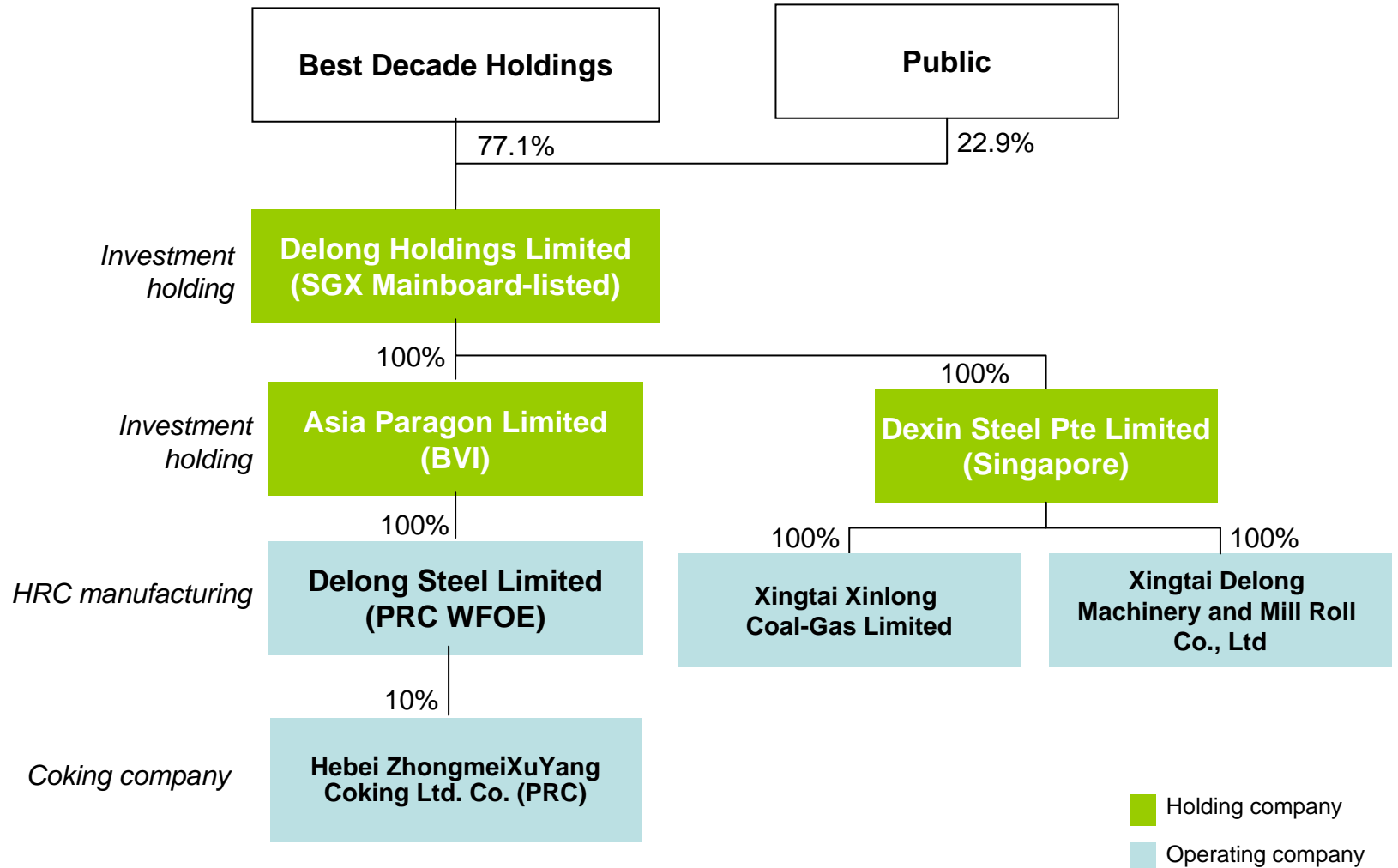


德龙控股

DELONG HOLDINGS

1Q2007 Results

CORPORATE STRUCTURE



STRATEGIC PLANT LOCATION

Delong's clients are located within a 500-km radius from its production base in Xingtai city, Hebei province



