德龙控股
DELONG HOLDINGS

PRESS RELEASE 2Q2006 RESULTS

SGX-LISTED DELONG'S 2Q2006 NET PROFIT UP THREE-FOLD TO S$46.1 MILLION FROM 1Q2006; PLANS COLD-ROLLED COIL PLANT WITH 500,000-TONNE ANNUAL CAPACITY

- **Higher selling prices lifted revenue to S$265.8 million in 2Q2006, up 11.8% year-on-year and 28.9% over 1Q2006**
- **Net profit margin increased to 17.3% in 2Q2006, compared to 7.3% in 1Q2006**
- **Received in-principle approval to set up a 500,000-tonne cold-rolled coil plant in Xingtai**

S$ million	1H2006	1H2005	2Q2006	2Q2005
Revenue	471.9	461.6	265.8	237.7
Gross Profit	76.6	109.7	56.8	57.7
Profit After Tax	61.1	86.6	46.1	51.7
Gross Profit Margin (%)	16.2	23.8	21.4	24.3
Net Profit Margin (%)	12.9	18.8	17.3	21.8
EPS (cents; fully diluted)	1.14	1.65	0.86	0.97

SINGAPORE, 2 August 2006 – Singapore Exchange ("SGX") Mainboard-listed **Delong Holdings Limited** ("Delong" or "the Group"), a leading manufacturer of mid-width hot-rolled coils ("HRC") in the People's Republic of China ("PRC"), has posted net profits of S$46.1

million for the April-June second quarter (“2Q2006”) of the financial year ending 31 December 2006 (“FY2006”), representing a three-fold rise from the S$15.0 million achieved in 1Q2006.

Higher steel prices in the second quarter have lifted the Group’s revenue for 2Q2006 to S$265.8 million, from S$206.1 million in 1Q2006. Revenue for the first half of the financial year (“1H2006”) rose 2.2% year-on-year to S$471.9 million due to higher volume even as selling prices moderated compared to the same period a year earlier.

The Group’s gross and net profit margins improved to 21.4% and 17.3% respectively in 2Q2006, compared with 9.6% and 7.3% in the preceding quarter, reflecting the higher prices achieved in the quarter, as well as its ongoing efforts to improve efficiency.

Earnings per share on a fully diluted basis recorded 0.86 Singapore cent for 2Q2006, and 1.14 Singapore cents for 1H2006. This compares with 1.65 Singapore cents achieved in 1H2005. Net asset value per share as at 30 June 2006 rose to 4.99 Singapore cents from 4.13 Singapore cents as at 31 December 2005.

Commenting on the Group’s performance for 2Q2006, Executive Chairman Mr Ding Liguo said, “Our performance in the last quarter is in line with the profit guidance issued by the Group earlier in June 2006. For 2Q2006, Delong’s plant continued to operate at full capacity. Phase 2 of our technological enhancement programme is on track to complete in November 2006. Thereafter, the Group’s annual HRC production capacity will be raised by an additional 50%.”

On the industry outlook, Mr Ding said domestic steel prices in China had softened in July 2006 and the trend is expected to continue in 3Q2006 as the Chinese government continues to implement measures to prevent the economy from overheating further. While prices of raw materials such as iron ore and coke have risen in recent months, the Group has taken measures to mitigate the cost increases in order to maintain its cost leadership.

“We continue to operate at 100% of our capacity, which will be increased further to 2.4 million tonnes a year by November 2006 from 1.6 million tonnes currently. Together with our continuing efforts to improve efficiency, we remain positive about our outlook,” Mr Ding said.

The Group also announced that it has obtained in-principle approval to build a new cold-rolled coil (“CRC”) plant, with a proposed capacity of 500,000 tonnes a year, to be located at its existing facility in Xingtai. CRC is a high quality, high value-added steel product converted from HRC. It is commonly used in the automotive and electronics industries, amongst others.

“We are actively looking into the feasibility of setting up this new CRC plant, which would be a logical downstream product extension of the Group’s HRC production,” noted Mr Ding.

###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 specialises in the manufacture of mid-width hot-rolled steel coils for infrastructural purposes, and also invests in resource and other steel-related businesses.