DELONG HOLDINGS LIMITED

(REG NO.199705215G)

Full Year Unaudited Financial Statements Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF –YEAR AND FULL RESULTS

INTRODUCTION

On 8 March 2005, Delong Holdings Limited (the "Company") completed the acquisition of Asia Paragon International Limited ("Asia Paragon") and its subsidiary, Delong Steel Limited ("Delong Steel") (collectively "Asia Paragon Group") from Best Decade Holdings Limited ("Best Decade") for a purchase consideration of S$367,500,000 ("Acquisition"). The effective date of completion was 1 January 2005.

The purchase consideration was satisfied by the allotment and issuance of 4,900,000,000 new ordinary shares in the Company at S$0.075 per share. Following the allotment and issuance of the shares, Best Decade emerged as the new single largest shareholder of the Company.

The Company also completed the allotment and issuance of 234,150,000 new ordinary shares at S$0.09 per share raising net proceeds of S$20.4 million. As of the date of this announcement, the Company had utilised the net proceeds for the intended purposes i.e reduce its bank borrowings and facilitate its working capital.

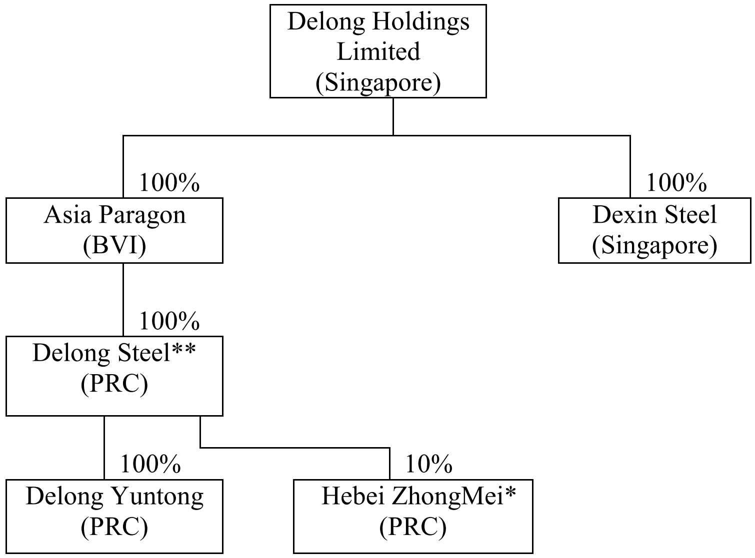
Simultaneous with the Acquisition, the Company had also completed the disposal of Fine Components (Thailand) Co. Ltd which marked the exit of the Group from the automotive components industry.

On 1 January 2005, the Company's wholly-owned subsidiary companies comprised Asia Paragon and its subsidiary, Delong Steel and Dexin Steel Pte. Ltd ("Dexin Steel", formerly known as Team Precision Pte. Ltd) which is a steel trading and procurement company incorporated in Singapore where its operations are located.

On 19 April 2005, Delong Steel incorporated a new subsidiary, Delong Yuntong Steel International Trading (Beijing) Co., Ltd ("Delong Yuntong") in the People's Republic of China ("PRC"). The principal businesses of Delong Yuntong are acting as agent for import and export of steel products, mineral ores and related materials, as well as investment in resources-related project.

The Group's new core business is the manufacture and sale of mid-width hot-rolled steel coils with the PRC as our principal market.

The present corporate structure of the Group is as follows:



* Hebei Zhongmei Xuyang Coking Co., Ltd ("Hebei ZhongMei")

** Effective 1 January 2005, Delong Steel, a wholly foreign-owned enterprise ("WFOE") established under the laws of the PRC, is entitled to a two-year full tax exemption followed by a three-year 50% tax deduction from PRC enterprise income tax commencing from the first year of taxable income.

BASIS OF PREPARATION

At the Group's level

The Acquisition has been accounted for as a reverse acquisition and the legal subsidiary (i.e. Asia Paragon) is considered the acquirer for accounting purposes. Accordingly, effective 1 January 2005, the Group's consolidated income statement, balance sheet, statement of changes in equity and cash flow statement have been prepared as a continuation of Asia Paragon's financial statements.

Since such consolidated financial statements represent a continuation of the financial statements of the legal subsidiary (i.e. Asia Paragon),

(a) the assets and liabilities of Asia Paragon Group are recognized and measured in the consolidated balance sheet at their pre-combination carrying amounts of Asia Paragon Group;

(b) the retained earnings and other equity balances recognized in those consolidated financial statements are the retained earnings and other equity balances of the Asia Paragon Group immediately before the business combination;

(c) the amount recognised as issued equity instruments in those consolidated financial statements is determined by adding to the issued equity of Asia Paragon immediately before the business combination the costs of the combination of the acquisition. However, the equity structure appearing in those consolidated financial statements (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the legal parent (i.e. the Company) to effect the combination; and

(d) the comparative figures presented in these consolidated financial statements are that of the legal subsidiary (i.e. Asia Paragon Group).