Xingtai is strategically located close to major iron and coal mines

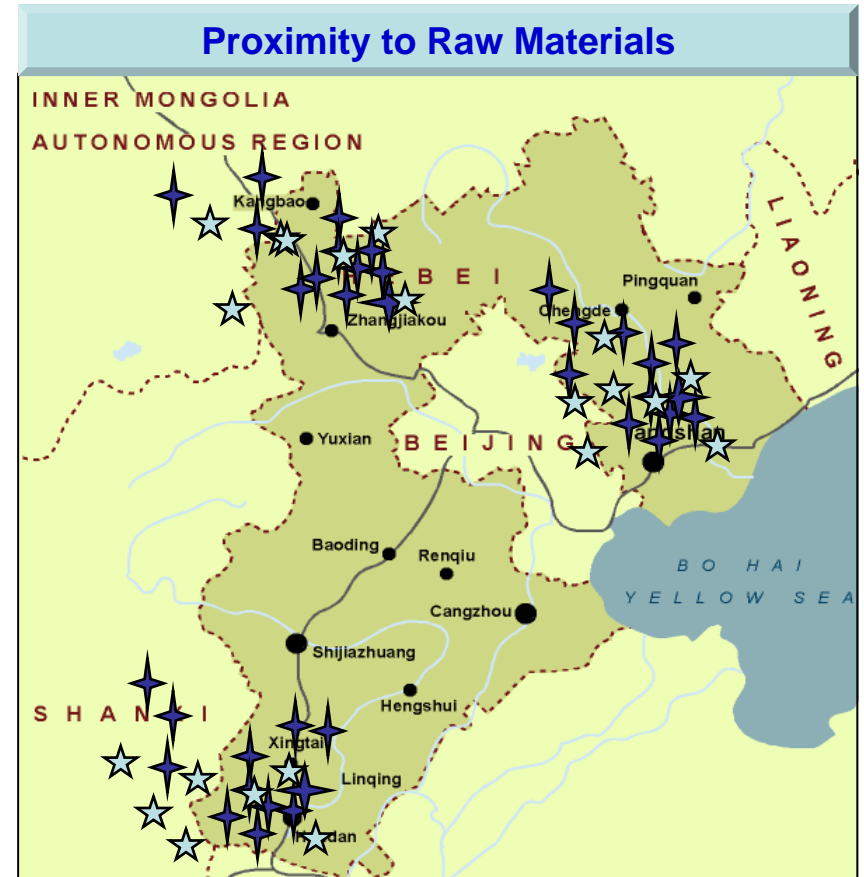
STRATEGIC PLANT LOCATION

CLOSE PROXIMITY TO RAW MATERIALS

- Iron ore, coal, coke and limestone are basic raw materials and account for substantial portion of total cost of steel production
- Plant location in Hebei provides Delong with abundant access to numerous established raw materials suppliers
- Low transportation costs

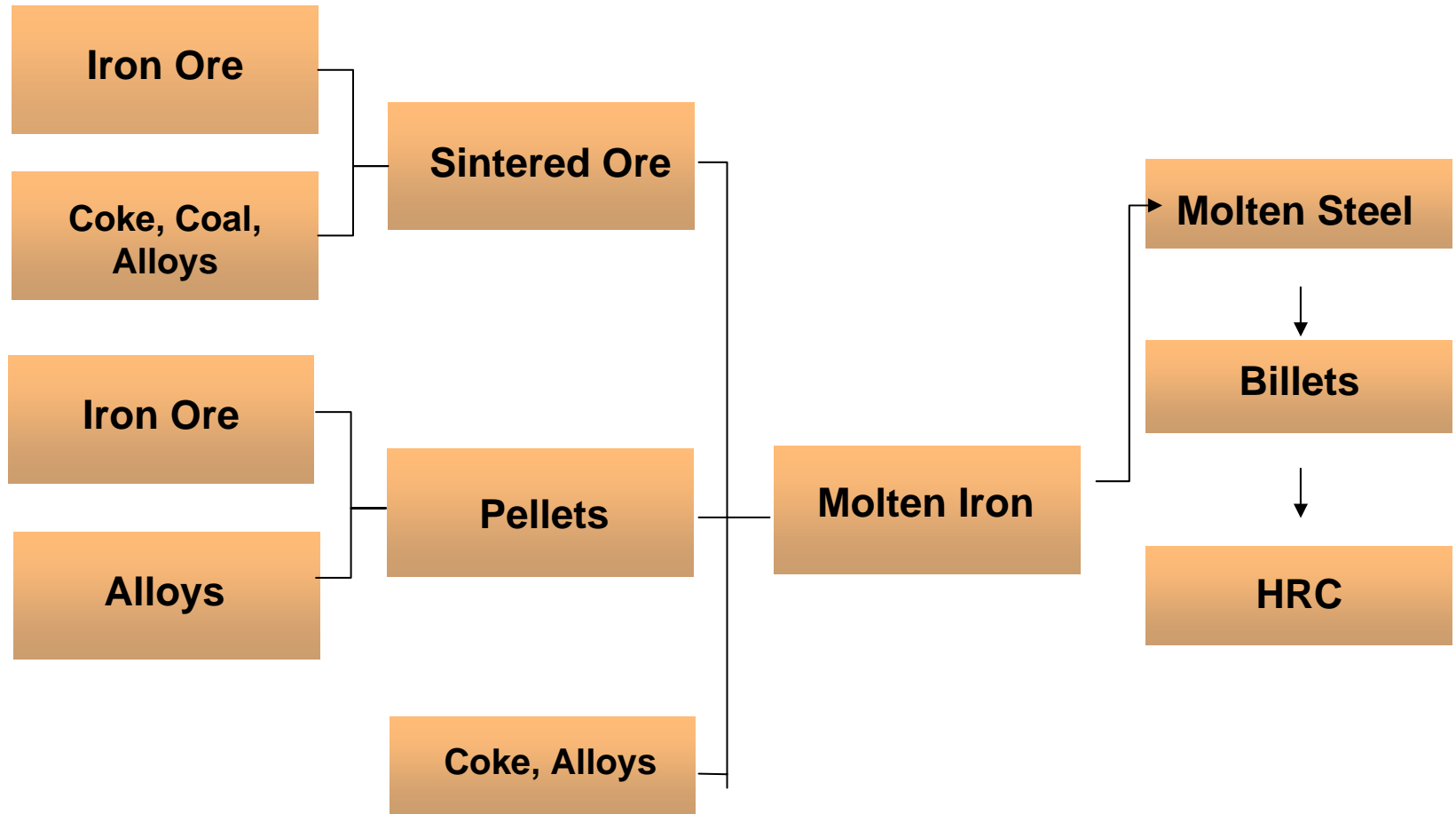
Bohai Economic Circle: A Resource Rich Region

