DELONG HOLDINGS LIMITED

Statement Pursuant to SGX Listing Rule 705(4) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim consolidated financial results of Delong Holdings Limited for the third quarter ended 30 September 2007 to be false or misleading in any material respect.

On behalf of the Board of Directors

Mr. Ding Liguo
Chairman

Mr. Guo Sanxiang
Executive Director

Singapore
31 October 2007

德龙控股
DELONG HOLDINGS

DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2007

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF – YEAR AND FULL RESULTS

1(a) **An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**.

		The Group					
		3rd Quarter Ended		Increase	9 Months Ended		Increase
		30/09/2007	30/09/2006	(Decrease)	30/09/2007	30/09/2006	(Decrease)
	Note	S$'000	S$'000	%	S$'000	S$'000	%
Sales		399,321	243,954	63.7	1,045,487	715,823	46.1
Cost of sales		(359,582)	(200,344)	79.5	(894,292)	(595,570)	50.2
Gross Profit		**39,739**	**43,610**	**(8.9)**	**151,195**	**120,253**	**25.7**
Other gains/(losses)							
-Miscellaneous	1	6,846	2,880	137.7	9,660	5,042	91.6
Expenses							
-Distribution and marketing		(831)	(1,036)	(20.0)	(2,950)	(4,371)	(32.5)
-Administrative		(6,341)	(4,489)	41.3	(18,671)	(13,111)	42.4
-Finance		(6,893)	(3,155)	118.5	(15,375)	(7,722)	99.1
-Others		(3,589)	-	100.0	(3,936)	(1,256)	213.4
Profit before tax	2	28,931	37,810	(23.5)	119,923	98,835	21.3
Income tax (expense)/credit	3	(4,224)	(6)	n.m	(18,242)	25	n.m
Profit after tax		**24,707**	**37,804**	**(34.6)**	**101,681**	**98,860**	**2.9**

n.m: Not meaningful

Notes:-

1 Other miscellaneous gains:

	The Group			
	3rd Quarter Ended		9 Months Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	S$'000	S$'000	S$'000	S$'000
Sale of scrap materials	255	-	722	-
Government grants	-	1,028	-	2,045
Interest income	6,296	203	7,887	959
Rental income from investment property	99	99	297	297
Disposal of fixed assets	-	971	-	971
Others	196	579	754	770
	6,846	2,880	9,660	5,042

2. **Profit before taxation includes the following items:-**

	The Group			
	3rd Quarter Ended		9 Months Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	S$'000	S$'000	S$'000	S$'000
Depreciation and amortization	13,321	6,605	37,456	18,270
Staff costs	4,936	4,122	15,974	12,624
Operating lease rental	129	79	291	266

3. **Income Tax (Expense)/Credit**

	The Group			
	3rd Quarter Ended		9 Months Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	S$'000	S$'000	S$'000	S$'000
Tax expense attributable to profit is made up of:				
Current income tax				
-Foreign *	(4,217)	-	(18,235)	(87)
(Underprovision)/ Overprovision in preceding financial years				
-deferred income tax		-	-	140
-Income tax	(7)	(6)	(7)	(28)
	(4,224)	(6)	(18,242)	25

Note:-

Delong Steel Limited ("Delong Steel"), a wholly foreign-owned enterprise ("WFOE") established under the laws of the People's Republic of China ("PRC"), was exempt from PRC enterprise income tax in FY2005 and FY2006.

*This is related to the PRC enterprise income tax at a concessionary rate of 15.0% for Delong Steel. Effective 1 January 2007, Delong Steel is entitled to a three-year 50% tax reduction from PRC enterprise income tax of 30%.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group S$'000		The Company S$'000	
	As at 30/09/2007	As at 31/12/2006	As at 30/09/2007	As at 31/12/2006
Current Assets				
Cash and cash equivalents	291,156	37,274	240,033	2,756
Bank balances pledged	40,978	23,799	-	-
Trade and other receivables	57,664	62,391	50,786	81,687
Inventories	173,557	101,557	-	-
	563,355	225,021	290,819	84,443
Non-current assets				
Other receivables	-	-	69,639	14,515
Investments in subsidiaries	-	-	375,531	372,271
Available-for-sale financial assets	13,918	1,975	11,923*	-
Investment property	3,279	3,330	-	-
Property, plant and equipment	653,046	534,434	72	86
	670,243	539,739	457,165	386,872
Total assets	1,233,598	764,760	747,984	471,315
Current liabilities				
Trade and other payables	291,062	229,426	7,281	2,196
Notes payables	50,244	31,600	-	-
Borrowings	99,021	164,300	2	2
Provision for current tax	14,230	7,356	-	8
	454,557	432,682	7,283	2,206
Non-current liabilities				
Borrowings	88,975	15,231	9	10
Convertible Bonds**	251,148	-	251,148	-
	340,123	15,231	251,157	10
CAPITAL AND RESERVE:				
Share capital	69,496	67,404	406,140	404,048
Reserves	369,422	249,443	83,404	65,051
Total equity	438,918	316,847	489,544	469,099
Total liabilities and equity	1,233,598	764,760	747,984	471,315