Consolidated financial statements prepared following a reverse acquisition shall reflect the fair values of the assets, liabilities and contingent liabilities of the legal parent (i.e. the acquiree for accounting purposes). Therefore, the cost of the business combination for the acquisition is allocated to the identifiable assets, liabilities and contingent liabilities of the legal parent that satisfy the recognition criteria at their fair values at 1 January 2005. The excess of the cost of the combination over Asia Paragon's interest in the net fair value of those items is recognised as goodwill on the consolidated balance sheet.

At the Company's level

Reverse acquisition accounting applies only in the consolidated financial statements. Therefore, in the legal parent (i.e. the Company)'s separate financial statements, the investment in the legal subsidiary (i.e. Asia Paragon) is accounted for at cost less accumulated impairment losses in the Company's balance sheet.

1(a) **An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group					
	4th Quarter Ended		Increase	Year Ended		Increase
	31-12-2005	31-12-2004*	(Decrease)	31-12-2005	31-12-2004*	(Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Sales	183,944	160,463	14.6	860,964	693,505	24.1
Cost of sales	(172,045)	(126,386)	36.1	(707,599)	(614,718)	15.1
Gross Profit	**11,899**	**34,077**	**(65.1)**	**153,365**	**78,787**	**94.7**
Other operating income	1,302	970	34.2	5,421	4,061	33.5
Distribution expenses	(1,626)	(777)	109.3	(4,711)	(1,248)	277.5
Administrative expenses	(4,855)	(7,740)	(37.3)	(14,463)	(12,661)	14.2
Other operating expenses	(34)	(554)	(93.9)	(885)	(1,850)	(52.2)
Profit from operations	**6,686**	**25,976**	**(74.3)**	**138,727**	**67,089**	**106.8**
Exceptional items**	-	-	-	(12,786)	-	NM
Finance costs	(1,042)	(2,490)	(58.2)	(6,525)	(7,102)	(8.1)
Profit before tax	5,644	23,486	(76.0)	119,416	59,987	99.1
Tax credit/(expenses)	2,117	(8,958)	NM	2,117	(21,306)	NM
Profit after tax	**7,761**	**14,528**	**(46.6)**	**121,533**	**38,681**	**214.2**

NM: Not meaningful

Notes:-

* The comparative figures for the financial period ended 31 December 2004 are that of Asia Paragon Group. The Company and Dexin Steel have been excluded from 31 December 2004 comparative figures and the amounts are insignificant.

** Exceptional items comprise:

	The Group			
	4th Quarter Ended		Year Ended	
	31-12-2005	31-12-2004	31-12-2005	31-12-2004
	S$'000	S$'000	S$'000	S$'000
Impairment of goodwill on the Acquisition	-	-	11,941	-
Expenses relating to the Acquisition	-	-	845	-
	-	-	12,786	-

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group S$'000		The Company S$'000	
	As at 31-12-05	As at 31-12-04	As at 31-12-05	As at 31-12-04
Current Assets				
Cash and cash equivalents	15,279	41,044	9	402
Bank balances pledged	17,638	25,870	-	-
Trade and other receivables	48,634	64,622	27,125	32
Inventories	72,275	91,710	-	-
	153,826	223,246	27,134	434
Non-current assets				
Subsidiaries	-	-	386,525	6,357
Available-for-sale financial asset	2,075	1,990	-	-
Property, plant and equipment	359,447	193,086	93	83
	361,522	195,076	386,618	6,440
Total assets	515,348	418,322	413,752	6,874
Current liabilities				
Trade and other payables	143,246	148,742	1,138	6,212
Notes payables	20,793	22,487	-	-
Borrowings	100,615	147,287	-	501
Provision for current tax	21,569	31,058	7	7
	286,223	349,574	1,145	6,720
Non-current liabilities				
Borrowings	9,921	11,241	-	60
Deferred tax liabilities	140	-	3	3
	10,061	11,241	3	63
CAPITAL AND RESERVE:				
Share capital	58,377	34,230	265,001	8,293
Reserves	160,687	23,277	147,603	(8,202)
	219,064	57,507	412,604	91
Total liabilities and equity	515,348	418,322	413,752	6,874

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debts securities, specify the following as at the end of the financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

As at 31-12-2005		As at 31-12-2004	
Secured	Unsecured*	Secured	Unsecured*
S$'000	S$'000	S$'000	S$'000
75,715	24,900	91,214	56,073

Amount repayable after one year

As at 31-12-2005		As at 31-12-2004	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
4,164	5,757	11,241	-

Details of any collateral

The Group's borrowings are secured by the following:

(i) Corporate guarantee by the Company and;
(ii) Certain property, plant and equipment of the Group

