



德龙控股
DELONG HOLDINGS

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 2008 to be false or misleading in any material respect.

On behalf of the Board of Directors

Mr. Ding Ligu
Chairman

Mr. Guo Sanxiang
Executive Director

Singapore
5 November 2008

**UNAUDITED THIRD QUARTER RESULTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

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 | | | | | |
|------|---------------------------------|-------------------------------|---------------|----------------|----------------|----------------|---------------|
| | | 3 rd Quarter Ended | | Increase | 9 Months Ended | | Increase |
| | | 30/09/2008 | 30/09/2007 | (Decrease) | 30/09/2008 | 30/09/2007 | (Decrease) |
| Note | | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| | Sales | 637,540 | 399,321 | 59.7 | 1,934,301 | 1,045,487 | 85.0 |
| | Cost of sales | (631,725) | (359,582) | 75.7 | (1,806,370) | (894,292) | 102.0 |
| | Gross Profit | 5,815 | 39,739 | (85.4) | 127,931 | 151,195 | (15.4) |
| | Other gains/(losses)-Net | | | | | | |
| | -Miscellaneous | 11,203 | 4,114 | 172.3 | 17,057 | 6,581 | 159.2 |
| | Expenses | | | | | | |
| | -Distribution and marketing | (1,622) | (831) | 95.2 | (5,031) | (2,950) | 70.5 |
| | -Administrative | (8,383) | (7,198) | 16.5 | (28,771) | (19,528) | 47.3 |
| | -Finance | (16,594) | (6,893) | 140.7 | (44,533) | (15,375) | 189.6 |
| | (Loss)/Profit before tax | (9,581) | 28,931 | (133.1) | 66,653 | 119,923 | (44.4) |
| | Income tax expense | (2,302) | (4,224) | (45.5) | (13,224) | (18,242) | (27.5) |
| | (Loss)/Profit after tax | (11,883) | 24,707 | (148.1) | 53,429 | 101,681 | (47.5) |

Notes:-

1 Other miscellaneous gains/ (losses):

| | The Group | | | |
|---|-------------------------------|--------------|----------------|--------------|
| | 3 rd Quarter Ended | | 9 Months Ended | |
| | 30/09/2008 | 30/09/2007 | 30/09/2008 | 30/09/2007 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Sale of scrap materials | 404 | 255 | 837 | 722 |
| Interest income | 2,017 | 6,296 | 8,122 | 7,887 |
| Rental income from investment property | 103 | 99 | 301 | 297 |
| Currency translation gain / (loss) | 8,177 | (2,732) | 8,857 | (3,079) |
| Loss on disposal of property, plant and equipment | (16) | (103) | (2,413) | (225) |
| Others | 518 | 299 | 1,353 | 979 |
| | <u>11,203</u> | <u>4,114</u> | <u>17,057</u> | <u>6,581</u> |

The currency translation gain was mainly due to the revaluation of bank borrowings denominated in USD which weakened against RMB in 3Q2008 as well as foreign translation gain arising from inter-co transactions by the subsidiaries within the Group in 3Q2008. The gains arose as a result of the weakening of the Singapore dollars relative to RMB.

2. Profit before taxation includes the following items:-

| | The Group | | | |
|-------------------------------|-------------------------------|------------|-----------------|------------|
| | 3 rd Quarter Ended | | Half Year Ended | |
| | 30/09/2008 | 30/09/2007 | 30/09/2008 | 30/09/2007 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Depreciation and amortization | 16,096 | 13,321 | 43,478 | 37,456 |
| Staff costs | 9,223 | 4,936 | 24,544 | 15,974 |
| Operating lease rental | 55 | 129 | 233 | 291 |

3. Income Tax Expense

This is related to PRC enterprise income tax at a concessionary rate of 15% for Delong Steel Limited (“Delong Steel”).

