

**UNAUDITED FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 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.**

|                                  | Note | <b>The Group</b>              |               |                |                |                |               |
|----------------------------------|------|-------------------------------|---------------|----------------|----------------|----------------|---------------|
|                                  |      | 4 <sup>th</sup> Quarter Ended |               | Increase       | Year Ended     |                | Increase      |
|                                  |      | 31/12/2007                    | 31/12/2006    | (Decrease)     | 31/12/2007     | 31/12/2006     | (Decrease)    |
|                                  |      | S\$'000                       | S\$'000       | %              | S\$'000        | S\$'000        | %             |
| <b>Sales</b>                     |      | 496,499                       | 229,523*      | 116.3          | 1,541,986      | 945,346*       | 63.1          |
| Cost of sales                    |      | (461,665)                     | (192,444)     | 139.9          | (1,355,957)    | (788,014)      | 72.1          |
| <b>Gross Profit</b>              |      | <b>34,834</b>                 | <b>37,079</b> | <b>(6.1)</b>   | <b>186,029</b> | <b>157,332</b> | <b>18.2</b>   |
| <b>Other gains/(losses)</b>      |      |                               |               |                |                |                |               |
| -Miscellaneous                   | 1    | 2,381                         | 574           | 314.8          | 12,041         | 5,616          | 114.4         |
| <b>Expenses</b>                  |      |                               |               |                |                |                |               |
| -Distribution and marketing      |      | (1,338)                       | (1,021)       | 31.0           | (4,288)        | (5,392)        | (20.5)        |
| -Administrative                  |      | (7,101)                       | (5,574)       | 27.4           | (26,581)       | (19,544)       | 36.0          |
| -Finance                         |      | (17,880)                      | 1,745         | n.m            | (33,255)       | (5,977)        | 456.4         |
| -Others                          | 2    | (11,790)                      | (196)         | n.m            | (14,917)       | (593)          | n.m           |
| <b>(Loss)/ Profit before tax</b> | 3    | (894)                         | 32,607        | (102.7)        | 119,029        | 131,442        | (9.4)         |
| Income tax expense               | 4    | (7,028)                       | (241)         | n.m            | (25,270)       | (216)          | n.m           |
| <b>(Loss)/ Profit after tax</b>  |      | <b>(7,922)</b>                | <b>32,366</b> | <b>(124.5)</b> | <b>93,759</b>  | <b>131,226</b> | <b>(28.6)</b> |

\*Sales of goods for 4Q2006 and FY2006 include sales from trading segment which was discontinued effective 1 January 2007.

n.m: Not meaningful

**Notes:-**

**1 Other miscellaneous gains:**

|   | <b>The Group</b>              |            |               |              |
|---|-------------------------------|------------|---------------|--------------|
|   | 4 <sup>th</sup> Quarter Ended |            | Year Ended    |              |
|   | 31/12/2007                    | 31/12/2006 | 31/12/2007    | 31/12/2006   |
|   | S\$'000                       | S\$'000    | S\$'000       | S\$'000      |
| Sale of scrap materials                   | 861                           | 400        | 1,583         | 476          |
| Government grants                         | 193                           | -          | 193           | 2,033        |
| Interest income                           | 710                           | 75         | 8,976         | 1,034        |
| Gain on financial assets held for trading | 485                           | -          | 485           | -            |
| Rental income from investment property    | 99                            | 99         | 396           | 396          |
| Disposal of fixed assets                  | 33                            | -          | 33            | 952          |
| Others                                    | -                             | -          | 375           | 725          |
|   | <u>2,381</u>                  | <u>574</u> | <u>12,041</u> | <u>5,616</u> |

**2 Others- operating expenses:**

|  | <b>The Group</b>              |            |               |            |
|--|-------------------------------|------------|---------------|------------|
|  | 4 <sup>th</sup> Quarter Ended |            | Year Ended    |            |
|  | 31/12/2007                    | 31/12/2006 | 31/12/2007    | 31/12/2006 |
|  | S\$'000                       | S\$'000    | S\$'000       | S\$'000    |
| Currency translation losses                      | 9,824                         | 196        | 12,951        | 593        |
| New subsidiaries' initial set up expenses        |                               |            |               |            |
| -DL Resources (Australia) Pty Ltd, Australia     | 727                           | -          | 727           | -          |
| -Tianjing Detong Leasing Co., Ltd, PRC           | 50                            | -          | 50            | -          |
| -Xingtai Xinlong Coal Gas Ltd, PRC               | 82                            | -          | 82            | -          |
| -Xingtai Delong Machinery and Mill Roll Co., Ltd | 1,107                         | -          | 1,107         | -          |
|  | <u>11,790</u>                 | <u>196</u> | <u>14,917</u> | <u>593</u> |