*Borrowings amounting to S$24,900,000 (31-12-2004:S$34,825,000) were guaranteed by a third party.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group			
	4th Quarter Ended		Year Ended	
	31-12-2005	31-12-2004	31-12-2005	31-12-2004
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities:				
Profit before taxation	5,644	23,486	119,416	59,987
Adjustments for:				
Depreciation	4,691	4,295	18,825	19,449
Impairment of goodwill	-	-	11,941	-
(Gain)/Loss on disposal of property, plant and equipment	-	(106)	8	888
Interest income	(153)	(499)	(845)	(715)
Interest expense	1,042	1,731	6,525	5,821
	5,580	5,421	36,454	25,443
Operating cash flow before working capital changes	11,224	28,907	155,870	85,430
Bank balances pledged	14,014	(16,135)	8,232	(9,128)
Receivables	(2,136)	17,433	18,141	(31,987)
Inventories	(2,534)	(33,291)	19,435	(40,009)
Payables	9,936	20,532	(11,398)	45,872
	19,280	(11,461)	34,410	(35,252)
Cash generated from operating activities	30,504	17,446	190,280	50,178
Income tax paid	(545)	4,767	(7,520)	(4,495)
Interest received	153	499	845	715
Exchange differences	3,283	(757)	(2,890)	(429)
	2,891	4,509	(9,565)	(4,209)
Net cash generated from operating activities	33,395	21,955	180,715	45,969
Cash flows from investing activities:				
Payment for property, plant and equipment	(44,572)	(10,826)	(170,882)	(21,269)
Proceeds from disposal of property, plant and equipment	-	-	71	183
Acquisition of subsidiaries, net of cash acquired	-	-	442	-
Net cash used in investing activities	(44,572)	(10,826)	(170,369)	(21,086)
Cash flows from financing activities:				
Proceeds from borrowings	55,393	13,017	103,715	41,790
Repayment of borrowings	(51,680)	-	(131,501)	(32,698)
(Decrease)/ Increase in amount due to a related party	-	(1,568)	(22,156)	179
Proceeds from Share Placement	-	-	21,074	-
Expenses for Share Placement	-	-	(718)	-
Interest paid	(1,042)	(1,702)	(6,525)	(6,749)
Net cash generated from /(used in) financing activities	2,671	9,747	(36,111)	2,522
Net (decrease)/ increase in cash and cash equivalents	(8,506)	20,876	(25,765)	27,405
Cash and cash equivalents at beginning of the period	23,785	20,168	41,044	13,639
Cash and cash equivalents at end of the period	15,279	41,044	15,279	41,044

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Group

	Issued Capital	Share Premium	Translation Reserves	Statutory Reserves	Other Reserves	Retained earnings	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 January 2005							
As previously reported (Note 1)	34,230	-	(29)	2,860	-	20,446	57,507
Effect of FRS 39	-	-	-	-	-	4,822	4,822
Restated	34,230	-	(29)	2,860	-	25,268	62,329
Cost of acquisition of the Company by Asia Paragon (Note 2)	12,439	-	-	-	-	-	12,439
Issue of shares pursuant to Share Placement	11,708	8,648	-	-	-	-	20,356
Issue of shares pursuant to exercise of warrants*	-	-	-	-	-	-	-
Currency translation differences	-	-	538	-	-	-	538
Net profit for the period	-	-	-	-	-	34,880	34,880
Balance as at 31 March 2005	58,377	8,648	509	2,860	-	60,148	130,542
Issue of shares pursuant to exercise of warrants+	-	-	-	-	-	-	-
Currency translation differences	-	-	1,663	-	-	-	1,663
Net profit for the period	-	-				51,727	51,727
Balance as at 30 June 2005	58,377	8,648	2,172	2,860	-	111,875	183,932
Issue of shares pursuant to exercise of warrants++	-	-	-	-	-	-	-
Currency translation differences	-	-	2,373	-	-	-	2,373
Net profit for the period	-	-	-	-	-	27,165	27,165
Balance as at 30 September 2005	58,377	8,648	4,545	2,860	-	139,040	213,470
Currency translation differences	-	-	(2,167)	-	-	-	(2,167)
Net profit for the period	-	-	-	-	-	7,761	7,761
Transfer from retained earnings to statutory reserve (note 7)	-	-	-	12,514	-	(12,514)	-
Balance as at 31 December 2005	58,377	8,648	2,378	15,374	-	134,287	219,064
Balance as at 1 January 2004(Note 3)	1	-	-	-	18,854	-	18,855
Net profit for the period	-	-	-	-	-	14,474	14,474
Transfer from retained earnings to other reserves(Note 4)	-	-	-	-	14,474	(14,474)	-
Balance as at 31 March 2004	1	-	-	-	33,328	-	33,329
Net loss for the period	-	-	-	-	-	(4,092)	(4,092)
Transfer from retained earnings to other reserves (note 4)	-	-	-	-	(4,092)	4,092	-
Balance as at 30 June 2004 (Note 3**)**	1	-	-	-	29,236	-	29,237
Adjustment arising from restructuring exercise	-	-	-	-	(34,229)	-	(34,229)
Net profit for the period	-	-	-	-	-	13,771	13,771
Transfer from retained earnings to other reserves (note 5)		-	-	-	951	(951)	-
Transfer from other reserve to retained earning (note 6)	-	-	-	-	4,042	(4,042)	-
Issue of shares pursuant to restructuring exercise	34,229	-	-	-	-	-	34,229
Balance as at 30 September 2004	34,230	-	-	-	-	8,778	43,008
Currency translation differences	-	-	(29)		-	-	(29)
Net profit for the period	-	-	-		-	14,528	14,528
Transfer from retained earnings to statutory reserve (note 7)	-	-	-	2,860	-	(2,860)	-
Balance as at 31 December 2004	34,230	-	(29)	2,860	-	20,446	57,507

Explanatory notes:

As the consolidated financial statements represent a continuation of the financial statements of the legal subsidiary (i.e. Asia Paragon), the amount recognised as issued equity instruments in consolidated financial statements shall be determined by adding to the issued equity of Asia Paragon (i.e. legal subsidiary) immediately before the Acquisition, the cost of combination determined below in Note 2.