Delong Steel is a wholly foreign-owned enterprise (“WFOE”) established under the laws of the People’s Republic of China (“PRC”), is entitled to 50% tax reduction from PRC enterprise income tax of 30% for three years effective 1 January 2007

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

| | Note | The Group S\$'000 | | The Company S\$'000 | |
|--------------------------------------|------|----------------------|---------------------|------------------------|---------------------|
| | | As at 30/09/2008 | As at 31/12/2007 | As at 30/09/2008 | As at 31/12/2007 |
| Current Assets | | | | | |
| Cash and cash equivalents | | 139,487 | 196,594 | 53,942 | 162,544 |
| Bank balances pledged | | 93,403 | 33,922 | - | - |
| Financial assets, held for trading | 1 | 1,208 | 4,750 | 1,208 | 4,750 |
| Trade and other receivables | | 150,210 | 76,543 | 10 | 42,574 |
| Inventories | | 296,396 | 241,214 | - | - |
| | | 680,704 | 553,023 | 55,160 | 209,868 |
| Non-current assets | | | | | |
| Trade and other receivables | | 16,133 | 7,031 | 255,786 | 130,217 |
| Investments in subsidiaries | | - | - | 393,731 | 376,044 |
| Financial assets, available-for-sale | 2 | 14,033 | 13,917 | 11,923 | 11,923 |
| Investment property | | 3,211 | 3,262 | - | - |
| Property, plant and equipment | | 769,379 | 686,747 | 49 | 66 |
| | | 802,756 | 710,957 | 661,489 | 518,250 |
| Total assets | | 1,483,460 | 1,263,980 | 716,649 | 728,118 |
| Current liabilities | | | | | |
| Trade and other payables | | 338,038 | 324,571 | 1,239 | 3,357 |
| Notes payables | | 82,959 | 42,494 | - | - |
| Borrowings | | 244,941 | 161,008 | 2 | 2 |
| Provision for current tax | | 11,832 | 11,127 | 82 | 94 |
| | | 677,770 | 539,200 | 1,323 | 3,453 |
| Non-current liabilities | | | | | |
| Borrowings | | 95,247 | 82,143 | 6 | 8 |
| Convertible bonds | 3 | 272,659 | 258,454 | 272,659 | 258,454 |
| | | 367,906 | 340,597 | 272,665 | 258,462 |
| CAPITAL AND RESERVE | | | | | |
| Share capital | | 69,643 | 69,520 | 406,287 | 406,164 |
| Reserves | | 368,141 | 314,663 | 36,374 | 60,039 |
| Total equity | | 437,784 | 384,183 | 442,661 | 466,203 |
| Total liabilities and equity | | 1,483,460 | 1,263,980 | 716,649 | 728,118 |

Notes:-

1. *This represents investment in equity securities listed in Hong Kong.*
2. *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, and a 10% equity interest in Hebei Zhongmei Xuyang Coking Co., Ltd.*
3. *The Convertible Bonds represent the zero coupon convertible bonds of RMB1,532,000,000 due 8 June 2012 issued on 8 June 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 allotted and issued upon conversion of the Convertible Bonds 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 8 June 2012.*

As at 30 September 2008, the Company had utilised the proceeds from the Convertible Bonds in the following manner:-

- | | | |
|--------------|--|------------------------------|
| <i>(i)</i> | <i>Investment in CFE</i> | <i>S\$11.9 million;</i> |
| <i>(ii)</i> | <i>Investment in plant and equipment</i> | <i>S\$258.2 million; and</i> |
| <i>(iii)</i> | <i>The balance of the proceeds has been placed with financial institutions or invested in marketable equities.</i> | |

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 30/09/2008 | As at 31/12/2007 |
|------------------|------------------|

| Secured | Unsecured* | Secured | Unsecured* |
|---------|------------|---------|------------|
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 122,653 | 122,288 | 95,274 | 65,734 |

Amount repayable after one year

| | |
|------------------|------------------|
| As at 30/09/2008 | As at 31/12/2007 |
|------------------|------------------|

| Secured | Unsecured* | Secured | Unsecured* |
|---------|------------|---------|------------|
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 64,387 | 30,860 | 77,902 | 4,241 |

Details of any collateral

The Group's borrowings are secured by the following:

- (i) Certain property, plant and equipment and investment property of the Group.

