



德龙控股
DELONG HOLDINGS

HIGHER STEEL PRICES LIFT NET PROFIT AND MARGIN OF SGX MAINBOARD-LISTED STEEL GROUP DELONG HOLDINGS IN 1Q2006 OVER 4Q2005

- **Group expects performance in 2Q2006 to be significantly better on sequential basis**
- **Production capacity on track to increase to 2.4 million tonnes per annum by FY2007 from 1.6 million tonnes currently**

SINGAPORE, 25 April 2006 – 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”), said higher steel prices have helped lift its net profit and net margin in the January-March first quarter of 2006 (“1Q2006”) compared to 4Q2005.

The Group also forecast that continued increases in steel prices and its expanded annual production capacity of 1.6 million tonnes are expected to lead to significantly better net profit attributable to shareholders in 2Q2006 compared to 1Q2006.

The Group reported a net profit of S\$15.0 million on turnover of S\$206.1 million in 1Q2006. This compared year-on-year with net profit of S\$34.9 million on turnover of S\$223.9 million in 1Q2005 and sequentially with net profit of S\$7.8 million on turnover of S\$183.9 million in 4Q2005.

The Group recorded earnings per share based on a fully diluted basis of 0.28 cent for 1Q2006 compared to 0.70 cent in 1Q2005 and 0.15 cent in 4Q2005.

Underscoring the recovery of steel prices, average prices of the Group's hot-rolled steel coils as at the middle of April 2006 were approximately 15% higher than the average achieved in 1Q2006. On a sequential basis, the gross profit margin in 1Q2006 improved to 9.6% from 6.5% in 4Q2005. Over the comparative periods, there have been no significant increases in direct costs.

Commenting on the outlook, Delong's Executive Chairman Mr Ding Liguo said the outlook for the Group is positive, driven by buoyant steel prices and the ongoing expansion programme.

"The average prices of HRC produced by the Group have rebounded since February 2006. The prices achieved so far in April are higher than those achieved a month earlier," he said. "Margins are expected to improve substantially in 2Q2006 as there have been no significant corresponding increases in raw material prices."

The Group's ongoing technological enhancements have led to improved efficiencies and cost savings. The Group's total HRC production capacity as at March 2006 had risen to 1.6 million tonnes per annum compared to 1.4 million tonnes in December 2005. A new production line to be added by the end of 2006 will enable the Group to widen its product offering in respect of larger widths and higher grades of HRC. Production capacity is slated to increase to 2.4 million tonnes per annum by FY2007.

"In view of the above positive developments, the Group is confident that its net profit attributable to shareholders in 2Q2006 will be significantly better than that achieved in 1Q2006," Mr Ding said.

###End of Release###

Issued on behalf of Delong Holdings Limited by WeR1 Consultants Pte Ltd

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About Delong Holdings Limited

SGX-listed Delong Holdings Limited is a steel manufacturing and trading group headquartered in Beijing, People's Republic of China. Its production base is located 430km southwest of Beijing in Hebei Province, which is in proximity to raw material sources and an extensive client base encircled by the Bohai Economic Circle. The Group specializes in the manufacture of hot-rolled steel coils for infrastructural purposes, and also invests in resource and other steel-related businesses.