The issued equity of the consolidated financial statements is therefore different from that of the Company (i.e. legal parent), although the equity structure (i.e. the number and type of equity instruments issued) shall reflect that of the Company, including the equity instruments issued by the Company to effect the Acquisition.

Note 1: Share capital and reserves as at 1 January 2005 represents that of Asia Paragon (i.e. legal subsidiary) and its subsidiary, the acquirer of the reverse acquisition for accounting purposes.

Note 2: The adjustment arose from reverse acquisition accounting and represents the cost of acquisition by Asia Paragon International Limited (the legal subsidiary) of the Company (the legal parent). The cost of acquisition is determined using the fair value of the issued equity of the Company before the acquisition being 165,850,000 shares at 7.5 cents each. It is deemed to be incurred by the legal subsidiary (i.e. the acquirer for accounting purposes) in the form of equity issued to the owners of the legal parent (i.e. the acquiree for accounting purposes).

Note 3: Share capital and other reserves as at 1 January 2004 and 30 June 2004 represents the net carrying amount of the assets and liabilities of Xingtai Delong Iron and Steel Co., Ltd, prior to a restructuring exercise undertaken by Delong Steel, a subsidiary of Asia Paragon on 12 July 2004.

Note 4: This represents the net profit of Xingtai Delong transferred to other reserve for each respective period.

Note 5: This represents the net profit of Xingtai Delong transferred to other reserve for the period from 1 July 2004 to 12 July 2004. Effective 12 July 2004, Delong Steel took over the assets and liabilities of Xingtai Delong.

Note 6: This represents the excess of the purchase consideration over the net assets acquired from Xingtai Delong, accounted for using the pooling of interest method.

Note 7: This represents the net profit of Delong Steel transferred to statutory reserve for year ended 31 December 2004 and 31 December 2005, respectively. The articles of association require the principal subsidiary in the PRC to provide for certain statutory funds, namely reserve fund and staff and workers' bonus and welfare fund, which are appropriated from net profit after tax but before dividend distribution. These funds are created for specific purposes and appropriations to these funds are at the discretion of the PRC's subsidiary's Board of Directors.

The Company	**Share capital S$'000**	**Share premium S$'000**	**Retained earnings S$'000**	**Total S$'000**
Balance as at 1 January 2005	8,293	7,520	(15,722)	91
Issue of shares pursuant to the Acquisition	245,000	122,500	-	367,500
Issue of shares pursuant to share placement	11,708	8,648	-	20,356
Issue of shares pursuant to exercise of warrants*	-	-	-	-
Net loss for the period	-	-	(884)	(884)
Balance as at 31 March 2005	265,001	138,668	(16,606)	387,063
Issue of shares pursuant to exercise of warrants+	-	-	-	-
Net loss for the period	-	-	(675)	(675)
Balance as at 30 June 2005	265,001	138,668	(17,281)	386,388
Issue of shares pursuant to exercise of warrants++	-	-	-	-
Net loss for the period	-	-	(462)	(462)
Balance as at 30 September 2005	265,001	138,668	(17,743)	385,926
Net profit for the period	-	-	26,678	26,678
Balance as at 31 December 2005	265,001	138,668	8,935	412,604

Balance as at 1 January 2004	7,293	7,057	(8,627)	5,723
Net loss for the period	-	-	(152)	(152)
Balance as at 31 March 2004	7,293	7,057	(8,779)	5,571
Net loss for the period	-	-	(2,789)	(2,789)
Balance as at 30 June 2004	7,293	7,057	(11,568)	2,782
Net loss for the period	-	-	(399)	(399)
Balance as at 30 September 2004	7,293	7,057	(11,967)	2,383
Issue of shares pursuant to share placement	1,000	500	-	1,500
Expenses of share issue	-	(36)	-	(36)
Net loss for the period	-	-	(3,756)	(3,756)
Balance as at 31 December 2004	8,293	7,521	(15,723)	91

* On 24 February 2005, the Company issued 2,500 ordinary shares at S$0.05 per share pursuant to the exercise of warrants. The amount is not shown due to rounding-off effects.

\+ On 19 May 2005, the Company issued 500 ordinary shares at S$0.05 per share pursuant to the exercise of warrants. The amount is not shown due to rounding-off effects.

++ On 1 August 2005, the Company issued 2,500 ordinary shares at S$0.05 per share pursuant to the exercise of warrants. The amount is not shown due to rounding-off effects.