* Borrowings amounting to S\$69,258,000 (31 December 2007: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 | | | |
|--|-------------------------------|------------|----------------|------------|
| | 3 rd Quarter Ended | | 9 Months Ended | |
| | 30/09/2008 | 30/09/2007 | 30/09/2008 | 30/09/2007 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash flows from operating activities: | | | | |
| (Loss)/ Profit after taxation | (11,883) | 24,707 | 53,429 | 101,681 |
| Adjustments for: | | | | |
| Depreciation | 16,096 | 13,321 | 43,478 | 37,456 |
| Loss on disposal of property, plant and equipment | 16 | 103 | 2,413 | 225 |
| Gain on disposal of a subsidiary | - | - | - | (53) |
| Interest income | (2,017) | (6,296) | (8,122) | (7,887) |
| Interest expense | 16,594 | 6,893 | 44,533 | 15,375 |
| Income tax expense | 2,302 | 4,224 | 13,224 | 18,242 |
| | 32,991 | 18,245 | 95,526 | 63,358 |
| Operating cash flow before working capital changes | 21,108 | 42,952 | 148,955 | 165,039 |
| Bank balances pledged | 19,255 | (16,885) | (59,481) | (17,179) |
| Receivables | (8,345) | 563 | (79,340) | 5,272 |
| Inventories | 30,874 | (59,684) | (55,182) | (71,765) |
| Payables | (99,429) | 76,938 | 53,933 | 80,280 |
| | (57,645) | 932 | (140,070) | (3,392) |
| Cash (used in) generated from operating activities | (36,537) | 43,884 | 8,885 | 161,647 |
| Income tax paid | (9,894) | (2,341) | (12,519) | (11,368) |
| Net cash (used in) generated from operating activities | (46,431) | 41,543 | (3,634) | 150,279 |
| Cash flows from investing activities: | | | | |
| Payments for property, plant and equipment | (44,742) | (78,279) | (106,220) | (155,636) |
| Investment in CFE | - | (11,923) | - | (11,923) |
| Interest received | 2,017 | 7,110 | 8,122 | 7,887 |
| Net cash flow on disposal of a subsidiary | - | - | - | (646) |
| Net cash used in investing activities | (42,725) | (83,092) | (98,098) | (160,318) |
| Cash flows from financing activities: | | | | |
| Proceeds from borrowings | 209,953 | 38,864 | 422,733 | 190,992 |
| Repayment of borrowings | (122,157) | (38,346) | (325,698) | (182,527) |
| Proceeds from convertible bonds | - | - | - | 296,479 |
| Proceeds from warrants conversion | 79 | 80 | 123 | 2,092 |
| Dividend paid | - | - | (22,205) | (32,070) |
| Interest paid | (11,859) | (3,645) | (30,328) | (11,045) |
| Net cash (used in)/ generated from financing activities | 76,016 | (3,047) | 44,625 | 263,921 |
| Net (decrease)/ increase in cash and cash equivalents | (13,140) | (44,596) | (57,107) | 253,882 |
| Cash and cash equivalents at beginning of the period | 152,627 | 335,752 | 196,594 | 37,274 |
| Cash and cash equivalents at end of the period | 139,487 | 291,156 | 139,487 | 291,156 |

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 | Capital reserve | Translation reserve | Statutory reserve | Retained earnings | Total |
|--|----------------------|------------------------|----------------------------|--------------------------|--------------------------|--------------|
| | SS'000 | SS'000 | SS'000 | SS'000 | SS'000 | SS'000 |
| Balance as at 1 January 2008 | 69,520 | 49,660 | (5,545) | 28,544 | 242,004 | 384,183 |
| Issue of shares pursuant to exercise of warrants | 9 | - | - | - | - | 9 |
| Currency translation differences | - | - | (1,608) | - | - | (1,608) |
| Net profit for the period | - | - | - | - | 9,188 | 9,188 |
| Balance as at 31 March 2008 | 69,529 | 49,660 | (7,153) | 28,544 | 251,192 | 391,772 |
| Issue of shares pursuant to exercise of warrants* | 35 | - | - | - | - | 35 |
| Dividend paid | - | - | - | - | (22,205) | (22,205) |
| Currency translation differences | - | - | 1,413 | - | - | 1,413 |
| Net profit for the period | - | - | - | - | 56,124 | 56,124 |
| Balance as at 30 June 2008 | 69,564 | 49,660 | (5,740) | 28,544 | 285,111 | 427,139 |
| Issue of shares pursuant to exercise of warrants* | 79 | - | - | - | - | 79 |
| Currency translation differences | - | - | 22,449 | - | - | 22,449 |
| Net loss for the period | - | - | - | - | (11,883) | (11,883) |
| Balance as at 30 September 2008 | 69,643 | 49,660 | 16,709 | 28,544 | 273,228 | 437,784 |
| | Share capital | Capital reserve | Translation reserve | Statutory reserve | Retained earnings | Total |
| | SS'000 | SS'000 | SS'000 | SS'000 | SS'000 | SS'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 |
| Capital reserve arising from issuance of 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 |

