德龙控股
DELONG HOLDINGS

PRESS RELEASE – 1Q2007 RESULTS

DELONG HOLDINGS' 1Q2007 NET PROFIT SOARS 131.3% TO S$34.6 MILLION AS CONTRIBUTIONS FROM NEW HRC LINE KICK IN; 2Q2007 TO BE STRONGER THAN 2Q2006 AND 1Q2007

- **1Q2007 revenue rose 32.2% to S$272.5 million from S$206.1 million in 1Q2006 on higher steel prices and sales volume; Utilisation of both HRC lines to approximate full capacity by 2Q2007 from approximately 75% in 1Q2007**
- **Net profit margin increased to 12.7% in 1Q2007 compared to 7.3% in 1Q2006 on higher selling prices and better economies of scale**
- **HRC production capacity to increase to 3.0 million tonnes a year by 4Q2007 from 2.4 million tonnes currently**
- **2Q2007 net profit expected to be significantly better than that of 1Q2007 on increased production and higher-grade products**

S$ (Million)	1Q2007	1Q2006	Change	1Q2007	4Q2006	Change
Revenue	272.5	206.1	32.2%	272.5	229.5	18.7%
Net Profit after Tax	34.6	15.0	131.3%	34.6	32.4	6.8%
Gross Profit Margin (%)	18.5	9.6	-	18.5	16.2	-
Net Profit Margin (%)	12.7	7.3	-	12.7	14.1	-
EPS (S cent; fully diluted)	0.65	0.28	132.1%	0.65	0.61	6.6%

SINGAPORE, 10 May 2007 – 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"), announced today that its net profit for the January-March 2007 quarter ("1Q2007") soared 131.3% to S$34.6 million from S$15.0 million in 1Q2006 on the back of a 32.2% increase in revenue of S$272.5 million from S$206.1 million a year ago.

This sterling bottom-line performance was attributable to two factors: strong recovery in prices compared to the same period a year ago when prices fell to an exceptional low following curbs imposed on the steel industry by the PRC authorities in July 2005; and a maiden contribution from its second HRC production line which was commissioned on 15 December 2006.

The new HRC line has helped raise annual production capacity of the plant in Xingtai in Hebei Province by 50% to 2.4 million tonnes and allowed Delong to move up the value chain with the production of HRC of higher-grade specifications with higher selling prices.

Subsequent to the commissioning of the second line, the Group undertook and completed major maintenance works on its first line in March 2007. As a result, the utilisation rate in 1Q2007 of the first line was 67% (compared to 100% previously) and that of the second line was 82%. The overall utilisation rates of the two lines averaged 75% in 1Q2007. Utilisation rates for both lines are expected to approximate full capacity by 2Q2007.

The Group's gross and net profit margins improved to 18.5% and 12.7%, respectively, in 1Q2007 compared to 9.6% and 7.3% in 1Q2006 in line with higher selling prices and increased capacity.

Earnings per share on a fully diluted basis rose to 0.65 Singapore cent ("S cent") in 1Q2007 compared to 0.28 S cent in 1Q2006 and 0.61 S cent in 4Q2006. Net asset value per share as at 31 March 2007 rose to 6.59 S cents from 5.97 S cents as at 31 December 2006.

On a sequential basis, 1Q2007 revenue rose 18.7% to S$272.5 million from S$229.5 million in 4Q2006 as HRC prices picked up after the seasonal decline in prices during the winter months in 4Q2006.

Commenting on the results, Delong's Chairman, Mr. Ding Liguo, said, "Our 1Q2007 performance underscored the scalability of our business. With the addition of the second HRC line, which commenced production at the end of 2006, we have been able to increase our production capacity significantly and improve profit margins by producing higher-grade products."

"Building upon our performance in 1Q2007, we are confident of extending this growth momentum into 2Q2007 with increased utilisation rates for both HRC lines and more higher-margin products. We have also started Phase 3 of our technological enhancement programme which will increase our HRC production capacity further by 25% to 3.0 million tonnes by 4Q2007," he added.

International steel prices are expected to continue rising in tandem with increasing demand. Steel demand in the PRC is expected to grow at 10% annually for the next two years.

With the ongoing consolidation of the steel industry in the PRC, the Group is also exploring opportunities for strategic acquisitions to complement its existing business.

In view of the above factors, the Directors expect its financial performance in 2Q2007 to be better than that of 2Q2006 and 1Q2007 and its overall FY2007 to improve upon that of FY2006.

###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 group headquartered in Beijing, People's Republic of China. Its production base is located 430km southwest of Beijing in Hebei Province, placing it in proximity to raw material sources and an extensive client base encircled by the Bohai Economic Circle. As a dedicated hot-rolled coil manufacturer, Delong specializes in the supply of steel in such specifications for the infrastructure, pipe-making, machinery and automotive industries in People's Republic of China. The Group also has interests in other synergistic businesses such as resource investment

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