Natural Resources	Province	Rank in China
Iron ore	Hebei	2
Coal	Hebei	6
Coal	Shanxi	1
Coal	Inner Mongolia	2
Limestone	Hebei	5



- ★ Coal
- ★ Iron Ore

STEEL PRODUCTION PROCESS



STEEL PRODUCTION PROCESS



Sintering Plant



Blast Furnace



Converter Furnace

PRODUCTION PROCESS

STEEL PRODUCTION PROCESS



Steel billets are cast continuously from molten steel



Hot rolling line transforms billet into steel strip



Coiling of strip steel into HRC

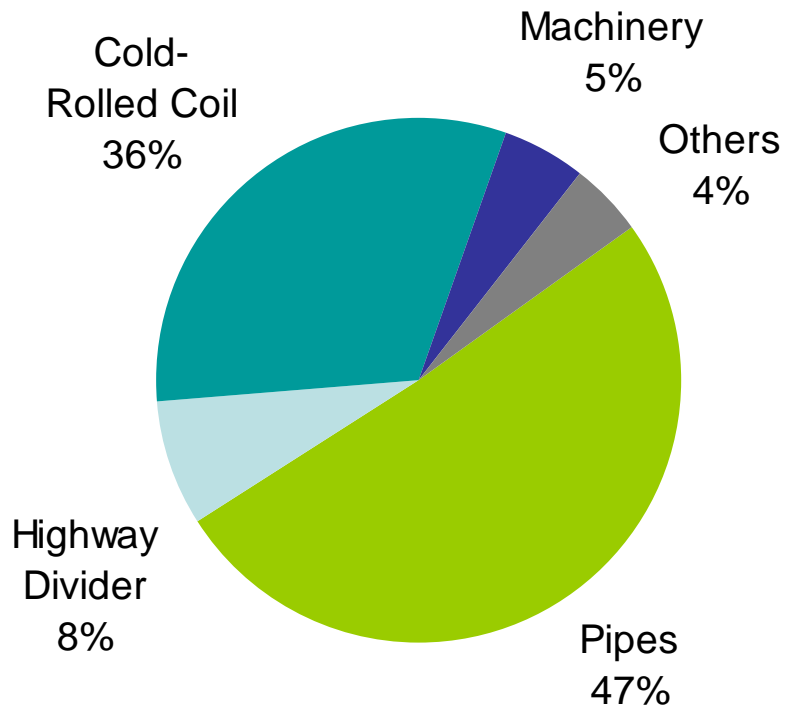
KEY PRODUCTS

Product	Hot-Rolled Coils
Width	520 ~ 1,100 mm
Thickness	1.8 ~ 14.0 mm
Steel Grade	C40 ~ C70
Designed Production Mix	850 mm line: 43% 1250 mm line: 57%