| <u>The Company</u> | <u>Share capital</u> SS'000 | <u>Capital reserve</u> SS'000 | <u>Retained earnings</u> SS'000 | <u>Translation reserve</u> SS'000 | <u>Total</u> SS'000 |
|---|--|--|--|--|--------------------------------------|
| Balance as at 1 January 2008 | 406,164 | 49,660 | 7,193 | 3,186 | 466,203 |
| Issue of shares pursuant to exercise of warrants | 9 | - | - | - | 9 |
| Currency translation differences | - | - | - | (3,810) | (3,810) |
| Net loss for the period | - | - | (8,116) | - | (8,116) |
| Balance as at 31 March 2008 | 406,173 | 49,660 | (923) | (624) | 454,286 |
| Issue of shares pursuant to exercise of warrants* | 35 | - | - | - | 35 |
| Dividend paid | - | - | (22,205) | - | (22,205) |
| Currency translation differences | - | - | - | 36 | 36 |
| Net loss for the period | - | - | (4,714) | - | (4,714) |
| Balance as at 30 June 2008 | 406,208 | 49,660 | (27,842) | (588) | 427,438 |
| Issue of shares pursuant to exercise of warrants* | 79 | - | - | - | 79 |
| Currency translation differences | - | - | - | 21,460 | 21,460 |
| Net loss for the period | - | - | (6,316) | - | (6,316) |
| Balance as at 30 September 2008 | 406,287 | 49,660 | (34,158) | 20,872 | 442,661 |

| <u>The Company</u> | <u>Share capital</u> SS'000 | <u>Capital reserve</u> SS'000 | <u>Retained earnings</u> SS'000 | <u>Translation reserve</u> SS'000 | <u>Total</u> SS'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 |
| Capital reserve arising from issuance of 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 |

Notes

- * The Company issued 157,721 ordinary shares pursuant to the exercise of warrants for the period ended 30 September 2008 ("3Q2008").

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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 | 30/09/2008 | 30/09/2007 |
|---|-------------|-------------|
| Number of ordinary shares at 1 July | 535,080,607 | 534,783,457 |
| Shares arising from exercise of warrants | 157,721 | 160,788 |
| Number of ordinary shares at 30 September | 535,238,328 | 534,944,245 |

| Outstanding Warrants as at | 30/09/2008 | 30/09/2007 |
|--|------------|------------|
| Outstanding warrants that are convertible into ordinary shares | 336,651 | 630,734 |

Note:

The Company issued 157,721 ordinary shares pursuant to the exercise of warrants in 3Q2008.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Not Applicable

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not Applicable

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 2007.

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 | | | |
|---|-------------------------------|-------------|----------------|-------------|
| | 3 rd Quarter Ended | | 9 Months Ended | |
| | 30/09/2008 | 30/09/2007 | 30/09/2008 | 30/09/2007 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Net (loss)/ profit for the period | (11,883) | 24,707 | 53,429 | 101,681 |
| Basic earnings per share (in cents) | (2.22) | 4.62 | 9.99 | 19.1 |
| Diluted earnings per share (in cents) | (2.22) | 4.61 | 9.98 | 19.0 |
| Weighted average no. of shares outstanding for basic earnings per share | 535,137,120 | 534,905,296 | 535,052,846 | 533,581,284 |
| Weighted average no. of shares outstanding for diluted earnings per share | 535,427,784 | 535,526,565 | 535,344,701 | 534,200,702 |

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 30 September.

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

| | The Group | | The Company | |
|--------------------------------------|------------|------------|-------------|------------|
| | 30/09/2008 | 31/12/2007 | 30/09/2008 | 31/12/2007 |
| Net Asset Value per share (in cents) | 81.8 | 71.8 | 82.7 | 87.1 |

Net asset value per share for the Group and Company is calculated based on 535,238,328 ordinary shares in issue at the end of the financial period under review and 534,992,301 ordinary shares in issue at the end of the immediate preceding financial year ended 31 December 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) Review of income statement of the Group

3Q2008 vs 3Q2007

Revenue

Revenue increased by S\$238.2 million or 59.7% from S\$399.3 million in 3Q2007 to S\$637.5 million in 3Q2008. The increase in revenue was principally attributed to the increase in the sales volume arising from the expanded production capacities, higher average selling prices and change in product mix during the period under review as compared with the previous corresponding period.