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities , issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Changes in the Share Capital of the Company for 4th Quarter Ended	31-12-05	31-12-04
Number of ordinary shares at 1 October	5,300,005,500	145,850,000
Shares issued pursuant to a share placement	-	20,000,000
Number of ordinary shares at 31 December	5,300,005,500	165,850,000

Outstanding Warrants as at	31-12-05	31-12-04
Outstanding warrants that are convertible into ordinary shares	55,744,485	55,749,985

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

The figures have not been audited nor reviewed by our auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

In 2005, the Group and the Company adopted the Financial Reporting Standards (FRS) below which are relevant to its operation:

FRS 1 (revised 2004) Presentation of Financial Statements
FRS 2 (revised 2004) Inventories
FRS 8 (revised 2004) Account Policies, Changes in Accounting Estimates and Errors
FRS10 (revised 2004) Events after the Balance Sheet Date
FRS16 (revised 2004) Property Plant and Equipment
FRS17 (revised 2004) Leases
FRS21 (revised 2004) The Effects of Changes in foreign Exchange Rates
FRS24 (revised 2004) Related Party Disclosures
FRS27 (revised 2004) Consolidated and Separate Financial Statements
FRS32 (revised 2004) Financial Instruments: Disclosure and Presentation
FRS33 (revised 2004) Earning per Share
FRS36 (revised 2004) Impairment of Assets
FRS39 (revised 2004) Financial Instruments: Recognition and Measurement
FRS103 Business Combinations

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed , as well as the reasons for, and the effect of, the change

The adoption of the above FRS did not result in material changes to the Group's and Company's financial results except for the adoption of FRS39 for which the effects are set out below:

Consolidated balance sheet as at 31 December 2005

Borrowings-non-current	(S$4,822,000)

Consolidated balance sheet as at 1 January 2005

Retained earning	S$4,822,000

The above relates to adjustment of initial recognition of certain interest-free liabilities to fair value.

FRS 39 requires all financial assets and liabilities to be classified into appropriate categories at initial recognition and re-evaluates this designation at every reporting date. Financial liabilities not held for trading nor designated as fair value through profit and loss to be recognized initially at its fair value less transaction costs and subsequently accounted for at amortised cost using the effective interest rate method. Previously, borrowings were stated at the proceeds received, net of transaction costs.

In accordance with the transitional provision as set out in FRS 39, the comparatives as at 31 December 2004 were not adjusted.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividend

	The Group			
	4th Quarter Ended		Year Ended	
	31-12-2005 S$'000	31-12-2004 S$'000	31-12-2005 S$'000	31-12-2004 S$'000
Net profit for the period	7,761	14,528	121,533	38,681
Basic earnings per share (in cents)	0.15	0.30	2.31	0.79
Diluted earnings per share (in cents)	0.15	0.30	2.30	0.79
Weighted average no. of shares used for Basic earnings per share	5,300,005,500	4,900,000,000	5,257,022,515	4,900,000,000

Explanatory Notes:

(a) Basic earnings per share is calculated based on the weighted average number of shares in issue during the period under review. Weighted average number of shares in issue for 4Q2005 and FY 2005 represents weighted number of ordinary shares in issue for 4Q2005 and FY2005 of the Company, assuming the 4,900,000,000 shares issued to Best Decade pursuant to the Acquisition has been outstanding throughout the period.

(b) Diluted earnings per share is calculated based on weighted average number of shares in issue during the period under review, after adjusting to include the dilutive effect of the outstanding warrants for 4Q2005 and FY2005 respectively.

(c) Weighted average number of shares outstanding during the quarter ended 31 December 2004 ("4Q2004") and twelve-month period ended 31 December 2004 (FY2004) represent the number of ordinary shares issued to Best Decade pursuant to the Acquisition (i.e. 4,900,000,000 shares).

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	The Group		The Company	
	31-12-2005	31-12-2004	31-12-2005	31-12-2004
Net Asset Value per share (cents)	4.13	1.17	7.78	0.05

Net asset value per share for the Group and Company as at 31 December 2005 is calculated based on 5,300,005,500 ordinary shares in issue at the end of the financial period under review.

Net asset value per share for the Group and Company as at 31 December 2004 is calculated based on 4,900,000,000 ordinary shares issued pursuant to the Acquisition and 165,850,000 ordinary shares in issue as at 31 December 2004 respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

On 1 January 2005, the Company's subsidiary companies comprised Asia Paragon and its subsidiary, Delong Steel based in Hebei of the PRC, and Dexin Steel, which is a steel trading and procurement company incorporated in Singapore where its operations are located.

On 19 April 2005, Delong Steel incorporated a new subsidiary, Delong Yuntong Steel International Trading (Beijing) Co., Ltd， in the PRC. The principal businesses of Delong Yuntong are acting as an agent for the import and export of steel products, mineral ores and other related materials, as well as investment in resources-related projects.

The Group's core business, conducted through Delong Steel, is in the manufacture and sale of mid-width hot-rolled steel coils ("mid-width HRC"), with the PRC as its principal market. The plant, with a current annual production capacity of 1.4 million metric tones (MT), operated at 99.9% capacity in FY2005.