**The investment represents 12,000,000 quoted shares and 28,000,000 unquoted options in Cape Lambert Iron Ore Limited("CFE"), a company listed on the Australia Stock Exchange.*

***The Convertible Bonds represent the zero coupon convertible bonds of RMB1,532,000,000 due June 8, 2012 issued on June 8, 2007. The Convertible Bonds are convertible at the option of the holders, at any time from 19 July 2007 to June 1, 2012, into new ordinary shares of the Company at a conversion price of S$4.455 (using a fixed exchange rate of S$1.00 to RMB 5.02). The new ordinary shares to be issued upon conversion of the Convertible Bonds when allotted and issued, will in all respects rank pari passu with the existing shares in issue. Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds will be redeemed at 116.05% of the principal amount outstanding on June 8, 2012.*

As at 30 September 2007, the Company had utilised the proceeds from the Convertible Bonds in the following manner:-

(i) Investment in CFE S$11.9 million;
(ii) Investment in new subsidiaries S$56.3 million; and
(Please refer to announcements dated 14 June 200,7 19 June 2007 and 24 August 2007 for details)
(iii) The balance of the proceeds has been placed with financial institutions.

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debts securities, specify the following as at the end of the financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

As at 30/09/2007		As at 31/12/2006	
Secured	Unsecured*	Secured	Unsecured*
S$'000	S$'000	S$'000	S$'000
64,446	34,575	105,385	58,915

Amount repayable after one year

As at 30/09/2007		As at 31/12/2006	
Secured	Unsecured*	Secured	Unsecured*
S$'000	S$'000	S$'000	S$'000
60,395	279,728	4,663	10,568

Details of any collateral

The Group's borrowings are secured by the following:

(i) Corporate guarantee by the Company and;
(ii) Certain property, plant and equipment and investment property of the Group.

* Borrowings amounting to S$48,184,068 (31 December 2006:S$64,839,846) were guaranteed by third parties.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group			
	3rd Quarter Ended		9 Months Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities:				
Profit after taxation	24,707	37,804	101,681	98,860
Adjustments for:				
Depreciation	13,321	6,605	37,456	18,270
Loss on disposal of property, plant and equipment	103	(971)	225	(971)
Gain on disposal of a subsidiary	-	-	(53)	-
Interest income	(6,296)	(203)	(7,887)	(959)
Interest expense	6,893	3,155	15,375	7,722
Income tax expense/(credit)	4,224	6	18,242	(25)
	18,245	8,592	63,358	24,037
Operating cash flow before working capital changes	42,952	46,396	165,039	122,897
Bank balances pledged	(16,885)	9,140	(17,179)	(32,833)
Receivables	563	(31,724)	5,272	(18,813)
Inventories	(59,684)	24,902	(71,765)	14,493
Payables	76,938	755	80,280	55,198
	932	3,073	(3,392)	18,045
Cash generated from operating activities	43,884	49,469	161,647	140,942
Income tax paid	(2,341)	(450)	(11,368)	(14,638)
Exchange differences	-	(19)	-	1,778
	(2,341)	(469)	(11,368)	(12,860)
Net cash generated from operating activities	41,543	49,000	150,279	128,082
Cash flows from investing activities:				
Payment for property, plant and equipment	(78,279)	(58,175)	(155,636)	(154,569)
Proceeds from disposal of property, plant and equipment	-	971	-	971
Investment in CFE	(11,923)	-	(11,923)	-
Interest received	7,110	203	7,887	959
Net cash flow on disposal of a subsidiary	-	-	(646)	-
Net cash used in investing activities	(83,092)	(57,001)	(160,318)	(152,639)
Cash flows from financing activities:				
Proceeds from borrowings	38,864	48,640	190,992	134,042
Repayment of borrowings	(38,346)	(34,920)	(182,527)	(75,153)
Proceeds from convertible bonds	-		296,479	-
Proceeds from warrants conversion	80	48	2,092	379
Dividend paid	-	(7,961)	(32,070)	(15,919)
Interest paid	(3,645)	(3,155)	(11,045)	(7,722)
Net cash (used in)/ generated from financing activities	(3,047)	2,652	263,921	35,627
Net (decrease)/ increase in cash and cash equivalents	(44,596)	(5,349)	253,882	11,070
Cash and cash equivalents at beginning of the period	335,752	31,698	37,274	15,279
Cash and cash equivalents at end of the period	291,156	26,349	291,156	26,349

