



德龙控股
DELONG HOLDINGS

**SGX-LISTED STEEL GROUP DELONG HOLDINGS
THIRD QUARTER NET PROFIT LEAPS 97% TO
S\$27.2 MILLION**

- 3Q2005 net profit soars 97% to S\$27.2 million from year ago, due in part to cost efficiency
- Maintains strong cash position even after significant borrowing and capex payments amounting to S\$77.8 million during 3Q2005
- Technical enhancements continue to boost production efficiency and product value

| S\$ (Million) | 3Q2005 | 3Q2004 |
|-----------------------------|--------|--------|
| Revenue | 215.4 | 196.3 |
| Gross Profit | 31.8 | 21.1 |
| Profit from Operations | 28.9 | 21.1 |
| Net Profit After Tax | 27.2 | 13.8 |
| | 9M2005 | 9M2004 |
| EPS (fully diluted) (Cents) | 2.16 | 0.49 |

SINGAPORE, 27 October 2005 – Singapore Exchange-listed **Delong Holdings Limited** (“Delong” or “the Group”), a leading manufacturer of mid-width hot-rolled steel coils in China, announced today healthy earnings for the July-September third quarter (“3Q2005”) of the

financial year ending 31 December 2005 (“FY2005”).

Revenue in 3Q2005 rose 9.7% to S\$215.4 million from S\$196.3 million in 3Q2004, as Delong continued to improve its product mix and strengthen sales of mid-width hot-rolled steel coils, which enjoy better margins and stable demand. Net profit after tax leapt by 97.3% to S\$27.2 million from S\$13.8 million over the comparative periods, due in part to greater cost efficiency achieved through successful technological enhancements and management efforts.

Earnings per share based on a fully diluted basis increased to 2.16 Singapore cents in the nine-month period ended 30 September 2005, from 0.49 Singapore cent for the corresponding period a year earlier. Net Asset Value backing rose to 4.03 Singapore cents as at 30 September 2005, from 1.17 Singapore cents as at 31 December 2004.

Group cash position remained strong, even after significant payments amounting to S\$77.8 million made for bank borrowings and enhancement works to the plant in Xingtai in China’s Hebei Province. As at the end of 3Q2005, Delong’s cash and notes receivables totaled S\$44.6 million, a 26.3% increase from S\$35.3 million a year before.

Speaking on Delong’s 3Q2005 performance, Executive Chairman Mr Ding Liguao said, “In spite of softer global steel prices in the third quarter, which are in line with management projections, our net profit has leapt substantially year-on-year. Given that we have been operating at full capacity, cost management became the most critical factor in maximising margins. Efficiencies in cost and production achieved through various technological enhancement efforts have contributed to our performance positively, and we will continue to place great emphasis in this area.”

With the first phase of technological enhancements expected to complete ahead of schedule by the end of FY2005, instead of 1Q2006, Delong can expect to benefit from cost savings of about RMB 60 per tonne of steel produced. Next, the Group will gear up for a second phase of enhancements to be

made to the rest of the steel plant. Collectively, these will bring about further cost savings and product value enhancement to Delong.

“While demand for our products – underpinned by the central government’s large-scale infrastructural development plans – will continue to be strong, we are also looking at expanding value through vertical and lateral integration with other steel and related businesses. The management is currently considering some opportunistic acquisitions, and we are excited by the prospects of our next few months ahead,” shares Mr Ding.

###End of Release###

Issued on behalf of the Company 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, 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 Zone. 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.