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

|                               | <b>The Group</b>              |            |            |            |
|-------------------------------|-------------------------------|------------|------------|------------|
|                               | 4 <sup>th</sup> Quarter Ended |            | Year Ended |            |
|                               | 31/12/2007                    | 31/12/2006 | 31/12/2007 | 31/12/2006 |
|                               | S\$'000                       | S\$'000    | S\$'000    | S\$'000    |
| Depreciation and amortization | 14,307                        | 6,946      | 51,493     | 25,216     |
| Staff costs                   | 7,090                         | 4,478      | 23,064     | 17,102     |
| Operating lease rental        | 155                           | 139        | 446        | 405        |

#### 4. Income Tax Expense

|  | <b>The Group</b>              |              |                 |              |
|--|-------------------------------|--------------|-----------------|--------------|
|  | 4 <sup>th</sup> Quarter Ended |              | Year Ended      |              |
|  | 31/12/2007                    | 31/12/2006   | 31/12/2007      | 31/12/2006   |
|  | S\$'000                       | S\$'000      | S\$'000         | S\$'000      |
| Tax expense attributable to profit is made up of:            |                               |              |                 |              |
| Current income tax   |                               |              |                 |              |
| -Foreign *   | (2,788)                       | 47           | (21,023)        | (40)         |
| -Local   | (120)                         | (288)        | (120)           | (288)        |
| Withholding tax on dividend declared**                       | (4,120)                       | -            | (4,120)         | -            |
| (Underprovision)/ Overprovision in preceding financial years |                               |              |                 |              |
| -deferred income tax   |                               | -            |                 | 140          |
| -Income tax  | -                             | -            | (7)             | (28)         |
|  | <u>(7,028)</u>                | <u>(241)</u> | <u>(25,270)</u> | <u>(216)</u> |

**Notes:-**

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 50% tax reduction from PRC enterprise income tax of 30% for three years..

\*\*Effective 1 January 2008, any profit to be remitted out of China in the form of dividend for foreign enterprises is subject to withholding tax.

**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 | <b>The Group</b>    |                     | <b>The Company</b>  |                     |
|--------------------------------------|------|---------------------|---------------------|---------------------|---------------------|
|                                      |      | S\$'000             |                     | S\$'000             |                     |
|                                      |      | As at<br>31/12/2007 | As at<br>31/12/2006 | As at<br>31/12/2007 | As at<br>31/12/2006 |
| <b>Current Assets</b>                |      |                     |                     |                     |                     |
| Cash and cash equivalents            |      | 196,594             | 37,274              | 162,544             | 2,756               |
| Bank balances pledged                |      | 33,922              | 23,799              | -                   | -                   |
| Financial assets, held for trading   | 1    | 4,750               | -                   | 4,750               | -                   |
| Trade and other receivables          |      | 83,574              | 62,391              | 42,574              | 81,687              |
| Inventories                          |      | 241,214             | 101,557             | -                   | -                   |
|                                      |      | 560,054             | 225,021             | 209,868             | 84,443              |
| <b>Non-current assets</b>            |      |                     |                     |                     |                     |
| Other receivables                    |      | -                   | -                   | 130,217             | 14,515              |
| Investments in subsidiaries          |      | -                   | -                   | 376,044             | 372,271             |
| Financial assets, available-for-sale | 2    | 13,917              | 1,975               | 11,923              | -                   |
| Investment property                  |      | 3,262               | 3,330               | -                   | -                   |
| Property, plant and equipment        |      | 686,747             | 534,434             | 66                  | 86                  |
|                                      |      | 703,926             | 539,739             | 518,250             | 386,872             |
| <b>Total assets</b>                  |      | <b>1,263,980</b>    | <b>764,760</b>      | <b>728,118</b>      | <b>471,315</b>      |
| <b>Current liabilities</b>           |      |                     |                     |                     |                     |
| Trade and other payables             |      | 324,571             | 229,426             | 3,357               | 2,196               |
| Notes payables                       |      | 42,494              | 31,600              | -                   | -                   |
| Borrowings                           |      | 161,008             | 164,300             | 2                   | 2                   |
| Provision for current tax            |      | 11,127              | 7,356               | 94                  | 8                   |
|                                      |      | 539,200             | 432,682             | 3,453               | 2,206               |
| <b>Non-current liabilities</b>       |      |                     |                     |                     |                     |
| Borrowings                           |      | 82,143              | 15,231              | 8                   | 10                  |
| Convertible bonds                    | 3    | 258,454             | -                   | 258,454             | -                   |
|                                      |      | 340,597             | 15,231              | 258,462             | 10                  |
| <b>CAPITAL AND RESERVE</b>           |      |                     |                     |                     |                     |
| Share capital                        |      | 69,520              | 67,404              | 406,164             | 404,048             |
| Reserves                             |      | 314,663             | 249,443             | 60,039              | 65,051              |
| Total equity                         |      | 384,183             | 316,847             | 466,203             | 469,099             |
| <b>Total liabilities and equity</b>  |      | <b>1,263,980</b>    | <b>764,760</b>      | <b>728,118</b>      | <b>471,315</b>      |