In 3Q2008 the Group sold 649,998 tonnes of Hot Rolled Coils ("HRC") and 31,950 tonnes of steel billets as compared to 601,020 tonnes of HRC and 9,730 tonnes of steel billets in 3Q2007. Overall sales quantity increased by 71,198 tonnes or 11.7%.

The Group commenced its first batch of roller-mill products in 2Q2008. During the period under review, the Group produced 173 tonnes of roller mill which was fully consumed by the Group's HRC production. The Group also started its leasing activities in 2Q2008. Revenue from the leasing activities accounted for approximately 0.04% of the Group's revenue in 3Q2008.

Cost of sales

Cost of sales increased by S\$272.1 million or 75.7% from S\$359.6 million in 3Q2007 to S\$631.7 million in 3Q2008 principally attributable to the increase in volume of HRC sold and the significant increase in prices of raw materials in 3Q2008 compared to the previous corresponding period.

Gross profit

Gross profit decreased by S\$33.9 million or 85.4% from S\$39.7 million in 3Q2007 to S\$5.8 million in 3Q2008.

Gross profit margin decreased from 10.0% in 3Q2007 to 0.9% in 3Q2008 primarily due to the significant increase in prices of raw materials which outpaced the rise in product selling prices.

Distribution and marketing expenses

Distribution and marketing expenses increased by S\$0.8 million from S\$0.8 million in 3Q2007 to S\$1.6 million in 3Q2008. This was due to the increase in distribution expenses in line with the higher sales quantity.

Administrative expenses

Administrative expenses increased by S\$1.2 million from S\$7.2 million in 3Q2007 to S\$8.4 million in 3Q2008. The increase was due to the increase in employee related costs and general administrative expenses which was in line with the Group's expanded capacity and the commencement of the Group's new activities in leasing and roller mill.

Finance expenses

Finance expenses increased by S\$9.7 million from S\$6.9 million in 3Q2007 to S\$16.6 million in 3Q2008. This was due to additional bank loans drawn down in 3Q2008 for working capital and higher interest rates on bank borrowings. 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.

Net loss

Net loss after tax was S\$11.9 million in 3Q2008 as compared to the net profit after tax of S\$24.7 million in 3Q2007. The net loss margin in 3Q2008 was 1.9% as compared to the net profit margin of 6.2% in 3Q2007.

The net loss margin was primarily attributable to the lower gross profit margin in 3Q2008.

9M2008 vs 9M2007

Revenue

Revenue increased substantially from S\$1.045 billion in 9M2007 to S\$1.934 billion in 9M2008, representing an increase of S\$889.0 million or 85.0%. The increase in revenue was principally attributed to the increase in the sales volume after the production capacity expansion, higher average selling price and change in product mix.

In 9M2008 the Group sold 2,085,451 tonnes of HRC and 57,526 tonnes of steel billets as compared to 1,654,520 tonnes of HRC and 20,030 tonnes of steel billets in 9M2007. Overall sales volume increased by 468,427 tonnes or 28.0%.

Cost of sales

Cost of sales increased by S\$911.7 million or 102.0% from S\$894.3 million in 9M2007 to S\$1.806 billion in 9M2008 principally attributable to the increase in volume of HRC sold. The increase was also due to the significant increase in the prices of raw materials in 9M2008 compared with corresponding period.

Gross profit

Gross profit decreased by S\$23.3 million or 15.4% from S\$151.2 million in 9M2007 to S\$127.9 million in 9M2008.

Gross profit margin decreased by 7.9 percentage point from 14.5% in 9M2007 to 6.6% in 9M2008. The decrease was primarily due to the substantial increase in the prices of raw materials in 9M2008 which significantly outpaced the rise in product selling prices.

Distribution and marketing expenses

Distribution and marketing expenses increased by S\$2.0 million from S\$3.0 million in 9M2007 to S\$5.0 million in 9M2008. This was due to increase in distribution related expenses as a result of higher sales quantity.