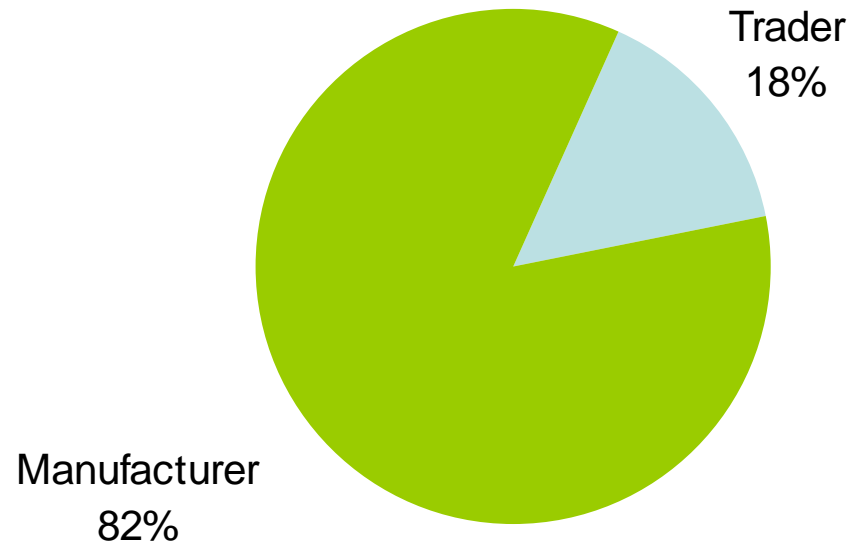
DIVERSIFIED CUSTOMER BASE

- Direct selling to industrial end-users on long-term contracts
- Dynamic sales team and extensive marketing network

Market Segment



Customer Mix



Leverage on geographical advantages to build strong customer relationships so as to entrench market leadership in HRC



1Q2007 FINANCIAL HIGHLIGHTS



1Q2007 Highlights

SGD (mil)	1Q2006	2Q2006	3Q2006	4Q2006	1Q2007
Revenue	206.1	265.8	244.0	229.5	272.5
Net Profit	15.0	46.1	37.8	32.4	34.6
Gross Profit Margin (%)	9.6	21.4	17.9	16.2	18.5
Net Profit Margin (%)	7.3	17.3	15.5	14.1	12.7
EPS (\$ cents; after share consolidation)	2.8	8.6	7.1	6.1	6.5

- ✓ Revenue and net profit significantly higher versus 1Q2006 on increased capacity to 2.4 from 1.6 Mtpa
- ✓ Net profit sequentially higher versus 4Q2006
- ✓ Stable operating margins
- ✓ Average 1Q2007 utilisation rate 75% (first line: **67%** due to major maintenance works in March; second line: **82%**)
- ✓ EPS 6.5 cents vs. 2.8 cents in 1Q2006

STRONG DEMAND

1Q2007

Plant Utilisation Rate	Line 1: 67%*
	Line 2: 82%**
Product Mix	Line 1: 39%
	Line 2: 61%
Finished Goods Stock Level	<1 day
Trade Receivables	S\$1.3m

