



德龙控股
DELONG HOLDINGS

DELONG'S 3Q2006 NET PROFIT RISES 39.2% TO S\$37.8 MILLION; FY2007 PERFORMANCE TO BETTER THAT OF FY2006 WITH FULL IMPACT OF 50% INCREASE IN HRC PRODUCTION CAPACITY

- 3Q2006 Revenue up 13.3% year-on-year to S\$244.0 million on higher sales volume; lifts 9M2006 revenue to S\$715.8 million
- 3Q2006 net profit S\$37.8 million vs. S\$27.2 million a year ago as core hot-rolled coil (“HRC”) business achieves high efficiency despite increased raw material prices
- HRC capacity on schedule to increase by 50% to 2.4 million tonnes a year by end-November 2006; Negotiating equipment selection for proposed 500,000-tonne cold-rolled coil plant
- FY2007 financial performance to better that of FY2006 will full impact of increased HRC production

S\$ million	3Q2006	3Q2005	Change	9M2006	9M2005	Change
Revenue	244.0	215.4	13.3%	715.8	677.0	5.7%
Gross Profit	43.6	31.8	37.2%	120.3	141.5	(15.0%)
Net Profit after Tax	37.8	27.2	39.2%	98.9	113.8	(13.1%)
Net Profit Margin (%)	15.5	12.6	-	13.8	16.8	-
EPS (cents; fully diluted)	0.71	0.51	39.2%	1.85	2.16	(14.3%)

SINGAPORE, 31 October 2006 – Singapore Exchange listed **Delong Holdings Limited** (“Delong” or “the Group”), a leading manufacturer of mid-width hot-rolled steel coils (“HRC”) in the People’s Republic of China (“PRC”), announced today that its net profit rose 39.2% in 3Q2006 to S\$37.8 million from S\$27.2 million a year ago.

Strong orders from an increasing customer base lifted sales volume for HRC products despite lower average selling prices. Revenue rose to S\$244.0 million in 3Q2006 from S\$215.4 million in 3Q2005.

Net profit margin rose to 15.5% in 3Q2006 from 12.6% a year earlier despite higher raw material costs, as the Group continued to improve on operating efficiencies and was able to pass on some of the higher material costs to customers.

Earnings per share on a fully diluted basis improved to 0.71 Singapore cent in 3Q2006 compared to 0.51 Singapore cent a year ago. Net asset value per share as at 30 September 2006 also rose to 5.58 Singapore cents from 4.13 Singapore cents as at 31 December 2005.

For the first nine months of the financial year ending 31 December 2006 (“9M2006”) it recorded a net profit of S\$98.9 million on turnover of S\$715.8 million.

The Group announced that it is on track to commence production of a new HRC line at its Xingtai facility by end-November 2006 which will raise production capacity by 50% to 2.4 million tonnes per annum from 1.6 million tonnes currently. The impact of the new line, which will produce HRC with higher specifications and help raise average selling prices, will be felt in FY2007.

Giving an update on its downstream expansion plans, the Group said it is negotiating the selection of equipment and ancillary facilities and conducting discussions with potential investment or technology partners for a new cold-rolled coil (“CRC”) plant at its Xingtai facility. CRC is a high-quality, high value-added steel product converted from HRC which is commonly used in the automotive and electronics industries, amongst others.

Commenting on Delong’s 3Q2006 performance, Executive Chairman Mr Ding Ligu, said, “Our financial performance in the third quarter underscores the strong demand from our

customers with increases in sales volume helping to offset a decline in prices compared to the exceptional high prices in the same period a year ago.

“Steel prices had fallen since its peak in the first half of 2005, in line with various government policies to consolidate the sector as well as to prevent overheating of the economy. However, we believe that the prices have since stabilised and the outlook for the sector is positive. Delong is also continuously pursuing process improvements to increase efficiency,” Mr Ding said.

“We have continued to operate at 100% of capacity and believe that even with the 50% increase in production capacity in full swing in FY2007 from our technology enhancement, our utilisation rates and efficiency levels will continue to remain high,” he added.

In view of the increased production capacity in FY2007, and barring unforeseen circumstances, the Group is optimistic that the performance in FY2007 will better 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 and trading 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 mid-width steel coil manufacturer, Delong specialises in the supply of steel in such specifications for the pipe, infrastructure, cold rolled coil and automotive industries in China. The Group also has interests in other synergistic businesses, such as iron ore trading and resource investment.