Administrative expenses

Administrative expenses increased by S\$9.3 million from S\$19.5 million in 9M2007 to S\$28.8 million in 9M2008 due to increase in general administrative expenses and higher personnel expenses incurred as a result of capacity expansion and the commencement of the Group's new activities in leasing and roller miller in 9M2008.

Finance expenses

Finance expenses increased by S\$29.1 million from S\$15.4 million in 9M2007 to S\$44.5 million in 9M2008. The increase was due to the increase in bank borrowings and higher interest rates on bank borrowings. The increase was also due to the monthly interest expense accrued on the Convertible Bonds which amounted to a total of S\$12.9 million in 9M2008.

Net profit

Net profit after tax decreased by S\$48.3 million or 47.5% from S\$101.7 million in 9M2007 to S\$53.4 million in 9M2008. The net profit margins in 9M2007 and 9M2008 were 9.7% and 2.8% respectively.

The lower net profit margin in 9M2008 as compared with 9M2007 was primarily attributable to the lower operating profit margin.

(b) Review of balance sheet of the Group as at 30 September 2008

Current assets

Current assets increased by S\$127.7 million or 23.1% from S\$553.0 million as at 31 December 2007 to S\$680.7 million as at 30 September 2008. The increase was primarily attributable to the increase in bank balances pledged with banks as securities for bank borrowings and notes payable, as well as increase in notes receivable and inventories.

The increase in inventories was mainly due to the increase in production in line with the Company's expanded capacity which in turn requires higher raw materials stock to be maintained. The increase in notes receivable was in line with the higher revenue in 3Q2008.

As at 30 September 2008, of the S\$150.2 million of the Group's "trade and other receivables", approximately S\$103.7 million or 69.0% comprised of notes receivables from customers. Pre-payments to vendors and trade receivables were approximately S\$18.0 and S\$0.4 million, respectively.

Current liabilities

Current liabilities increased by S\$138.6 million or 25.7% from S\$539.2 million as at 31 December 2007 to S\$677.8 million as at 30 September 2008. The increase was primarily attributable to the increase in bank borrowings and notes payable which were in line with the increase in trade activities during the period under review.

During the period under review, 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\$82.7 million from S\$686.7 million as at 31 December 2007 to S\$769.4 million as at 30 September 2008. The increase was primarily 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"). Xingtai Delong Mill Roll is 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

3Q2008 vs 3Q2007

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes decreased by S\$21.9 million or 50.9% from S\$43.0 million in 3Q2007 to S\$21.1 million in 3Q2008. The decrease was primarily due to the decrease in operating profit. Cash used for working capital was S\$57.6 million in 3Q2008, attributable mainly to the decrease in payables. The decrease was partially offset by the decrease in inventories and balances pledged with banks as securities for bank borrowings

After taking into consideration cash used for working capital and income tax expense of S\$9.9 million, the net cash outflow from operating expenses was S\$46.4 million in 3Q2008.

Net Cash Used In Investing Activities

Net cash used in investing activities was S\$42.7 million in 3Q2008. This comprised principally payment for construction in progress in relation to the new roll plant at Xingtai Delong Mill Roll.

Net Cash Generated From Financing Activities

Net cash inflow from financing activities was S\$76.0 million in 3Q2008. This is mainly attributable to the drawdown of short-term loans of S\$210.0 million less principal and interest repayments of S\$134.0 million which was taken during the period for working capital purposes.

9M2008 vs 9M2007

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes decreased by S\$16.0 million or 9.7% from S\$165.0 million in 9M2007 to S\$149.0 million in 9M2008. The decrease was primarily due to decrease in operating profit. Net cash generated from operating activities decreased by S\$153.9 million from net cash generated in operating activities of S\$150.3 million in 9M2007 to the net cash used in operating activities of S\$3.6 million in 9M2008. The decrease was attributable mainly to the increase in bank balances pledged with banks as securities for bank borrowings and note payable as well as increase in receivables and inventories. The decrease was partially offset by the increase in payables.

Net Cash Used In Investing Activities

Net cash used in investing activities was S\$98.1 million in 9M2008. The increase was in line with the increase in non-current assets as a result of new mill roll plant at Xingtai Delong.

Net Cash Generated From Financing Activities

Net cash inflow from financing activities was S\$44.6 million in 9M2008. This was mainly attributable to the drawdown of short-term loans of S\$ 422.7 million less principal and interest repayments of S\$356.0 million and dividend payment of S\$22.2 million.