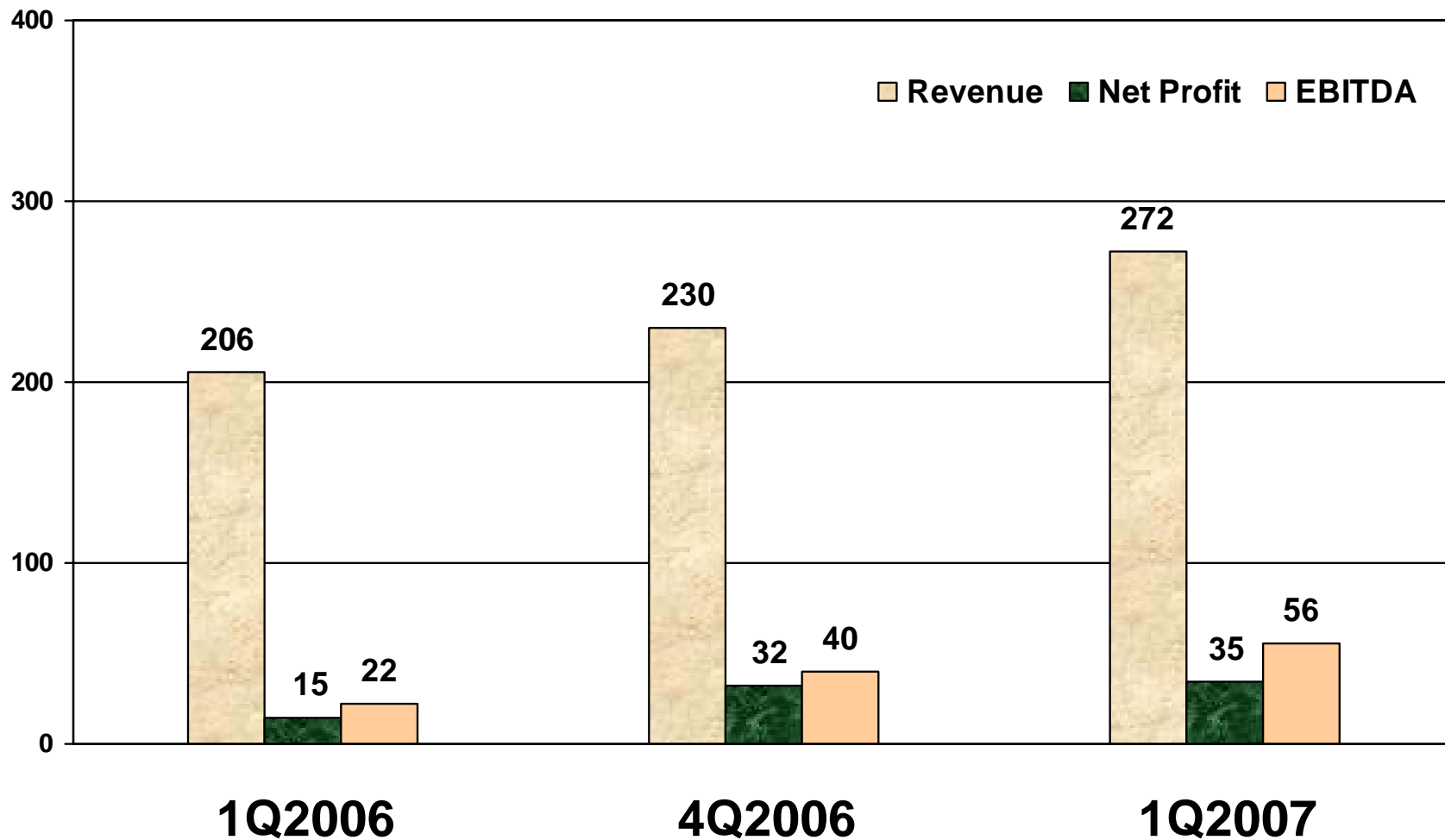
**Major maintenance works in March 2007*

***Commissioned in mid-December 2006*

Full capacity for 4 years till FY2006

PROFIT and EBITDA

SGD million



BALANCE SHEET HIGHLIGHTS

SGD million	As at 31 Dec 05	As at 31 Dec 06	As at 31 Mar 07
Current Assets	153.8	225.0	261.1
Non-Current Assets	361.5	539.7	548.6
Current Liabilities	286.2	432.7	436.0
Non-Current Liabilities	10.1	15.2	23.0
Total Equity	219.1	316.8	351.2
NTA (S cents) <small>after share consolidation</small>	41.3	59.7	65.9
Gearing Ratio (X)	0.50	0.57	0.53
ROE (%)	55.5	41.4	-

CASHFLOW HIGHLIGHTS

SGD million	Dec 05	Dec 06	Mar 07
Operating	180.7	175.9	21.1
Investing	(170.4)	(189.2)	(21.2)
Financing	(36.1)	(35.3)	5.8
Net Cash Inflow	(25.8)	22.0	5.7
Ending Cash	15.2	37.3	43.0

DIVIDEND & SHARE CONSOLIDATION

Dividend (before share consolidation) for FY2006 totals S\$79.6 million (60.7% payout ratio)

- ✓ First payment of 0.6 cent per share, paid on 15 May 2007
- ✓ Second payment of 0.9 cent per share, payable 2H2007