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 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 8 June 2012.*

*As at 31 December 2007, 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 new subsidiaries</i>  | <i>S\$116.9 million; and</i> |
|              | <i>(Please refer to announcements dated 14 June 2007, 19 June 2007 and 24 August 2007 for details)</i>             |                              |
| <i>(iii)</i> | <i>The balance of the proceeds has been placed with financial institutions or invested in marketable equities.</i> |                              |

**I(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 31/12/2007 | As at 31/12/2006 |
|------------------|------------------|

| Secured | Unsecured* | Secured | Unsecured* |
|---------|------------|---------|------------|
| S\$'000 | S\$'000    | S\$'000 | S\$'000    |
| 95,274  | 65,734     | 105,385 | 58,915     |

**Amount repayable after one year**

|                  |                  |
|------------------|------------------|
| As at 31/12/2007 | As at 31/12/2006 |
|------------------|------------------|

| Secured | Unsecured* | Secured | Unsecured* |
|---------|------------|---------|------------|
| S\$'000 | S\$'000    | S\$'000 | S\$'000    |
| 77,902  | 4,241      | 4,663   | 10,568     |

**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\$54,368,606 (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**

|  | <b>The Group</b>              |                 |                  |                  |
|--|-------------------------------|-----------------|------------------|------------------|
|  | 4 <sup>th</sup> Quarter Ended |                 | Year Ended       |                  |
|  | 31/12/2007                    | 31/12/2006      | 31/12/2007       | 31/12/2006       |
|  | S\$'000                       | S\$'000         | S\$'000          | S\$'000          |
| <b>Cash flows from operating activities:</b>                   |                               |                 |                  |                  |
| (Loss)/ Profit after taxation                                  | (7,922)                       | 32,366          | 93,759           | 131,226          |
| Adjustments for:   |                               |                 |                  |                  |
| Depreciation   | 14,037                        | 6,946           | 51,493           | 25,216           |
| Loss on disposal of property, plant and equipment              | 827                           | -               | 1,052            | (952)            |
| Gain on disposal of a subsidiary                               | -                             | -               | (53)             | -                |
| Interest income  | (710)                         | (75)            | (8,976)          | (1,034)          |
| Interest expense   | 17,880                        | (1,745)         | 33,255           | 5,977            |
| Income tax expense   | 7,028                         | 241             | 25,270           | 216              |
|  | <u>39,062</u>                 | <u>5,367</u>    | <u>102,041</u>   | <u>29,423</u>    |
| <b>Operating cash flow before working capital changes</b>      | <b>31,140</b>                 | <b>37,733</b>   | <b>195,800</b>   | <b>160,649</b>   |
| Bank balances pledged  | 7,056                         | 26,672          | (10,123)         | (6,161)          |
| Receivables  | (25,911)                      | 5,055           | (20,639)         | (13,758)         |
| Inventories  | (67,658)                      | (43,775)        | (139,423)        | (29,282)         |
| Payables   | 25,759                        | 58,885          | 106,039          | 79,060           |
|  | <u>(60,754)</u>               | <u>46,837</u>   | <u>(64,146)</u>  | <u>29,859</u>    |
| <b>Cash (used in)/ generated from operating activities</b>     | <b>(29,614)</b>               | <b>84,570</b>   | <b>131,654</b>   | <b>190,508</b>   |
| Income tax paid  | (10,130)                      | 69              | (21,498)         | (14,569)         |
| Currency translation differences                               | -                             | (1,776)         | -                | -                |
|  | <u>(10,130)</u>               | <u>(1,707)</u>  | <u>(21,498)</u>  | <u>(14,569)</u>  |
| <b>Net cash (used in)/ generated from operating activities</b> | <b>(39,744)</b>               | <b>82,863</b>   | <b>110,156</b>   | <b>175,939</b>   |
| <b>Cash flows from investing activities:</b>                   |                               |                 |                  |                  |
| Payments for property, plant and equipment                     | (47,215)                      | (71,688)        | (200,458)        | (191,234)        |
| Proceeds from disposal of property, plant and equipment        | -                             | -               | -                | 952              |
| Financial assets –AFS (Investment in CFE)                      | -                             | -               | (11,923)         | -                |
| Financial assets-Held for trading                              | (4,770)                       | -               | (4,770)          | -                |
| Interest received  | 710                           | 75              | 8,976            | 1,034            |
| Net cash flow on disposal of a subsidiary                      | -                             | -               | (646)            | -                |
| <b>Net cash used in investing activities</b>                   | <b>(51,275)</b>               | <b>(71,613)</b> | <b>(208,821)</b> | <b>(189,248)</b> |
| <b>Cash flows from financing activities:</b>                   |                               |                 |                  |                  |
| Proceeds from borrowings                                       | 129,857                       | 41,830          | 320,849          | 175,871          |
| Repayment of borrowings  | (74,700)                      | (31,724)        | (257,227)        | (106,877)        |
| Proceeds from convertible bonds                                | -                             | -               | 296,479          | -                |
| Proceeds from warrants conversion                              | 24                            | -               | 2,116            | 380              |
| Dividend paid  | (48,149)                      | (7,961)         | (80,219)         | (23,879)         |
| Interest paid  | (10,575)                      | (2,470)         | (24,013)         | (10,191)         |
| <b>Net cash (used in)/ generated from financing activities</b> | <b>(3,543)</b>                | <b>(325)</b>    | <b>257,985</b>   | <b>35,304</b>    |
| <b>Net (decrease)/ increase in cash and cash equivalents</b>   | <b>(94,562)</b>               | <b>10,925</b>   | <b>159,320</b>   | <b>21,995</b>    |
| Cash and cash equivalents at beginning of the period           | 291,156                       | 26,349          | 37,274           | 15,279           |
| <b>Cash and cash equivalents at end of the period</b>          | <b>196,594</b>                | <b>37,274</b>   | <b>196,594</b>   | <b>37,274</b>    |