(a) Review of income statement of the Group

4Q 2005 vs 4Q 2004

Revenue

Group's revenue increased from S$160.5 million in 4Q2004 to S$184.0 million in 4Q2005, representing an increase of S$23.5 million or 14.6%, despite the decrease in its products' average selling prices; steel billets price per tonne eased by RMB 530 from RMB 2,762 in 4Q2004 to RMB 2,232 in 4Q2005. Mid-width steel coils price per tonne lowered by RMB 799 from RMB 3,177 in 4Q2004 to RMB 2,378 in 4Q2005.

The increase in revenue was principally attributable to the increase in volume of products sold and change in product mix.

The Group sold 347,000 tonnes of mid-width steel coils and 5,000 tonnes of steel billets in 4Q2005 as compared to 242,000 tonnes of mid-width steel coils and 45,000 tonnes of steel billets in 4Q2004. Overall sales volume increased by 65,000 tonnes or 22.6%.

Cost of sales

Cost of sales increased by S$45.6 million or 36.1 % from S$126.4 million in 4Q2004 to S$172.0 million in 4Q2005 and was in line with the increase in revenue.

Gross profit

Gross profit decreased by S$22.2 million or 65.1% from S$34.1 million in 4Q2004 to S$11.9 million in 4Q2005. Gross profit margin was 21.2% in 4Q2004 as compared to 6.5% in 4Q2005. The decrease in gross profit margin in 4Q2005 was primarily due to the decrease in average selling prices of the Group's products.

Other Operating Income

Other operating income increased by S$0.3 million or 34.2% from S$1.0 million in 4Q2004 to S$1.3 million in 4Q2005 due to increase in rental income and sale of scrap metal.

Distribution expenses

Distribution expenses increased by S$0.8 million or 100.0% from S$0.8 million in 4Q2004 to S$1.6 million in 4Q2005. Effective 1 January 2005, the Group commenced delivering its products to certain customers. Prior to 1 January 2005, all sales made by the Group were ex-factory.

Administrative expenses

Administrative expenses decreased by S$2.8 million or 37.3% from S$7.7 million in 4Q2004 to S$4.9 million in 4Q2005 due to decrease in employee-related costs and general administrative expenses.

Profit from operations

Operating profit decreased by S$19.3 million or 74.3% from S$26.0 million in 4Q2004 to S$6.7 million in 4Q2005, representing an operating profit margin of 16.2% in 2Q2004 and 3.6% in 4Q2005. The decrease in operating profit was primarily due to the decrease in gross profit margin resulting from lower average selling prices of the Group's products.

Tax

Tax credit of approximately S$2.1 million in 4Q2005 pertained to over-provision of tax in prior years.

Net profit

Net profit after tax and exceptional items decreased by S$6.7 million or 46.6% from S$14.5 million in 4Q2004 to S$7.8 million in 4Q2005, representing a net profit margin of 9.1% in 4Q2004 and 4.2% in 4Q2005. The lower net profit margin in 4Q2005 was primarily attributable to the lower operating profit margin.

<u>FY 2005 vs FY 2004</u>

Revenue

Revenue increased by S$167.5 million or 24.1% from S$693.5 million in FY2004 to S$861.0 million in FY2005. The increase in revenue was principally attributable to the increase in volume of products sold and change in product mix.

The Group sold 1,307,000 tonnes of mid-width steel coils and 91,000 tonnes of steel billets in FY2005 as compared to 833,000 tonnes of mid-width steel coils and 388,000 tonnes of steel billets in FY2004. Overall sales volume increased by 177,000 tonnes or 14.5%.

Cost of sales

Cost of sales increased by S$92.9 million or 15.1% from S$614.7 million in FY2004 to S$707.6 million in FY2005 and was in line with the increase in volume of products sold.

The average cost of sales per tonne decreased by approximately RMB 73 per tonne or 3.0% in FY2005 as compared to FY2004. The decrease was principally attributable to the increase in production efficiency, resulting in a higher sales volume in FY2005 as compared to FY2004.

Gross profit

Gross profit increased by S$74.6 million or 94.7% from S$78.8 million in FY2004 to S$153.4 million in FY2005. Gross profit margin increased from 11.4% in FY2004 to 17.8% in FY2005. The higher gross profit margin was primarily due to the increase in revenue, change in product mix and the decrease in average cost of sales per tonne as explained above.

Other Operating Income

Other operating income increased by S$1.3 million or 33.5% from S$4.1 million in FY2004 to S$5.4 million in FY2005 due to increase in interest income, rental income and government grant.

Distribution expenses

Distribution expenses increased by S$3.5 million or 277.5% from S$1.2 million in FY2004 to S$4.7 million in FY2005. Effective 1 January 2005, the Group commenced delivering its products to certain customers. Prior to 1 January 2005, all sales made by the Group were ex-factory.

Administrative expenses

Administrative expenses increased by S$1.8 million or 14.2% from S$12.7 million in FY2004 to S$14.5 million in FY2005 due to increase in employee related costs and general administrative expenses in line with the increase in sales volume.