10-for-1 share consolidation effective 17 May 2007



COMPETITIVE ADVANTAGES OF DELONG



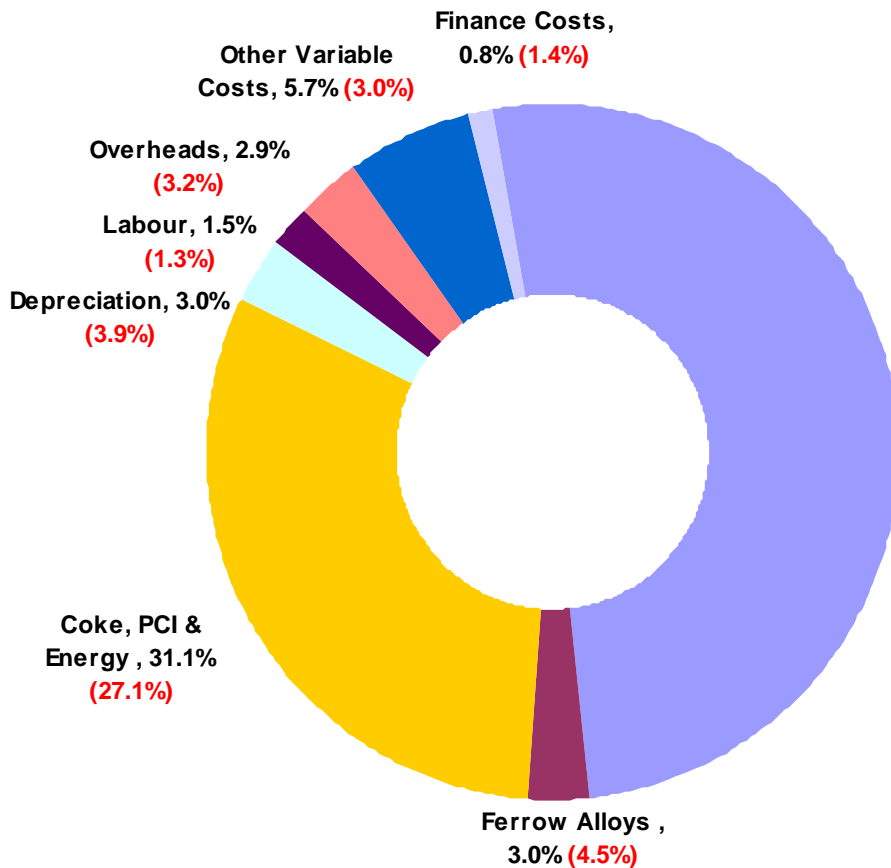
COST LEADERSHIP & TOP TAXPAYER

1. China's *second lowest-cost steel producer*
2. Production yield of 98.5%
3. Top taxpayer in Xingtai City in 2004 – 2006

- ✓ Dynamic management team with *clear vision* and *growth track record* led by founder and executive director with strong core technical competency
- ✓ Company-wide incentive scheme
- ✓ Worker welfare standards above statutory requirements
- ✓ Total labour, overheads and depreciation costs *about 6 percentage points below national average*

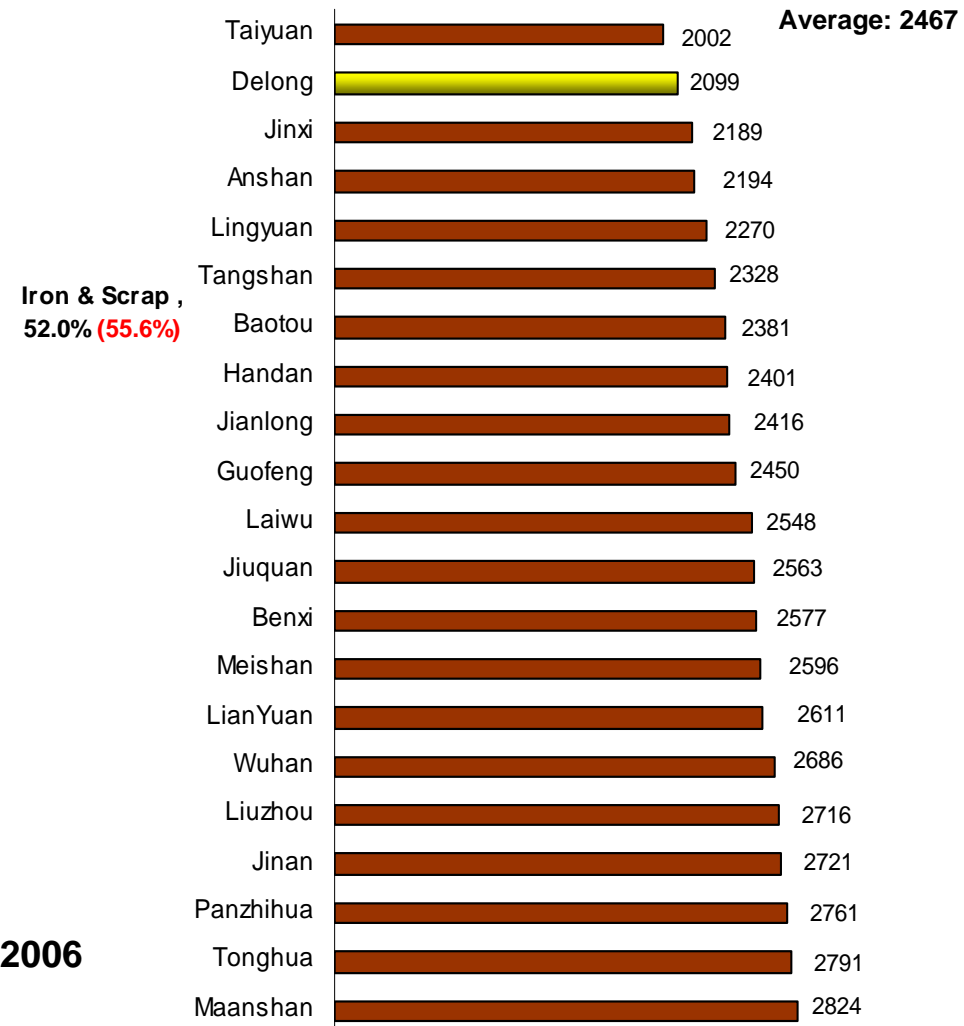
COST LEADERSHIP

Total HRC Production Costs of Chinese Steel Mills in 2006 (RMB per tonne, excluding VAT)