**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  |
| <b>Balance as at 1 January 2007</b>                                     | 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   |
| <b>Balance as at 31 March 2007</b>                                      | 68,310        | -             | -               | (8,712)             | 28,544            | 263,060           | 351,202  |
| Issue of shares pursuant to exercise of warrants                        | 1,106         | -             | -               | -                   | -                 | -                 | 1,106    |
| Issue of equity options 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   |
| <b>Balance as at 30 June 2007</b>                                       | 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   |
| <b>Balance as at 30 September 2007</b>                                  | 69,496        | -             | 49,660          | (6,857)             | 28,544            | 298,075           | 438,918  |
| Issue of shares pursuant to exercise of warrants*                       | 24            | -             | -               | -                   | -                 | -                 | 24       |
| Currency translation differences  | -             | -             | 111             | 1,201               | -                 | -                 | 1,312    |
| Dividend paid   | -             | -             | -               | -                   | -                 | (48,149)          | (48,149) |
| Net loss for the period   | -             | -             | -               | -                   | -                 | (7,922)           | (7,922)  |
| <b>Balance as at 31 December 2007</b>                                   | 69,520        | -             | 49,771          | (5,656)             | 28,544            | 242,004           | 384,183  |
| <b>Balance as at 1 January 2006</b>                                     | 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   |
| <b>Balance as at 31 March 2006</b>                                      | 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   |
| <b>Balance as at 30 June 2006</b>                                       | 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   |
| <b>Balance as at 30 September 2006</b>                                  | 67,404        | -             | -               | (3,649)             | 15,374            | 217,229           | 296,358  |
| Issue of shares pursuant to exercise of warrants                        | -             | -             | -               | (3,916)             | -                 | -                 | (3,916)  |
| Currency translation differences  | -             | -             | -               | -                   | -                 | -                 | -        |
| Dividend paid   | -             | -             | -               | -                   | -                 | (7,961)           | (7,961)  |
| Net profit for the period   | -             | -             | -               | -                   | -                 | 32,366            | 32,366   |
| Transfer from retained earnings to statutory                            | -             | -             | -               | -                   | 13,170            | (13,170)          | -        |
| <b>Balance as at 31 December 2006</b>                                   | 67,404        | -             | -               | (7,565)             | 28,544            | 228,464           | 316,847  |