1(d)(i) A statement (for the issuer and group) showing either (i)all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Group

	Share capital	Share premium	Capital reserve	Translation reserve	Statutory reserve	Retained earnings	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 January 2007	67,404	-	-	(7,565)	28,544	228,464	316,847
Issue of shares pursuant to exercise of warrants*	906	-	-	-	-	-	906
Currency translation differences	-	-		(1,147)	-	-	(1,147)
Net profit for the period	-	-	-	-	-	34,596	34,596
Balance as at 31 March 2007	68,310	-	-	(8,712)	28,544	263,060	351,202
Issue of shares pursuant to exercise of warrants*	1,106	-	-	-	-	-	1,106
Equity option embedded in convertible bonds during the period	-	-	49,660	-	-	-	49,660
Dividend paid	-	-	-	-	-	(32,070)	(32,070)
Currency translation differences	-	-	-	8,136	-	-	8,136
Net profit for the period	-	-	-	-	-	42,378	42,378
Balance as at 30 June 2007	69,416	-	49,660	(576)	28,544	273,368	420,412
Issue of shares pursuant to exercise of warrants*	80	-	-	-	-	-	80
Currency translation differences	-	-	-	(6,281)	-	-	(6,281)
Net profit for the period	-	-	-	-	-	24,707	24,707
Balance as at 30 September 2007	69,496	-	49,660	(6,857)	28,544	298,075	438,918
Balance as at 1 January 2006	58,377	8,648	-	2,378	15,374	134,287	219,064
Issue of shares pursuant to exercise of warrants*	183	-	-	-	-	-	183
Transfer from/ (to)^	8,648	(8,648)	-	-	-	-	-
Currency translation differences	-	-	-	(6,689)	-	-	(6,689)
Net profit for the period	-	-	-	-	-	14,957	14,957
Balance as at 31 March 2006	67,208	-	-	(4,311)	15,374	149,244	227,515
Issue of shares pursuant to exercise of warrants*	148	-	-	-	-	-	148
Currency translation differences	-	-	-	(982)	-	-	(982)
Dividend paid	-	-	-	-	-	(7,957)	(7,957)
Net profit for the period	-	-	-	-	-	46,099	46,099
Balance as at 30 June 2006	67,356	-	-	(5,293)	15,374	187,386	264,823
Issue of shares pursuant to exercise of warrants*	48	-	-	-	-	-	48
Currency translation differences	-	-	-	1,644	-	-	1,644
Dividend paid	-	-	-	-	-	(7,961)	(7,961)
Net profit for the period	-	-	-	-	-	37,804	37,804
Balance as at 30 September 2006	67,404	-	-	(3,649)	15,374	217,229	296,358

The Company	Share capital S$'000	Share premium S$'000	Capital reserve S$'000	Retained earnings S$'000	Translation reserve S$'000	Total S$'000
Balance as at 1 January 2007	404,048	-	-	65,051	-	469,099
Issue of shares pursuant to exercise of warrants*	906	-	-	-	-	906
Currency translation differences	-	-	-	-	(939)	(939)
Net loss for the period	-	-	-	(446)	-	(446)
Balance as at 31 March 2007	404,954	-	-	64,605	(939)	468,620
Issue of shares pursuant to exercise of warrants*	1,106	-	-	-	-	1,106
Equity option embedded in convertible bonds during the period	-	-	49,660	-	-	49,660
Dividend paid	-	-	-	(32,070)	-	(32,070)
Currency translation differences	-	-	-	-	9,403	9,403
Net loss for the period	-	-	-	(29)	-	(29)
Balance as at 30 June 2007	406,060	-	49,660	32,506	8,464	496,690
Issue of shares pursuant to exercise of warrants*	80	-	-	-	-	80
Currency translation differences	-	-	-	-	(4,696)	(4,696)
Net loss for the period	-	-	-	(2,530)	-	(2,530)
Balance as at 30 September 2007	406,140	-	49,660	29,976	3,768	83,404
Balance as at 1 January 2006	265,001	138,668	-	8,935	-	412,604
Issue of shares pursuant to exercise of warrants*	183	-	-	-		183
Transfer from/ (to)^	138,668	(138,668)	-	-	-	-
Net loss for the period	-	-	-	(529)	-	(529)
Balance as at 31 March 2006	403,852	-	-	8,406	-	412,258
Issue of shares pursuant to exercise of warrants*	148	-	-	-	-	148
Dividend paid	-	-	-	(7,957)	-	(7,957)
Net loss for the period	-	-	-	(401)	-	(401)
Balance as at 30 June 2006	404,000	-	-	48	-	404,048
Issue of shares pursuant to exercise of warrants*	48	-	-	-	-	48
Dividend paid	-	-	-	(7,961)	-	(7,961)
Net loss for the period	-	-	-	(355)	-	(355)
Balance as at 30 September 2006	404,048	-	-	(8,268)	-	395,780