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 Clarification On Media Article and Business Outlook on 23 October 2008 in which the directors said that Delong expect to incur a loss for the third quarter ended 30 September 2008.

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

The recent weakness in world financial markets and subsequent global economic downturn has led to lower demand for steel and steel-related products globally. Consequently, demand for Delong's HRC products are expected to be impacted by a scale back in production by key customers in the pipe-making and cold-rolled coil manufacturing industry.

In view of these challenging market conditions, the company will focus on managing cost and productivity to optimize its operating performance in the following periods.

Cost Containment Measures

Long-term Contracts/Raw Material Costs

Fluctuating raw material costs continues to be a concern for global steel manufacturers. To mitigate against future price fluctuations and to ensure a steady iron ore supply, Delong will actively explore opportunities to optimize its mix of raw material purchases on the long term and spot markets.

While the long-term prospects of the PRC steel industry remain healthy, Delong remains cautious of its business performance in light of the fluctuating raw material prices. The Group has initiated negotiations with its long-term iron ore suppliers to review existing terms and conditions for the supply of iron ore and is also in close discussions with shipping companies to review the freight rates on its long-term iron ore contracts.

Possible Acquisition by Evraz Group S.A.

On 19 February 2008 the Group announced that Evraz Group S.A. ("Evraz") – Russia's second largest steelmaker – had entered into a share purchase agreement (the "SPA") with Delong's existing majority shareholder Best Decade Holdings Limited ("Best Decade") pursuant to which

Evrax agreed to acquire from Best Decade an initial 10.01% stake in Delong which will be further raised to 51% upon obtaining the necessary approvals from the PRC regulatory authorities

Subsequent to the abovementioned announcement, Evrax had on 15 August 2008, entered into a supplemental agreement with Best Decade to amend the terms of the SPA pursuant to which Evrax and Best Decade agreed, *inter alia*, to extend the period for obtaining the necessary anti-trust approvals from the PRC regulatory authorities to 18 February 2009, such that Evrax will be entitled to exercise its option (the "Call Option") to call for approximately 32.08% of the shares held by Best Decade in Delong (the "Option Shares"), and Best Decade will be entitled to exercise its option (the "Put Option") to put the Option Shares to Evrax, if (amongst other conditions required to be fulfilled under the SPA) the necessary approvals from the PRC regulatory authorities are obtained prior to the expiry of the extended period. Evrax and Best Decade are currently working closely with the relevant PRC authorities to obtain the necessary anti-trust approval for the acquisition and will advise shareholders on any developments that occur. As at 24 October 2008, Evrax has increased its stake in Delong from 10.01% to 10.97% through a series of open market transactions. These purchases are distinct from the acquisition agreement signed with Best Decade.

Business Outlook

On 23 October 2008, Delong issued an announcement pertaining to its business outlook which stated that in view of the current global economic climate and weaker demand for steel products, the Group has cut back on steel production at four of its older blast furnaces. In 2Q2008 the Group sold 773,189 tonnes of steel which was 11.8% higher than the 681,948 tonnes sold in 3Q2008. The sequential weakness in demand for HRC underscored by the current global financial crisis prompted the management to initiate the scaling back in production. While the near-term operating conditions may be challenging, the Group's management remains confident of the long-term prospects of the PRC steel industry and will seek to gradually increase its capacity utilization rates when the demand situation for steel products improves.

Raw material cost continues to be the Group's key operating expense. In line with its cost containment measures, the Group has initiated renegotiations on the terms and conditions of its long term iron ore contracts to capitalise on the recent decline in commodity prices. These renegotiations together with the Group's efforts to optimize its mix of raw material purchases on the long term and spot markets as well as its other cost containment measures will help Delong mitigate the impact arising from the near-term weakness in demand.

The Board also wishes to reassure shareholders that despite the tighter credit market, it has sufficient financial resources to meet its working capital requirements. The Group will continue to monitor its cashflow requirements and update shareholders regarding any significant developments on a timely basis. The Group also has existing secured and unsecured credit facilities with various domestic and foreign financial institutions which can be called upon if any such need arises.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(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 4.15 cents per ordinary share for the financial year ended 31 December 2007 amounted to S\$22.2 million was approved at Company's Annual General Meeting held on 8 April 2008 and was paid on 23 April 2008.

(C) Date payable and Book Closure Date

N.A

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 2008

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