Profit from Operations

Operating profit increased by S$71.6 million or 106.8% from S$67.1 million in FY2004 to S$138.7 million in FY2005 representing an operating profit margin of 9.7% in FY2004 and 16.1% in FY2005. The improvement in operating profit was primarily due to improvement in gross profit margin in FY2005.

Exceptional items

This relates to professional fees incurred in the acquisition of Asia Paragon and goodwill written off arising from the reverse acquisition accounting adopted by the Group in respect of the Acquisition.

Tax

Tax credit of approximately S$2.1 million in FY2005 pertained to overprovision of tax in prior years.

Net profit

Net profit after tax and exceptional items increased by S$82.8 million or 214.2% from S$38.7 million in FY2004 to S$121.5 million in FY2005, representing a net profit margin of 5.6% in FY2004 and 14.1% in FY2005. Excluding the exceptional item as mentioned above, the net profit for FY2005 would have been S$134.3 million, representing a net profit margin of 15.6%. The higher net profit margin was primarily attributable to the higher operating profit margin in FY2005.

(b) Review of balance sheet of the Group as at 31 December 2005

Current assets

Current assets decreased by S$69.4 million or 31.1% from S$223.2 million as at 31 December 2004 to S$153.8 million as at 31 December 2005. The decrease was primarily attributable to the decrease in cash and bank balances pledged of S$34.0 million, improvements in collection of trade and other receivables and better management of inventories . The decrease was in line with the decrease in current liabilities.

As at 31 December 2005, approximately S$37.1 million or 76.4% of the Group's "trade and other receivables" comprised notes receivables from customers and pre-payments to vendors and the remainder of S$11.5 million or 23.6% were trade receivables and others.

Current liabilities

Current liabilities decreased by S$63.4 million or 18.1% from S$349.6 million as at 31 December 2004 to S$286.2 million as at 31 December 2005. The decrease was primarily attributable to the repayments of bank borrowings, notes payable and trade and other payables.

Working capital

The Group had negative working capital position of S$126.3 million and S$132.4 million as at 31 December 2004 and 31 December 2005, respectively. The Group's negative working capital position was mainly due to the use of short-term bank loans and cash generated from operating activities to finance the technological enhancements at Delong Steel in Xingtai City in FY2005. In addition, prepayments from customers amounting to S$69.9 million were recorded as current liabilities in the balance sheet.

The Group had satisfactorily maintained its credit facilities with financial institutions during the period under review and the credit facilities had constantly been renewed and/or rolled-over annually by the financial institutions.

Non-current assets

Property, plant and equipment increased by S$166.3 million from S$193.1 million as at 31 December 2004 to S$359.4 million as at 31 December 2005. The increase was primarily due to the purchase of land, office building and construction in progress in relation to the improvement and upgrading of facilities at Delong Steel in Xingtai City to progressively increase the current steel coil production capacity of 1.4 million tonnes per year. The upgrading activities commenced in May 2005 and are scheduled to fully complete in 4Q2006.

(c) Review of cash flow statement of the Group

4Q2005 vs 4Q2004

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes decreased by S$17.7 million from S$28.9 million in 4Q2004 to S$11.2 million in 4Q2005. The decrease was primarily due to decrease in operating profit. Cash generated from operating activities increased by S$13.1 million from S$17.4 million in 4Q2004 to S$30.5 million in 4Q2005. The increase was primarily due to a decrease in bank balances pledged with banks and improvement in inventories.

Net Cash Used In Investing Activities

Net cash used in investing activities increased by S$33.8 million from S$10.8 million in 4Q2004 to S$44.6 million in 4Q2005. The increase was in line with the increase in non-current assets in relation to the technological enhancements at Delong Steel.

Net Cash generated from Financing Activities

Net cash generated from financing activities decreased by S$7.0 million from S$9.7 million in 4Q2004 to S$2.7 million in 4Q2005. The decrease was primarily due to repayment of bank borrowings during the period under review.

FY2005 vs FY2004

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes increased by S$70.5 million from S$85.4 million in FY2004 to S$155.9 million in FY2005. The increase was primarily due to increase in operating profit. Cash generated from operating activities also increased by S$140.1 million from S$50.2 million in FY2004 to S$190.3 million in FY2005. The increase was primarily due to decrease in receivables, inventories and bank balances pledged with banks. The increase was partially offset by the decrease in payables.

Net Cash Used In Investing Activities

Net cash used for investing activities increased by S$149.3 million from S$21.1 million in FY2004 to S$170.4 million in FY2005. The increase was in line with the increase in non-current assets in relation to the technological enhancement works being carried out at Delong Steel, which would total approximately S$408 million.

Net Cash Used In Financing Activities

Net cash used in financing activities was approximately S$36.1 million in FY2005, due primarily to repayment of borrowings during the period under review and partially offset by the net proceeds from the share placement exercise which was completed in March 2005, amounting to S$20.4 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Company had not previously made any prospect statements to its shareholders.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period for the next 12 months.

Outlook

The PRC Government continues to enforce the new policy for the steel industry announced in July 2005 to encourage reduced material wastage, decreased pollution and higher efficiencies. The Group has already outperformed many of the key benchmarks and will endeavour to continually improve its performance for all the relevant benchmarks.