| <u>The Company</u>  | <u>Share capital</u><br>S\$'000 | <u>Share premium</u><br>S\$'000 | <u>Capital reserve</u><br>S\$'000 | <u>Retained earnings</u><br>S\$'000 | <u>Translation reserve</u><br>S\$'000 | <u>Total</u><br>S\$'000 |
|---|---------------------------------|---------------------------------|-----------------------------------|-------------------------------------|---------------------------------------|-------------------------|
| <b>Balance as at 1 January 2007</b>                           | 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)                   |
| <b>Balance as at 31 March 2007</b>                            | 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)                    |
| <b>Balance as at 30 June 2007</b>                             | 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)                 |
| <b>Balance as at 30 September 2007</b>                        | 406,140                         | -                               | 49,660                            | 29,976                              | 3,768                                 | 489,544                 |
| Issue of shares pursuant to exercise of warrants*             | 24                              | -                               | -                                 | -                                   | -                                     | 24                      |
| Dividend paid   | -                               | -                               | -                                 | (48,149)                            | -                                     | (48,149)                |
| Currency translation differences                              | -                               | -                               | 111                               | -                                   | (693)                                 | (582)                   |
| Net profit for the period                                     | -                               | -                               | -                                 | 25,366                              | -                                     | 25,366                  |
| <b>Balance as at 31 December 2007</b>                         | 406,164                         | -                               | 49,771                            | 7,193                               | 3,075                                 | 466,203                 |
| <b>Balance as at 1 January 2006</b>                           | 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)                   |
| <b>Balance as at 31 March 2006</b>                            | 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)                   |
| <b>Balance as at 30 June 2006</b>                             | 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)                   |
| <b>Balance as at 30 September 2006</b>                        | 404,048                         | -                               | -                                 | (8,268)                             | -                                     | 395,780                 |
| Dividend paid   | -                               | -                               | -                                 | (7,961)                             | -                                     | (7,961)                 |
| Net profit for the period                                     | -                               | -                               | -                                 | 81,280                              | -                                     | 81,280                  |
| <b>Balance as at 31 December 2006</b>                         | 404,048                         | -                               | -                                 | 65,051                              | -                                     | 469,099                 |

**Notes:-**

\* The Company issued 48,056 ordinary shares pursuant to the exercise of warrants for the period ended 31 December 2007 ("4Q2007").

^ 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 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

| <b>Changes in the Share Capital of the Company for 4<sup>th</sup> Quarter Ended</b> | 31/12/2007   | 31/12/2006    |
|---|--------------|---------------|
| Number of ordinary shares at 1 Oct  | 534,944,245* | 5,307,591,250 |
| Shares arising from exercise of warrants  | 48,056       | -             |
| Number of ordinary shares at 31 December  | 534,992,301  | 5,307,591,250 |

| <b>Outstanding Warrants as at</b>                              | 31/12/2007 | 31/12/2006 |
|--|------------|------------|
| Outstanding warrants that are convertible into ordinary shares | 582,678    | 48,158,735 |

**Notes:**

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

The Company issued 48,056 ordinary shares pursuant to the exercise of warrants in 4Q2007.

- 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 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                     |             |             |             |
|---|-------------------------------|-------------|-------------|-------------|
|   | 4 <sup>th</sup> Quarter Ended |             | Year Ended  |             |
|   | 31/12/2007                    | 31/12/2006  | 31/12/2007  | 31/12/2006  |
|   | S\$'000                       | S\$'000     | S\$'000     | S\$'000     |
| Net (loss)/ profit for the period   | (7,922)                       | 32,366      | 93,759      | 131,226     |
| Basic earnings per share (in cents)                                       | (1.48)                        | 6.1         | 17.6        | 24.7        |
| Diluted earnings per share (in cents)                                     | (1.48)                        | 6.1         | 17.5        | 24.6        |
| Weighted average no. of shares outstanding for basic earnings per share   | 534,977,086                   | 530,759,125 | 533,933,448 | 530,531,368 |
| Weighted average no. of shares outstanding for diluted earnings per share | 535,549,529                   | 533,658,462 | 534,505,355 | 533,458,071 |

The Company consolidated 10 existing ordinary shares into 1 new share on 17 May 2007. For comparative purposes, the weighted average number of shares outstanding for basic and diluted earnings per share for 4Q2006 and FY2006 have been adjusted for them to be stated on the comparable basis.

**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 31 December.

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 |            |
|-----------------------------------|------------|------------|-------------|------------|
|                                   | 31/12/2007 | 31/12/2006 | 31/12/2007  | 31/12/2006 |
| Net Asset Value per share (cents) | 71.8       | 59.7       | 87.1        | 88.4       |

Net asset value per share for the Group and Company is calculated based on 534,992,301 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 consolidated 10 existing ordinary shares into 1 new share on 17 May 2007. For comparative purposes, the number of shares as at 31 December 2006 has been adjusted for them to be stated on the comparable basis.