Notes:-

* The Company issued 160,788 ordinary shares pursuant to the exercise of warrants for the period ended 30 September 2007("3Q2007").

^ Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital are abolished and the amount in the share premium account as of 30 January 2006 is required to become part of the company's share capital.

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities , issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Changes in the Share Capital of the Company for 3rd Quarter Ended	30/09/2007	30/09/2006
Number of ordinary shares at 1 July	534,783,457*	5,306,620,000
Shares arising from exercise of warrants	160,788	971,250
Number of ordinary shares at 30 September	534,944,245	5,307,591,250

Outstanding Warrants as at	30/09/2007	30/09/2006
Outstanding warrants that are convertible into ordinary shares	630,734	48,158,735

Notes:
*The Company has consolidated its 10 existing ordinary shares into 1 new share on 17 May 2007.

The Company issued 160,788 ordinary shares pursuant to the exercise of warrants in 3Q2007.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

The figures have not been audited nor reviewed by our auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has followed the same accounting policies and methods of computation in the financial statements for the current period with those adopted in the most recent audited financial statements for the year ended 31 December 2006.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed , as well as the reasons for, and the effect of, the change

Not Applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividend

	The Group			
	3rd Quarter Ended		9 Months Ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	S$'000	S$'000	S$'000	S$'000
Net profit for the period	24,707	37,804	101,681	98,860
Basic earnings per share (in cents)	4.62	7.10	19.1	18.6
Diluted earnings per share (in cents)	4.61	7.10	19.0	18.5
Weighted average no. of shares outstanding for basic earnings per share	534,905,296	530,730,262	533,581,284	530,454,615
Weighted average no. of shares outstanding for diluted earnings per share	535,526,565	533,445,519	534,200,702	533,247,012

The Company has consolidated its 10 existing ordinary shares into 1 new share on 17 May 2007.

For comparative purpose, the weighted average no. of shares outstanding for basic and diluted earnings per share for 3Q2006 and 9 months ended 30 September 2006 have been restated to account for the Company's share consolidation on 17 May 2007.

Explanatory Notes:

Basic earnings per share is calculated based on the weighted average number of shares in issue during the period under review.

Diluted earnings per share is calculated based on the same basis as earnings per share by applying the weighted average number of shares in issue during the period under review, after adjusting to include the dilutive effect of the outstanding warrants as at 30September.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	The Group		The Company	
	30/09/2007	30/12/2006	30/09/2007	31/12/2006
Net Asset Value per share (cents)	82.0	5.97	91.5	8.84

Net asset value per share for the Group and Company is calculated based on 534,944,245 ordinary shares in issue at the end of the financial period under review and 5,307,591,250 ordinary shares in issue at the end of the immediate preceding financial year ended 31 December 2006.

The Company has consolidated its 10 existing ordinary shares into 1 new share on 17 May 2007.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

(a) <u>Review of income statement of the Group</u>

<u>3Q2007 vs 3Q2006</u>

Revenue

The following tables sets out a breakdown, by business activities, of the Group's revenue and cost of sales for the financial periods under review.

Revenue	**3Q2007**	**3Q2006**
	S$'000	**S$'000**
Manufacture and Sale	399,321	212,921
Trading	-	31,033
Total	**399,321**	**243,954**

Cost of Sales	**3Q2007**	**3Q2006**
	S$'000	**S$'000**
Manufacture and Sale	359,582	169,371
Trading	-	30,973
Total	**359,582**	**200,344**

Gross Profit	**3Q2007**	**3Q2006**
	S$'000	**S$'000**
Manufacture and Sale	39,739	43,550
Trading	-	60
Total	**39,739**	**43,610**

Gross Profit margin	3Q2007	3Q2006
	%	%
Manufacture and Sale	10.0	20.5
Trading	-	0.2

Manufacture and Sale

The Group's revenue from its Manufacture and Sale business segment increased by S$186.4 million or 87.5% from S$212.9 million in 3Q2006 to S$399.3 million in 3Q2007. The increase in revenue was principally attributed to the increase in the sales volume, a significant increase in the average selling prices and change in product mix during the period under review as compared with the previous corresponding period.

