



**德龙控股**  
DELONG HOLDINGS

## **SGX-LISTED STEEL GROUP DELONG HOLDINGS POSTS STRONG SET OF RESULTS FOR FULL YEAR 2005; ANNOUNCES MAIDEN DIVIDEND**

- **FY2005 revenue rises 24.1% to hit S\$861.0 million on strong demand for Delong products; Net profit soars 214.2% to S\$121.5 million from year ago on cost efficiency**
- **Announces dividend policy and maiden \$23.9 million payout to shareholders**
- **Phase One of technological enhancements completed in advance; Phase Two to add to top-line growth through further expansion of production capacity and product offering**
- **Guides that 1Q FY2006 performance will be sequentially better than that of 4Q FY2005**

<b>S\$ (Million)</b>	<b>FY2005</b>	<b>FY2004</b>	<b>Change</b>
<b>Revenue</b>	861.0	693.5	24.1%
<b>Gross Profit</b>	153.4	78.8	94.7%
<b>Profit from Operations</b>	138.7	67.1	106.8%
<b>Net Profit After Tax</b>	121.5	38.7	214.2%
<b>EPS (S cents; fully diluted)</b>	2.30	0.79	191.1%

SINGAPORE, 21 February 2006 – Singapore Exchange-listed **Delong Holdings Limited** (“Delong” or “the Group”), a leading manufacturer of mid-width hot-rolled steel coils in the People’s Republic of China (“PRC”), announced today a strong set of results for the financial year ended 31 December 2005 (“FY2005”) and its first dividend payment since its reverse takeover was completed in March 2005.

### **FY2005 Financial Review**

On a full-year basis, revenue for FY2005 grew 24.1% to S\$861.0 million compared to S\$693.5 million in FY2004. With high efficiencies of cost achieved, gross profit for the Group stood at S\$153.4 million, up 94.7% from FY2004’s S\$78.7 million. Net profit after tax for the year was S\$121.5 million, a 214.2% jump from FY2004’s S\$38.7 million, and significantly outpacing revenue growth even after incurring an exceptional charge of S\$12.8 million in FY2005 for goodwill and expenses relating to the reverse takeover.

Earnings per share based on a fully diluted basis jumped to 2.30 Singapore cents in FY2005 from 0.79 Singapore cent in the previous financial year. Net Asset Value backing for the Group grew to 4.13 Singapore cents as at 31 December 2005 from 1.17 Singapore cents as at 31 December 2004. These are calculated based on a share capital base of 5,300,005,500 and 4,900,000,000 shares for FY2005 and FY2004, respectively.

Comparing quarters, revenue for the fourth quarter ended 31 December 2005 (“4QFY05”) increased by 14.6% to S\$183.9 million from S\$160.5 million in 4QFY04. This was achieved in spite of a seasonally softer market, as Delong enjoyed sales of a larger volume of higher-value products.

Group gearing as at 31 December 2005 has been lowered to a healthy 0.50 times from 2.76 times a year ago, and total assets increased 23.2% to register S\$515.3 million. These were achieved on significant payments amounting to S\$103.1 million made for bank borrowings and

enhancement works to Delong's steel-making plant in Xingtai City, Hebei Province of the PRC.

Commenting on Delong's FY2005 performance, Executive Chairman Mr Ding Liguo said, "We are extremely pleased with this first set of full-year financial results since we assumed a listed status on the Singapore Exchange. Our scorecard shows progress not just in financial performance but also operational and technical improvement. We now rank amongst the best-performing steel companies in the PRC, and we endeavour to advance our position through a carefully managed growth strategy that will bear sustainable results."

### **Dividend Policy & Maiden Payout**

The Group also proposed its maiden dividend payout, and announced a policy to distribute to shareholders at least 20% of full year net profits. For FY2005, the Board is proposing a tax-exempt final dividend of \$0.0045, totalling S\$23.9 million, which is to be paid in three equal tranches.

"As a company striving for steady and sustainable growth, we have decided to adopt a balanced approach that is prudent, but uncompromising in returning value to shareholders. Our decision to declare a dividend policy is sound testament to the strong confidence that the management has in the future growth of Delong," noted Mr Ding.

### **Technological Enhancement Programme**

In April 2005, Delong embarked upon an extensive technological enhancement programme to its steel-making plant in Xingtai. Involving two separate phases, the programme will be instrumental in enhancing both top- and bottom-line growth for the Group.

With Phase One of the technological enhancement programme completed ahead of schedule at the end of 2005, Delong's annual production capacity is expected to reach 1.6 million tonnes in FY2006 from 1.4 million tonnes as at the end of FY2005.

Upon completion of Phase Two of the programme by 4Q FY2006, the Group will see the addition of a new production line that is capable of producing hot-rolled steel coils in a larger range of widths, thus expanding Delong's offering of higher-value products and increasing the annual production capacity progressively to 2.4 million tonnes.

### **Future Outlook**

Current average prices of Delong's products have risen against those as at the end of December 2005, reflecting the firmer steel prices globally as well as in the PRC. At the same time, the PRC Government also continues to enforce the new policy for the steel industry as announced in July 2005 to encourage reduced material wastage, decreased pollution and higher efficiencies. The Group has already outperformed many of the key benchmarks and will endeavour to continually improve its performance for all the relevant benchmarks.

"In view of the ongoing consolidation of the steel sector in the PRC combined with our plans to increase capacity while constantly improving efficiency, the Group is confident that its performance in the January-March 1Q FY2006 is set to improve sequentially upon that of 4Q FY2005," Mr Ding added.

"The Group will continue to be on the lookout for synergistic acquisition targets, which may include both steel-making and related businesses. The ongoing consolidation of the steel industry sector in the PRC will offer opportunities to the Group to expand its stake in the industry value chain, achieving further economies of scale," he added.

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

*Issued on behalf of Delong 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 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.