As at this date of announcement, steel prices are firming up, both globally as well as in the PRC. The average prices of mid-width hot-rolled steel coil produced by Delong have also risen.

Meanwhile, the ongoing consolidation of the steel industry sector in the PRC continues to gather pace and will contribute positively to the growth of the sector while offering opportunities for the Group as it seeks to expand beyond organic growth.

Enlargement of Production Capacity and Product Offering

With Phase One of the technological enhancements completed ahead of schedule in FY2005, the Group achieved significant cost savings and improved efficiencies. As the benefits of the Phase One enhancements kick in, the Group's annual production capacity is expected to reach 1.6 million tonnes in FY2006 from 1.4 million tonnes as at the end of FY2005.

In Phase Two of technological enhancements, the Group will add a new production line for hot-rolled coils. This new line will be capable of producing coils of between 350mm to 1,100mm in width, in addition to the existing production line which is currently producing coils with widths of between 350mm to 750mm. This will expand the Group's product range and higher value-added products. Upon completion of Phase Two of the technological enhancements expected in 4Q2006, the Group's steel coil annual production capacity will be progressively increased to 2.4 million tonnes.

Strategic Acquisitions
The Group will continue to be on the lookout for synergistic acquisition targets, which may include both steel-making and related businesses. The ongoing consolidation of the steel industry sector in the PRC will offer opportunities to the Group to expand its stake in the industry value chain, achieving further economies of scale.

In view of the above factors, the Company is confident that it will remain profitable in FY2006. It expects that the performance in the 1Q2006 will improve sequentially upon that of the 4Q2005.

11. Dividend

In appreciation of and to encourage shareholders' loyalty, the Board of Directors wishes to announce a dividend policy.

The Board of Directors intends to distribute not less than 20% of the Group's yearly net profits as dividends to shareholders. The Company is committed to fulfilling this policy, while pursuing sustainable growth for the Group so as to enhance value for shareholders.

The dividend level will be subject to regular reviews and is based on the Group's financial performance, capital requirements and any other conditions deemed relevant.

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

The Board of Directors has proposed a first and final 1-tier tax-exempt dividend of S$0.0045 per ordinary share in relation to the financial year ended 31 December 2005.

Name of Dividend:	*First and Final*
Dividend Type:	*Cash*
Dividend amount per share:	*S$0.0045*

The total payout represents 20% of the Group's net profit for FY2005.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(C) Date payable and Book Closure Date

Subject to the requisite approvals from shareholders at the annual general meeting of the Company ("AGM") scheduled on 12 April 2006, the first and final dividend of S$0.0045 per ordinary share will be paid in three equal tranches. The books closure date and date payable are as follows:-

	Dividend per share	Book Closure Date	Date payable
First payment	S$0.0015	16 April 2006	15 May 2006
Second payment	S$0.0015	28 July 2006	15 August 2006
Third payment	S$0.0015	1 November 2006	15 November 2006

Duly completed transfers in respect of shares in the capital of the Company together with all relevant documents of title received by the Company's share registrar, B.A.C.S Pte Ltd, 63 Cantonment Road, Singapore 089758 up to the close of business at 5.00 p.m. on the dates indicated above will be registered to determine members' entitlements to the proposed Dividends. Members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00p.m. on the dates indicated above will be entitled to the Proposed Dividends.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

PART II-ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2,Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

By Business Segmentation

The Group has been primarily operating in one single business segment i.e. the production and sale of steel billets and hot rolled coils.

	Sale of billets and rolled steel strips	
	2005	2004
	S$'000	S$'000
REVENUE		
External Sales	860,964	693,505
RESULTS		
Segment result	138,727	67,089
Finance costs	(6,525)	(7,102)
Exceptional items	(12,786)	-
Profit before tax	119,416	59,987
Tax credit/(expenses)	2,117	(21,306)
Profit after tax	121,533	38,681
OTHER INFORMATION		
Capital expenditure	173,427	13,472
Depreciation	18,825	19,449
(Gain)/loss on disposal of property, plant and equipment	(8)	888
ASSETS		
Segment assets	515,300	418,274
Tax recoverable	48	48
Total assets	515,348	418,322
LIABILITIES		
Segment liabilities	274,575	329,757
Income tax payable	21,569	31,058
Deferred income tax	140	-
	296,284	360,815

By Geographical Segmentation

The Group's operations are mainly carried out in the PRC. No other individual country contributed more than 10% of consolidated sales and assets.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to Section 8.

15. A breakdown of Sales

	FY2005	FY2004	Increase/
			(Decrease)
	S$'000	S$'000	%
Sales reported for first half year	461,618	336,722	37.1
Profit after exceptional items and tax	86,607	10,382	734.2
Reported for the first half year			
Sales reported for second half year	399,346	356,783	11.9
Profit after exceptional items and tax	34,926	28,299	23.4
reported for the second half year			

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	The Company	
	FY2005	FY2004
	S$'000	S$'000
Ordinary	23,883	-
Preference	-	-
Total	23,883	-

BY ORDER OF THE BOARD

Ding Liguo
Executive Chairman
21 February 2006