In 3Q2007 the Group sold 601,020 tonnes of Hot Rolled Coils ("HRC") and 9,730 tonnes of steel billets as compared to 355,600 tonnes of HRC and 20,700 tonnes of steel billets in 3Q2006. Overall sales quantity increased by 234,450 tonnes or 62.3%.

Trading

The Group ceased its trading business with effect from 1 January 2007.

Cost of sales

Manufacture and Sale

Cost of sales increased by S$190.2 million or 112.3% from S$169.4 million in 3Q2006 to S$359.6 million in 3Q2007 in line with the increase in revenue. The increase was also due to the significant increase in prices of raw materials in 3Q2007 compared to the previous corresponding period.

Gross profit

Manufacture and Sale

Gross profit decreased by S$3.9 million or 8.8% from S$43.6 million in 3Q2006 to S$39.7 million in 3Q2007.

Gross profit margin decreased from 20.5% in 3Q2006 to 10.0% in 3Q2007 primarily due to the significant increase in prices of raw materials which significantly outpaced the rise in product selling prices.

Distribution and marketing expenses

Distribution and marketing expenses decreased by S$0.2 million or 20.0% from S$1.0 million in 3Q2006 to S$0.8 million in 3Q2007 due to the Group's exit from its trading activities in January 2007.

Administrative expenses

Administrative expenses increased by S$1.8 million or 41.3% from S$4.5 million in 3Q2006 to S$6.3 million in 3Q2007 due to higher personnel expenses, general administrative and other office-related expenses in line with the Group's expanded capacity.

Finance costs

Finance costs increased by S$3.7 million or 118.5% from S$3.2 million in 3Q2006 to S$6.9 million in 3Q2007. The increase was due to increase in bank borrowings and interest rates. The increase was also due to the monthly interest expense accrued on the Convertible Bonds issued on 8 June 2007 which are due on 8 June, 2012.

Other operating expenses

Other operating expenses of S$3.6 million incurred in 3Q2007 were related to donations made to charitable organizations as well as foreign exchange losses arising from month-end revaluation of bank accounts denominated in USD which weakened against RMB.

Income tax

Income tax expenses were S$4.2 million in 3Q2007. Delong Steel, being a wholly foreign owned enterprise, was exempt from enterprise income tax in FY2006. Effective 1 January 2007 to 31 December 2009, Delong Steel is required to pay enterprise income tax at a concessionary rate of 15.0%.

Net profit

Net profit after tax decreased by S$13.1 million or 34.6 % from S$37.8 million in 3Q2006 to S$24.7 million in 3Q2007, representing a net profit margin of 15.5% in 3Q2006 and 6.2% in 3Q2007, respectively.

The lower net profit margin in 3Q2007 was primarily attributable to the lower operating profit margin.

9M2007 vs 9M2006

Revenue

The following tables set out the breakdown, by business activities, of the Group's revenue and cost of sales for the financial periods under review.

Revenue	**9M2007**	**9M2006**
	S$'000	**S$'000**
Manufacture and Sale	1,045,487	627,901
Trading	-	87,922
Total	**1,045,487**	**715,823**

Cost of Sales	**9M2007**	**9M2006**
	S$'000	**S$'000**
Manufacture and Sale	894,292	509,396
Trading	-	86,174
Total	**894,292**	**595,570**

Gross profit	**9M2007**	**9M2006**
	S$'000	**S$'000**
Manufacture and Sale	151,195	118,505
Trading	-	1,748
Total	**151,195**	**120,253**

Gross profit margin	**9M2007**	**9M2006**
	%	**%**
Manufacture and Sale	14.5	18.9
Trading	-	2.0

Manufacture and Sale

The Group's revenue from its Manufacture and Sale business segment increased by S$417.1 million or 66.4% from S$627.9 million in 9M2006 to S$1.045 billion in 9M2007. The increase in revenue was principally attributed to the increase in the sales volume, higher average selling price and change in product mix. The increase in average selling price was partly due to the higher price of HRC produced from the second rolling mill commissioned in December 2006, which are of a higher grade than the products from the first rolling mill.

