



**德龙控股**  
DELONG HOLDINGS

**Press Release – 1H2005 Results**

**SGX-LISTED DELONG STEEL ANNOUNCES STRONG SET OF RESULTS FOR HALF-YEAR**

- 1H2005 net profit, after exceptional charge of S\$12.8 million, soars to S\$86.6 million from S\$10.4 million in 1H2004
- Despite fluctuations in steel prices, Group expects outlook to remain positive
- Improving efficiency to increase production capacity gradually from 1.4 million tonnes currently

<b>S\$ (Million)</b>	<b>1H2005</b>	<b>1H2004</b>
<b>Revenue</b>	461.6	336.7
<b>Gross Profit</b>	109.7	23.6
<b>Profit from Operations</b>	103.1	20.0
<b>Exceptional Items</b>	(12.8)	0
<b>Net Profit After Tax</b>	86.6	10.4
<b>EPS (cents; fully diluted)</b>	1.7	0.2

SINGAPORE, 3 August 2005 – **Delong Holdings Limited** (“Delong”), a leading manufacturer in China of mid-width hot-rolled steel coils which recently assumed a new

corporate identity (previously Teamsphere Limited) on the Singapore Exchange (“SGX”), announced today a strong set of financial results for the April-June second quarter (“2Q2005”) and the first half (“1H2005”) of the financial year ending 31 December 2005 (“FY2005”).

The Xingtai-based SGX-SESDAQ listed company’s net profit for 2Q2005 rose sharply to S\$51.7 million compared to a loss of S\$4.1 million in 2Q2004 on turnover of S\$237.7 million and S\$147.3 million, respectively.

For the six months ended June 30 2005 (“1H2005”), Delong recorded a net profit after tax of S\$86.6 million, a sharp spike from S\$10.4 million in 1H2004, on turnover of S\$461.6 million and S\$336.7 million over the respective periods.

The 1H2005 net profit came after the one-time exceptional charge of S\$12.8 million for impairment of goodwill (S\$11.9 million) and expenses (S\$0.9 million) relating to the acquisition of Asia Paragon International Limited and its subsidiary Delong Steel Limited from Best Decade Holdings Limited for a consideration of S\$367.5 million.

Earnings per share (“EPS”) based on a fully diluted basis rose to 1.7 Singapore cents from 0.2 Singapore cent over the comparative periods while Net Asset Value (“NAV”) backing rose to 3.5 cents as at 30 June 2005 from 1.2 cents as at 31 December 2004, respectively.

The strong 1H2005 performance was attributed largely to the increase in sale of steel coils, decrease in average cost of sales and change in product mix which lifted revenue in 2Q2005 by 61.4% to S\$237.7 million from S\$147.3 million in 1Q2005.

The strong 2Q2005 performance helped lift total revenue in 1H2005 by 37.1% to S\$461.6

million from S\$336.7 million in 1H2004. In 1H2005 the Group sold 619,000 tonnes of mid-width steel coils (1H2004: 345,000 tonnes) and 76,000 tonnes of steel billets (1H2004: 243,000 tonnes), reflecting its shift towards higher value-added products.

The Group was able to offset higher raw material prices through improved efficiency and a change in product mix. This helped to raise the net profit margin (including the one-off exceptional item of S\$12.8 million) in 1H2005 to 18.7% from 3.1% in 1H2004. Excluding the exceptional item, the net profit margin would have risen even higher to 21.5%.

Commenting on the performance, Delong's Executive Chairman Mr Ding Liguó said: "We are very pleased with these very encouraging set of results which reflect the buoyant market, the validity of our strategy as well as hard work and efforts to raise productivity and efficiency at virtually every level of our operations. While steel prices are expected to fluctuate in the third quarter compared to the second quarter, we will continue to strive for even higher levels of operating performance."

The Group is seeking to achieve better performance by optimal use of raw materials and recycling of energy and waste substances; constant monitoring of performance benchmarks at each stage of production to increase efficiency levels; up-to-date assessment of market forces affecting prices of raw materials, billets and steel coils; and redeployment of human resources to achieve higher cost savings and implementing staff incentives to encourage higher sales and productivity.

"I am confident about the outlook as indications for customer orders for mid-width steel coils continues to be healthy, with huge infrastructure spending outlined by the PRC government, and as we achieve further technical improvements to increase our annual production capacity gradually from the current 1.4 million tonnes," he said.

Delong is carrying out technical improvements at its existing facility in Xingtai in Hebei

Province where many its customers are based. Construction has begun on an adjacent 341,534-square-metre site acquired in April 2005. The first phase of the upgrading programme at Xingtai is expected to be completed by the end of 1Q2006.

The Group is also on the lookout for opportunities to grow the Group through mergers and acquisitions. These activities will allow Delong to leverage on its management experience, economies of scale and operational know-how to enhance the performance steel-making and related companies which may be acquired.

**###End of Release###**

Issued on behalf of the Company by WeR1 Consultants.

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