DELONG'S TOTAL COST COMPONENTS IN FY2006

(1Q2007)



EXPERIENCED MANAGEMENT TEAM

- Senior managers possess 10 years or more industry experience
- 4,360 skilled workers out of which 400 are college graduates

Ding Ligu voted one of the Top Ten Youth in PRC for 2005
bestowed 2005 Labour Day Award

Senior Management

Name	Age	Position	Industry Experience
Ding Ligu	38	Executive Chairman	17 years
Guo Sanxiang	53	CEO	26 years
Lan Jihong	39	CFO	17 years
Yeo Lee Luang	34	Financial Controller	10 years
Huang Jian	39	Marketing and Procurement Mgr	10 years
Meng Xiangyun	50	Operations Manager	26 years

Superior combination of experienced management team and high-quality workforce

Technical Efficiency

Constantly moving up value chain

- Most advanced combustion usage (highest PCI* @ 152kg/t) among Chinese steel producers
- Continuous improvement of product specifications;
2nd HRC line capable of producing HRC (**55%** of total Group capacity)
 - ✓ Gauge thinness of 1.8 mm
 - ✓ Width up to 1100mm
 - ✓ Higher grade (C70)



**Pulverised Coal Injection*

PERFORMANCE VS INDUSTRY BENCHMARKS

National Steel Industry Policy (July 2005):

	Coal used for producing per tonne steel (t)		Water used for producing per tonne steel (t)	
State benchmark (by 2010)	< 0.73		< 8	
State benchmark (by 2020)	< 0.70		< 6	
DeLong's Usage	< 0.62		< 3	
EQUIPMENT	Sintering Plant	Blast Furnace	Converter	Rolling Mill
Equipment to be phased out by 2010	Earth Sintering / Hot Sintering	300m ³	20 tonnes	Narrow strip
DeLong's Status	2 x 78 m ² 1 x 132 m ²	3 x 450 m ³ 2 x 1080 m ³	2 x 80 tonnes 1 x 25 tonnes	1 x 850 mm 1 x 1250 mm
INDUSTRY CONSOLIDATION	By 2010		By 2020	
	Top 10 Mills to Produce 50% of National Total		Top 10 Mills to Produce 70% of National Total	

Green Initiatives

Embarked on three environmental conservation initiatives costing combined RMB386 million, completion in 4Q2007

Ahead of Government's "zero-emission" policy

- ✎ Enhancement of waste water treatment facility (RMB 8 million)
- ✎ Coal gas emissions recycling facility (RMB 227 million)
- ✎ Facility to recover iron and steel sludge for reuse as raw materials for heavy duty bricks and tiles (RMB 151 million)