In 9M2007 the Group sold 1,654,520 tonnes of HRC and 20,030 tonnes of steel billets as compared to 1,084,900 tonnes of HRC and 72,300 tonnes of steel billets in 9M2006. Overall sales volume increased by 517,350 tonnes or 44.7%.

Trading

The Group ceased its trading business with effect from 1 January 2007.

Cost of sales

Manufacture and Sale

Cost of sales increased by S$384.9 million or 75.6% from S$509.4 million in 9M2006 to S$894.3 million in 9M2007 in line with the increase in revenue. The increase was also due to the significant increase in the prices of raw materials in 2Q2007 and 3Q2007.

Gross profit

Manufacture and Sale

Gross profit increased by S$32.7 million or 27.6% from S$118.5 million in 9M2006 to S$151.2 million in 9M2007.

Gross profit margin decreased by 4.4 percentage point from 18.9% in 9M2006 to 14.5% in 9M2007. The decrease was primarily due to the significant increase in the prices of raw materials in 2Q2007 and 3Q2007.

Distribution and marketing expenses

Distribution and marketing expenses decreased by S$1.4 million or 32.5% from S$4.4 million in 9M2006 to S$3.0 million in 9M2007 due to the Group's exit from its trading activities in January 2007.

Administrative expenses

Administrative expenses increased by S$5.6 million or 42.4% from S$13.1 million in 9M2006 to S$18.7 million in 9M2007 due to increase in general administrative expenses and higher personnel expenses incurred as a result of capacity expansion as well as higher company-wide salary levels in 9M2007.

Finance costs

Finance costs increased by S$7.7 million or 99.1% from S$7.7 million in 9M2006 to S$15.4 million in 9M2007. The increase was due to the increase in bank borrowings and interest rates. The increase was also due to the monthly interest expense accrued on the Convertible Bonds.

Other operating expenses

Other operating expenses increased by S$2.6 million or 213.4% from S$1.3 million in 9M2006 to S$3.9 million in 9M2007. The increase was primarily due to foreign exchange losses arising from month-end revaluation of bank accounts denominated in USD which weakened against RMB.

Income tax

Income tax expenses were S$18.2 million in 9M2007, compared to a tax credit of S$0.03 million in 9M2006. Delong Steel, being a wholly foreign owned enterprise, was exempt from the enterprise income tax in FY2006. Effective 1 January 2007 to 31 December 2009, Delong Steel is required to pay enterprise income tax at a concessionary rate of 15.0%.

Net profit

Net profit after tax increased by S$2.8 million or 2.9% from S$98.9 million in 9M2006 to S$101.7 million in 9M2007, representing a net profit margin of 13.8% in 9M2006 and 9.7% in 9M2007 respectively. Excluding the income tax expenses of S$18.2 million as mentioned above, the net profit margin for 9M2007 would have been 11.5%.

(b) Review of balance sheet of the Group as at 30 September 2007

Current assets

Current assets increased by S$338.4 million or 150.4% from S$225.0 million as at 31 December 2006 to S$563.4 million as at 30 September 2007. The increase was primarily attributable to the increase in cash and cash equivalents from operating activities, the net proceeds from the Convertible Bonds issued during the period under review and increase in inventories in anticipation of additional price increases and expanded production capacity.

As at 30 September 2007, of the S$57.7 million of the Group's "trade and other receivables", approximately S$38.3 million or 66.4% comprised notes receivables from customers and pre-payments to vendors and approximately S$0.8 million trade receivables.

Current liabilities

Current liabilities increased by S$21.9 million or 5.1% from S$432.7 million as at 31 December 2006 to S$454.6 million as at 30 September 2007. The increase was primarily attributable to the increase in trade and notes payable which were in line with the increase in trade activities during the period under review. The increase was partially offset by the conversion of a portion of short-term borrowings to long-term borrowings during the period under review.

Working capital

The Group's working capital position improved by S$316.5 million from negative position of S$207.7 million as at 31 December 2006 to positive position of S$108.8 million as at 30 September 2007. The improvement was due to conversion of a portion of short-term borrowings to long-term borrowings as well as net proceeds from the Convertible Bonds issued in June 2007.

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The Group's negative working capital position was mainly due to the use of short-term bank loans and cash generated from operating activities to finance the technological enhancements at Delong Steel.

The Group had satisfactorily maintained its credit standing and facilities with financial institutions during the periods under review and the credit facilities had constantly been renewed and/or rolled–over annually by the financial institutions.