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**

**4Q2007 vs 4Q2006**

**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.

| <b>Revenue</b>       | <b>4Q2007</b>  | <b>4Q2006</b>  |
|----------------------|----------------|----------------|
|                      | <b>S\$'000</b> | <b>S\$'000</b> |
| Manufacture and Sale | 496,499        | 215,422        |
| Trading              | -              | 14,101         |
| <b>Total</b>         | <b>496,499</b> | <b>229,523</b> |

| <b>Cost of Sales</b> | <b>4Q2007</b>  | <b>4Q2006</b>  |
|----------------------|----------------|----------------|
|                      | <b>S\$'000</b> | <b>S\$'000</b> |
| Manufacture and Sale | 461,665        | 179,068        |
| Trading              | -              | 13,376         |
| <b>Total</b>         | <b>461,665</b> | <b>192,444</b> |

| <b>Gross Profit</b>  | <b>4Q2007</b>  | <b>4Q2006</b>  |
|----------------------|----------------|----------------|
|                      | <b>S\$'000</b> | <b>S\$'000</b> |
| Manufacture and Sale | 34,834         | 36,354         |
| Trading              | -              | 725            |
| <b>Total</b>         | <b>34,834</b>  | <b>37,079</b>  |

| <b>Gross Profit margin</b> | <b>4Q2007</b> | <b>4Q2006</b> |
|----------------------------|---------------|---------------|
|                            | <b>%</b>      | <b>%</b>      |
| Manufacture and Sale       | 7.0           | 16.9          |
| Trading                    | -             | 5.1           |

**Manufacture and Sale**

The Group's revenue from its Manufacture and Sale business segment increased by S\$281.1 million or 130.5% from S\$215.4 million in 4Q2006 to S\$496.5 million in 4Q2007. The increase in revenue was principally attributed to the increase in the sales volume after the production capacity expansion, 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 4Q2007 the Group sold 702,036 tonnes of Hot Rolled Coils ("HRC") and 5,398 tonnes of steel billets as compared to 347,000 tonnes of HRC and 69,000 tonnes of steel billets in 4Q2006. Overall sales quantity increased by 291,434 tonnes or 70.0%.

### 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\$282.6 million or 157.8% from S\$179.1 million in 4Q2006 to S\$461.7 million in 4Q2007 which was in line with the increase in revenue. The increase was also due to the significant increase in prices of raw materials in 4Q2007 compared to the previous corresponding period.

### **Gross profit**

#### Manufacture and Sale

Gross profit decreased by S\$1.6 million or 4.2% from S\$36.4 million in 4Q2006 to S\$34.8 million in 4Q2007.

Gross profit margin decreased from 16.9% in 4Q2006 to 7.0% in 4Q2007 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 increased by S\$0.3 million or 31.0% from S\$1.0 million in 4Q2006 to S\$1.3 million in 4Q2007 which were in line with the increase in revenue.

### **Administrative expenses**

Administrative expenses increased by S\$1.5 million or 27.4% from S\$5.6 million in 4Q2006 to S\$7.1 million in 4Q2007 due mainly to higher personnel expenses in line with the Group's expanded capacity.

### **Finance expenses**

Finance expenses increased by S\$19.6 million from S\$1.7 million in 4Q2006 to S\$17.9 million in 4Q2007. 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\$11.8 million incurred in 4Q2007 included mainly currency translation losses of S\$9.8 million arising from the revaluation of bank accounts denominated in USD which weakened against RMB. The increase was also due to expenses of S\$2.0 million incurred in setting up new subsidiaries in the PRC and Australia.

### **Income tax**

Income tax expenses were S\$7.0 million in 4Q2007. 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%.

Effective 1 January 2008, any profit to be remitted out of China in the form of dividend for foreign enterprises are subject to a withholding tax.

## Net profit

The Group incurred a net loss after tax of S\$7.9 million in 4Q2007 mainly due to the income tax expenses, currency translation losses and initial expenses incurred in relation to the newly set up subsidiaries as mentioned above. These expenses together with lower operating profit margin, contributed to net losses in 4Q2007.

Excluding these expenses, the Group's net profit after tax would have been S\$10.9 million in 4Q2007, representing net profit margin of 2.2 % and 14.1% in 4Q2006 and 4Q2007, respectively.