Payback periods : 3.5 years

Cost savings : S\$12 million a year

Government grants received for "zero-emission" of waste water

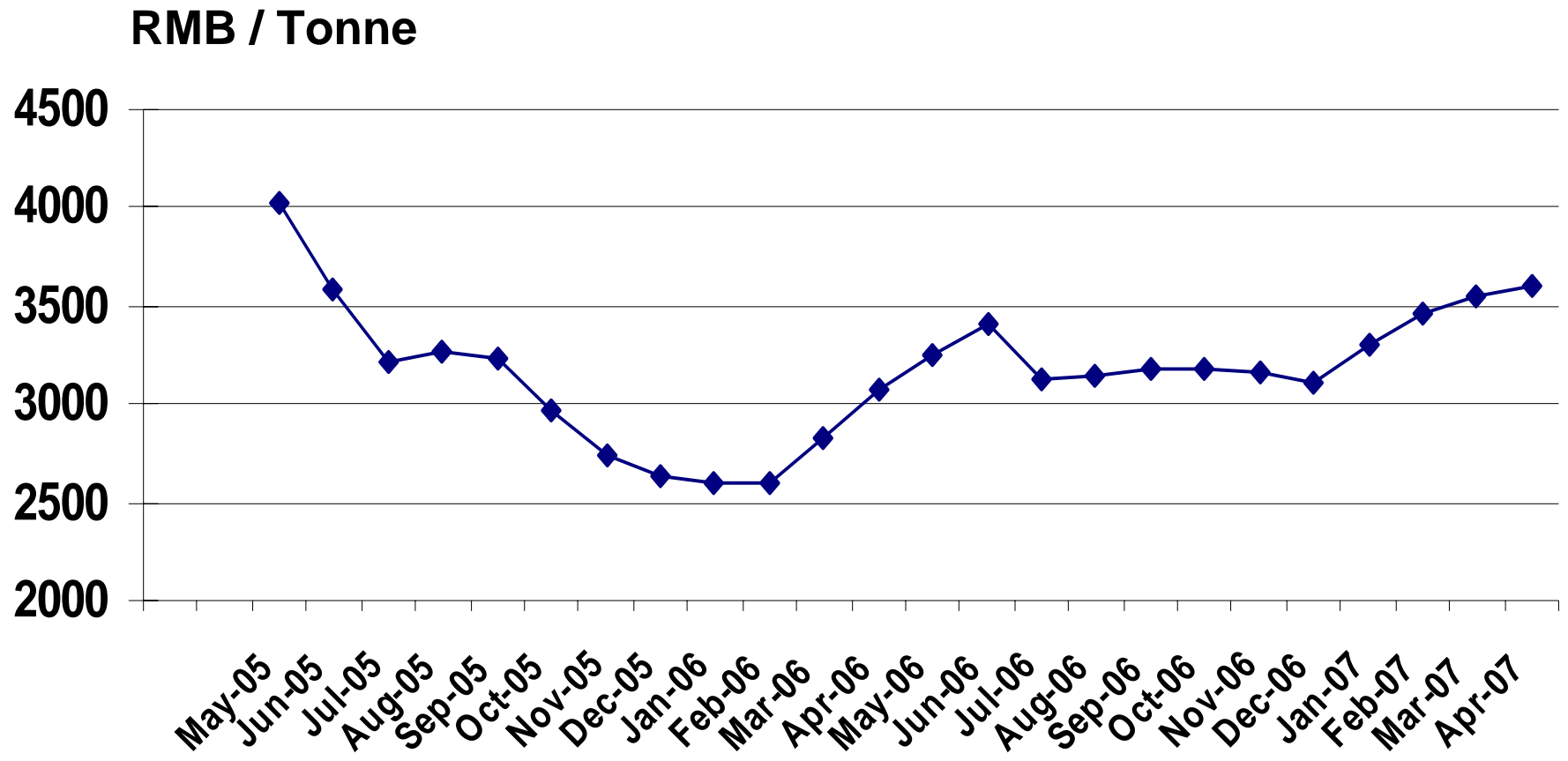
- ✎ **FY2004** RMB 8.8 million
- ✎ **FY2005** RMB 11.6 million
- ✎ **FY2006** RMB 10.3 million



OUTLOOK & STRATEGY



DELONG HRC PRICE TREND



2Q2007 OUTLOOK

- ✓ Utilisation of both HRC lines to approximate full capacity by 2Q2007
- ✓ Total capacity to rise further to 3 million tonnes by 4Q2007 (up 25%)
- ✓ New HRC line rolling out **higher-grade products** with higher prices (**+RMB300 per tonne**)
- ✓ Selling prices expected to increase in tandem with rise in raw material prices
- ✓ Operating margins expected to remain stable
- ✓ 2Q2007 operating profit to significantly exceed that of 2Q2006 and 1Q2007
- ✓ 10-for-1 share consolidation effective 17 May 2007

Convertible Bonds

- ✓ For core business expansion, strategic investments, acquisitions
- ✓ RMB1,532 million (*US\$200 million*) US\$ Settled, due 8 June 2012
- ✓ Zero Coupon Rate
- ✓ Yield-to-Put/Maturity: 3% p.a. on semi-annual basis
 - Conversion Price : S\$4.455 a share
 - Conversion Period: 19 July 2007 to 1 June 2012
- ✓ Listing on SGX
- ✓ Dilution: 11.34% for US\$200 million (*Market Valuation: S\$2691 million*)
- ✓ Enlarged no. of shares, fully converted: 604 million shares
- ✓ Public float, fully converted: 31.7%

Earnings Visibility

HRC Organic Initiatives		FY2005	FY2006	FY2007	FY2008
Designed Production Capacity (MT per year)		1.4	1.6	2.4	3.0
Production Mix (%)	850mm Line	100	100	43	43
	1250mm Line	0	0	57	57
Revenue (SGD mil)		861.0	945.3		
Net Profit (SGD mil)		121.5	131.2		
HRC NP Margin (%)		16.5	15.6		
EPS (SG cents) after share consolidation		23.0	24.6		
M & A initiatives		Nil	Nil		
Upstream/downstream investments		Nil	Nil		



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