Non- current assets

Property, plant and equipment increased by S$118.6 million from S$534.4 million as at 31 December 2006 to S$653.0 million as at 30 September 2007. The increase was primarily due to the construction in progress in relation to the technological enhancement programmes at Delong Steel. Phase 3 of the programme to bring the annual production capacity to 3 million tonnes commenced in February 2007 and is on track for completion in November 2007.

The increase was also due to the construction in progress in relation to a new mill roll plant at Xingtai Delong Machinery and Mill Roll Co., Ltd ("Xingtai Delong Mill Roll"), a new subsidiary incorporated in June 2007. Xingtai Delong Mill Roll will be engaged in the design, development, manufacturing and sale of large-diameter steel mill rollers and large-cast steel articles, which are specifically designed, prepared and applied to be an integrated component used in the Company's HRC production line as well as for sale to third parties.

(c) Review of cash flow statement of the Group

3Q2007 vs 3Q2006

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes decreased by S$3.4 million or 7.4% from S$46.4 million in 3Q2006 to S$43.0 million in 3Q2007. The decrease was primarily due to the decrease in operating profit. Net cash generated from operating activities decreased by S$7.5 million or 15.2% from S$49.0 million in 3Q2006 to S$41.5 million in 3Q2007, attributable mainly to the increase in inventories and bank balances pledged for note payable. The decrease was partially offset by the increase in payables which was in line with the increase in trade activities during the period under review.

Net Cash Used In Investing Activities

Net cash used in investing activities was S$83.1 million in 3Q2007. This comprised principally payment for construction in progress in relation to the technical enhancement programmes at Delong Steel and new roll plant at Xingtai Delong Mill Roll. In September 2007, the Group also invested S$11.9 million in CFE.

Net Cash Used in Financing Activities

Net cash outflow from financing activities was S$3.0 million in 3Q2007 mainly due to the repayments of principal and interest for bank borrowings.

9M2007 vs 9M2006

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes increased by S$42.1 million or 34.3% from S$122.9 million in 9M2006 to S$165.0 million in 9M2007. The increase was primarily due to increase in operating profit. Cash generated from operating activities increased by S$20.7 million or 14.7% from S$140.9 million in 9M2006 to S$161.6 million 9M2007, attributable mainly to the increase in payables and in line with the increase in trade activities in 9M2007. The increase was partially offset by the increase in inventories.

After taking into consideration cash used for working capital and income tax paid of S$11.4 million, the net cash inflow from operating activities was S$150.3 million in 9M2007.

Net Cash Used In Investing Activities

Net cash used in investing activities was S$160.3 million in 9M2007. The increase was in line with the increase in non-current assets as a result of technical enhancement programmes and new mill roll plant at Xingtai Delong. The Group also invested S$11.9 million in CFE during the period under review.

Net Cash Generated From Financing Activities

Net cash inflow from financing activities was S$263.9 million in 9M2007. This was mainly attributable to the drawdown of short-term loans of S$191.0 million and the net proceeds from the issue of Convertible Bonds of S$296.5 million. This was partially offset by the repayments of principal and interest for bank borrowings of S$193.6 million and dividend payment of S$32.1 million in May 2007.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Company issued a Business and Financial update on 17 October 2007 in which the directors said that “Whilst the Group remains profitable for the period under consideration, net profit after tax for 3Q2007 is expected to be lower than that of 3Q2006 and that of 2Q2007.”

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period for the next 12 months

According to the latest reports from the PRC National Bureau of Statistics, the PRC’s economy is estimated to have grown at a rate of 11.5% year-on-year in 2007. The strong economic growth led to a steady rise in average prices of HRC in 3Q2007, reflecting the increased demand for steel and steel related products in the PRC.

While the Group’s HRC production volume hit approximately 600,000 tonnes in 3Q2007, gross margins were lower due to worldwide tight supply of iron ore and coke that had caused raw material costs to rise faster than HRC selling prices.

To mitigate the impact brought about by escalating raw materials prices, Delong is currently exploring the following measures:

Long-Term Supply Contracts

Iron ore currently accounts for approximately 58% of the Group’s total cost structure. Due to recent escalation in its prices, the Group’s gross margins were reduced.

To mitigate wide fluctuations in iron ore prices, the Group has signed two long-term iron ore purchase agreements for the supply of 2.05 million tonnes of iron ore annually. Priced annually, the contracts will commence from 2008.

In addition, the Group is currently in advanced negotiations with other global iron ore producers to secure long-term supply agreements which will further mitigate wide fluctuations in iron ore prices.

While shortage of iron ore in 3Q2007 was a key contributor to the rise in prices, increases in freight charges also played a significant role in the price increase.