## FY2007 vs FY2006

### 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              | FY2007           | FY2006         |
|----------------------|------------------|----------------|
|                      | S\$'000          | S\$'000        |
| Manufacture and Sale | 1,541,986        | 843,323        |
| Trading              | -                | 102,023        |
|                      |                  |                |
| <b>Total</b>         | <b>1,541,986</b> | <b>945,346</b> |

| Cost of Sales        | FY2007           | FY2006         |
|----------------------|------------------|----------------|
|                      | S\$'000          | S\$'000        |
| Manufacture and Sale | 1,355,957        | 688,464        |
| Trading              | -                | 99,550         |
|                      |                  |                |
| <b>Total</b>         | <b>1,355,957</b> | <b>788,014</b> |

| Gross profit         | FY2007         | FY2006         |
|----------------------|----------------|----------------|
|                      | S\$'000        | S\$'000        |
| Manufacture and Sale | 186,029        | 154,859        |
| Trading              | -              | 2,473          |
|                      |                |                |
| <b>Total</b>         | <b>186,029</b> | <b>157,332</b> |

| Gross profit margin  | FY2007 | FY2006 |
|----------------------|--------|--------|
|                      | %      | %      |
| Manufacture and Sale | 12.1   | 18.4   |
| Trading              | -      | 2.4    |

### Manufacture and Sale

The Group's revenue from its Manufacture and Sale business segment increased by S\$698.7 million or 82.8% from S\$843.3 million in FY2006 to S\$1.542 billion in FY2007. 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. 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 FY2007 the Group sold 2,356,556 tonnes of HRC and 25,428 tonnes of steel billets as compared to 1,430,900 tonnes of HRC and 142,000 tonnes of steel billets in FY2006. Overall sales volume increased by 809,084 tonnes or 51.4%.

### 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\$667.5 million or 97.0% from S\$688.5 million in FY2006 to S\$1,356.0 million in FY2007 in line with the increase in revenue. The increase was also due to the significant increase in the prices of raw materials in 3Q2007 and 4Q2007.

### **Gross profit**

#### Manufacture and Sale

Gross profit increased by S\$31.1 million or 20.1% from S\$154.9 million in FY2006 to S\$186.0 million in FY2007.

Gross profit margin decreased by 6.3 percentage point from 18.4% in FY2006 to 12.1% in FY2007. The decrease was primarily due to the significant increase in the prices of raw materials in 3Q2007 and 4Q2007 which significantly outpaced the rise in product selling prices.

### **Distribution and marketing expenses**

Distribution and marketing expenses decreased by S\$1.1 million or 20.5% from S\$5.4 million in FY2006 to S\$4.3 million in FY2007 due to the Group's exit from its trading activities in January 2007.

### **Administrative expenses**

Administrative expenses increased by S\$7.1 million or 36.0% from S\$19.5 million in FY2006 to S\$26.6 million in FY2007 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 FY2007.

### **Finance expenses**

Finance expenses increased by S\$27.3 million or 456.4% from S\$6.0 million in FY2006 to S\$33.3 million in FY2007. 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 which amounted to a total of S\$10.1 million.

### **Other operating expenses**

Other operating expenses of S\$14.9 million incurred in FY2007 included mainly currency translation losses of S\$12.9 million arising from the revaluation of bank accounts denominated in USD which weakened against RMB. The increase was also due to expenses of S\$2.0 million incurred in setting up new subsidiaries in the PRC and Australia.

### **Income tax**

Income tax expense was S\$25.3 million in FY2007, compared to an income tax expense of S\$0.2 million in FY2006. Delong Steel, being a wholly foreign owned enterprise in China, 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%.

Effective 1 January 2008, any profit to be remitted out of China in the form of dividend for foreign enterprises is subject to a withholding tax.

### **Net profit**

Net profit after tax decreased by S\$37.4 million or 28.6% from S\$131.2 million in FY2006 to S\$93.8 million in FY2007, representing a net profit margin of 13.9% in FY2006 and 6.1% in FY2007 respectively. Excluding the income tax expenses of S\$25.3 million and other operating expenses of S\$14.9 million as mentioned above, the net profit margin for FY2007 would have been 8.7% as compared with 13.9% in FY2006.

The lower net profit margin in FY2007 as compared with FY2006 was primarily attributable to the lower operating profit margin and other operating expenses as explained above.

## **(b) Review of balance sheet of the Group as at 31 December 2007**

### **Current assets**

Current assets increased by S\$335.1 million or 148.9% from S\$225.0 million as at 31 December 2006 to S\$560.1 million as at 31 December 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 in the raw materials and expanded production capacity completed in mid-December 2007.

As at 31 December 2007, of the S\$83.6 million of the Group's "trade and other receivables", approximately S\$54.1 million or 64.7% comprised notes receivables from customers and pre-payments to vendors and approximately S\$0.2 million trade receivables.

### **Current liabilities**

Current liabilities increased by S\$106.5 million or 24.6% from S\$432.7 million as at 31 December 2006 to S\$539.2 million as at 31 December 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\$228.6 million from a negative position of S\$207.7 million as at 31 December 2006 to a positive position of S\$20.9 million as at 31 December 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.



