德龙控股
DELONG HOLDINGS

SGX-LISTED DELONG HOLDINGS FY2006 NET PROFIT RISES 8.0% TO S$131.2 MILLION; ANNOUNCES 3-FOLD JUMP IN DIVIDEND PAYOUT TO 1.5 CENTS PER SHARE

- ✓ **FY2006 revenue improves by 9.8% on higher sales volume despite lower average prices compared to FY2005**
- ✓ **EPS 2.46 cents for FY2006 up from 2.30 cents in FY2005; Net profit margin for FY2006 stable at 13.9%**
- ✓ **Proposes dividend payment of S$79.6 million (60.7% of net profit), up more than three times compared to FY2005**
- ✓ **With completion of Phase 2 of technological enhancement programme, FY2007 capacity to rise 50% to 2.4 million tonnes**
- ✓ **FY2007 net profit expected to significantly better that of FY2006 on capacity increase and higher grade products from new rolling mill; net profit margin expected to remain stable**

S$ (Million)	FY2006	FY2005	Change
Revenue	945.3	861.0	9.8%
Gross Profit	157.3	153.4	2.6%
Net Profit after Tax	131.2	121.5	8.0%
EPS (S cents; fully diluted)	2.46	2.30	7.0%
Net Asset Value (S cents)	5.97	4.13	44.6%
Dividend Per Share (S cents)	1.50	0.45	233.3%

SINGAPORE, 15 February 2007 – Singapore Exchange-listed Delong Holdings Limited ("Delong" or "the Group"), a leading manufacturer of hot-rolled steel coils ("HRC") in the People's Republic of China ("PRC"), announced today a strong set of results for the financial year ended 31 December 2006 ("FY2006") and proposed a first and final dividend of 1.5 Singapore cents per share, representing 60.7% of net profits, up more than three times compared to FY2005.

FY2006 Financial Review

Despite exceptionally high HRC prices in 1Q2005 and exceptionally low prices in 1Q2006, revenue for the whole of FY2006 rose 9.8% year-on-year to S$945.3 million from S$861.0 million. Gross profit rose 2.6% to S$157.3 million from S$153.4 million previously, in line with the higher FY2006 revenue which was principally due to the increase in quantity of products sold despite the lower average selling prices compared to FY2005.

Net profit after tax for FY2006 rose 8.0% to S$131.2 million from S$121.5 million in FY2005. Net profit margin for FY2006 stood at 13.9%, relatively consistent with 14.1% in FY2005. The FY2006 net profit margin would have been higher had it not been for an exceptionally weak 1Q2006 when the average selling price fell to the lowest point in the FY2005-to-FY2006 period. Excluding the trading business, the manufacture and sale of HRC achieved a net margin of 15.6% in FY2006, relatively unchanged from 16.1% for FY2005.

Earnings per share on a fully diluted basis rose to 2.46 Singapore cents in FY2006 from 2.30 cents a year ago. Net asset value backing per share grew to 5.97 cents as at 31 December 2006 from 4.13 cents a year earlier. These figures are calculated on a share capital base of 5,307,591,250 and 5,300,005,500 ordinary shares for FY2006 and FY2005, respectively.

Delong ended FY2006 with healthy financial ratios. Despite the capital expenditure of S$191.2 million in FY2006, Group gearing ratio as at 31 December 2006 was 0.57 compared to 0.50 a year earlier while the ending cash balance rose to S$37.3 million from S$15.3 million, respectively.

4Q2006 Performance

Revenue for 4Q2006 rose 24.8% to S$229.5 million from S$183.9 million in 4Q2005 while profit after tax rose 317.0% to S$32.4 million from S$7.8 million, respectively, due to the higher average prices and sales quantity in the fourth quarter of FY2006.

Dividend Payout

In view of the Group's performance, the Board has proposed a 1-tier tax-exempt first and final dividend totaling S$79.6 million or 1.5 cents per share, representing a dividend payout of 60.7% of FY2006 net profits. This is more than three times higher than the total dividend of S$23.9 million or 0.45 cent per share declared for FY2005, when the company announced a policy to distribute to shareholders a minimum of 20% of full year net profits.

The proposed dividend, subject to shareholder approval, will be paid in two tranches – 0.6 cent to be paid on 15 May 2007 and the balance 0.9 cent at a date in 2H2007 to be announced later.

Technological Enhancement Programmes

The Group had on 15 December 2006 completed Phase 2 of its technological enhancement programme and commissioned a new HRC rolling mill which has raised its yearly production capacity by 50% to 2.4 million tonnes from 1.6 million tonnes previously. This new line produces HRC of higher-grade specifications, larger width of up to 1100 mm and thinner gauge of 1.8 mm.

Delong had also in February 2007 embarked on Phase 3 of its technological enhancement programme costing S$80 million which will increase its HRC production capacity by a further 25% to 3.0 million tonnes by 4Q2007.

Environmental Conservation Initiatives

Delong has recently embarked on three environmental conservation initiatives involving a total investment of S$77 million. The projects involve waste water treatment, and recycling facilities for coal gas emissions and recovery of iron and steel sludge for re-use as construction materials at its existing production site in Xingtai in Hebei Province.

The three projects will further strengthen the Group's drive to meet the "zero-emission" requirements on water and energy usage by 2010 as prescribed by the PRC Government.

Outlook

With demand for steel in the PRC expected to grow at 10% anually for the next two years, prices of Delong's HRC products in January 2007 have risen marginally from levels in 4Q2006.

Commenting on the outlook, Delong's Chairman Mr Ding Liguo said: "With the 50% increase in capacity kicking since mid-December 2006 and taking into consideration that the HRC from the newly installed rolling mill will command higher prices for the higher-grade products, we are confident that our 1Q2007 net profit will exceed that of 4Q2006; and that the overall performance in FY2007 will significantly better that of FY2006."

"In view of the improved economies of scale and the positive outlook of steel prices, we expect net profit margins for HRC business in FY2007 to remain stable relative to levels achieved in FY2006," he said.

"We continue to be on the lookout for merger and acquisition opportunities available as a result of the ongoing consolidation of the steel industry in the PRC," he added.

###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 hot-rolled coil manufacturer, Delong specialises in the supply of steel in such specifications for the pipe, infrastructure, cold-rolled coil and machinery industries in People's Republic of China. The Group also has interests in other synergistic businesses, such as iron ore trading and resource investment.