To mitigate against continued freight cost fluctuations, the Group is currently negotiating long-term freight contracts with various shipping enterprises and will make relevant disclosures in due course.

Strategic Holdings in Iron Ore Mines

Due to the tight supply of raw materials, the priority for steel manufacturers is to secure stable and reliable sources of raw materials. To this end, the Group has secured an option to acquire up to a 13.2% stake in an Australian Stock

Exchange-listed mining company – Cape Lambert Iron Ore Limited ("Cape Lambert"). As at 30 September 2007, the Group held an equity stake of approximately 4.4% in the capital of Cape Lambert.

The Group is also actively exploring partnerships with domestic Chinese mining enterprises to seek and develop iron ore projects overseas. Details on these developments will be released when the Group enters into any contractual agreements.

Technical and Process Enhancements

Since 2004, the Group had begun a series of technical enhancements to boost its annual production capacity of HRC to 3.0 million tonnes by 4Q2007.

The successful installation of Blast Furnaces No. 6 (production capacity of 50,000 tonnes per month as at end-September 2007) and No. 7 (completion by November 2007) will conclude the enhancement programme and increase the Group's total molten iron production capacity to 3.3 million tonnes per annum. It will enable the Group to become self-sufficient in the production of pig and molten iron by 2008, - thereby reducing its production costs.

In February 2007, Delong announced a series of environmental initiatives which will contribute to environmental conservation and reduce the Group's production costs. The initiatives include the construction of coal gas recycling facilities to store and recycle coal gas – a by-product of steel production – for internal usage; thereby reducing production costs. As of 30 September 2007, the 50,000 cubic-meter converter gas tank has begun operation while the 100,000 cubic-meter furnace gas tank will be operational by November 2007.

Product Portfolio Expansion – High-End Roller Mill

While HRC remains the core business segment for the Group, opportunities exist for the Group to expand its product portfolio and increase revenue. In 3Q2007, Delong began the construction of a 70,000 tonne per annum roller mill, over two phases, in Xingtai, Hebei Province, through its wholly owned subsidiary Xingtai Delong Machinery and Mill Roll Co. Ltd ("Xingtai Delong Mill Roll").

Widely lauded by the Hebei provincial government, this new roller mill has been named a "Focal Development Project" in Hebei. Phase 1 will enter production in the first quarter of 2008 ("1Q2008") with a capacity of 35,000 tonnes per annum.

Based on latest figures from the China Bureau of Statistics, demand for high-end mill roll in the PRC exceeded supply by 54% in 2006; representing significant untapped market potential.

Targeting steel manufacturers, the high-end rollers are used in the coil-making process and the mill is expected to contribute positively to the Group's financial performance from 2008.

Future Developments

To capitalise on the PRC government's efforts to promote consolidation of the domestic steel industry, the Group will actively explore opportunities to acquire privately or state- owned steel mills to boost its production capacity. Negotiations with several steel manufacturers are in progress and the Group will announce such acquisitions in due course.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

However, the first and final 1-tier tax-exempt dividend of 1.5 cents per ordinary share (before share consolidation of 10 existing ordinary shares into 1 new share) for the financial year ended 31 December 2006, totaling S$79.6 million, was approved at the Annual General Meeting on 19 April 2006. The approved dividend is to be paid in two tranches. The book closure dates and dividend payable dates are as follows:-

	Dividend per share	Book Closure Date	Date payable
First payment	0.60 cent	26 April 2007	15 May 2007
Second payment**	0.90 cent*	30 October 2007	15 November 2007

*The dividend per share payable on 15 November 2007 shall be 9 cents per new consolidated share effective 17 May 2007.

**Duly completed transfers in respect of shares in the capital of the Company together with all relevant documents of title received by the Company's share registrar, B.A.C.S Pte Ltd, 63 Cantonment Road, Singapore 089758 up to the close of business at 5.00 p.m. on 29 October 2007 will be registered to determine members' entitlements to the proposed Dividends. Members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. 29 October 2007 will be entitled to the proposed Dividends.

Holders of the warrants are reminded that only warrants exercised (in accordance with the terms and conditions of the warrants) by 5.00 p.m. on 29 October 2007 will be considered for the purpose of determining members' entitlements to the proposed Dividends.

12. If no dividend has been declared/recommended, a statement to that effect

The Board of Directors of the Company does not recommend that a dividend be paid for the third quarter ended 30 September 2007.

PART II-ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2,Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

N.A

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

N.A

15. A breakdown of Sales

N.A

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

N.A.

BY ORDER OF THE BOARD

Ding Liguo
Executive Chairman