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\$152.3 million from S\$534.4 million as at 31 December 2006 to S\$686.7 million as at 31 December 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 was completed in mid-December 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**

#### **4Q2007 vs 4Q2006**

#### **Net Cash Generated From Operating Activities**

Operating cashflow before working capital changes decreased by S\$6.6 million or 17.5% from S\$37.7 million in 4Q2006 to S\$31.1 million in 4Q2007. The decrease was primarily due to the decrease in operating profit. Cash used for working capital was S\$60.8 million in 4Q2007, attributable mainly to the increase in inventories and trade and other receivables, which was in line with the increase in trade activities during the period under review. The cash used for working capital was partially offset by the increase in payables.

After taking into consideration cash used for working capital and income tax paid of S\$10.1 million, the net cash outflow from operating activities was S\$39.7 million in FY2007.

#### **Net Cash Used In Investing Activities**

Net cash used in investing activities was S\$51.3 million in 4Q2007. 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.

#### **Net Cash Used in Financing Activities**

Net cash outflow from financing activities was S\$3.5 million in 4Q2007 mainly due to the repayments of principal and interest for bank borrowings and dividend payment. The net cash used in financing activities was partially offset by the drawdown of short-term loans.

## **FY2007 vs FY2006**

### **Net Cash Generated From Operating Activities**

Operating cashflow before working capital changes increased by S\$35.2 million or 21.9% from S\$160.6 million in FY2006 to S\$195.8 million in FY2007. The increase was primarily due to increase in operating profit. Cash generated from operating activities decreased by S\$58.9 million or 30.9% from S\$190.5 million in FY2006 to S\$131.6 million FY2007, attributable mainly to the increase in inventories in FY2007. The decrease was partially offset by the increase in payables.

After taking into consideration cash used for working capital and income tax paid of S\$21.5 million, the net cash inflow from operating activities was S\$110.2 million in FY2007.

### **Net Cash Used In Investing Activities**

Net cash used in investing activities was S\$208.8 million in FY2007. 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 and S\$4.8 million in equity securities in Hong Kong during the period under review.

### **Net Cash Generated From Financing Activities**

Net cash inflow from financing activities was S\$258.0 million in FY2007. This was mainly attributable to the drawdown of short-term loans of S\$320.8 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\$281.2 million and dividend payment of S\$80.2 million in May 2007 and November 2007, respectively.

#### **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 19 February 2008 in which the directors said that “Whilst the Group remains profitable for FY2007 but net profit after tax for FY2007 is expected to be lower than that of FY2006.”

#### **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**

Based on the latest figures released by the People’s Republic of China’s (“PRC”) National Bureau of Statistics (“NBS”) and the National Development and Reform Commission (“NDRC”), for the financial year of 2007 (“FY2007”), the PRC domestic economy maintained its commendable growth momentum recording an 11.4% expansion in gross domestic product. Backed by the strong economical growth, demand and prices of Hot-Rolled Coil (“HRC”) continue to increase steadily. Accordingly, the Group expects demand for HRC products to continue growing in 2008.

Delong’s revenue in FY2007 grew significantly, driven by strong demand for steel products in the PRC and expanded capacity from the completion of the Group’s third phase of technical enhancements, which raised Delong’s annual HRC production capacity to approximately 3.0 million tonnes in FY2007.

However, rising raw material costs, in particular that of iron ore which reached RMB 1,394 per tonne in December 2007, continue to be a key concern for global steel makers who are experiencing pricing pressures. To mitigate the volatility in supply and price, the Group has initiated a number of measures to help reduce margin pressures: -

#### **Long-Term Supply Contracts**

In FY2007, the Group secured two long-term contracts with global iron ore suppliers to import approximately 2.05 million tonnes of iron ore – accounting for approximately 42% of the Group’s current requirement. These contracts, which are set to commence in 2008, will ensure a steady supply of iron ore and help mitigate the effects brought about by rising iron ore prices.

#### **Capacity Expansion**

In late 4Q2007, the Group successfully completed the final phase of its technological enhancement with the construction of its No.6 and No. 7 Blast Furnaces at its Xingtai production plant. In the first three quarters of 2007, the Group had to purchase pig and molten iron at higher prices from external sources to meet its production demands. With the completion of the enhancements, Delong is now self sufficient in the production of pig and molten iron and will benefit from the cost savings which are expected to kick in from FY2008.

#### **Strategic Partnerships**

On 18 February 2007, the Group announced that it is forming a strategic alliance with Evraz Group S.A. (“Evraz”) – Russia’s second largest steelmaker. Under this alliance, Evraz will invest an initial 10.01% stake in Delong to be raised eventually to 51%. Evraz will also supply at least 1 million tonnes of iron ore in 2008 and commit to supply at least 2 million tonnes to Delong from 2009.

Under the contractual terms, Delong will also receive transfer of technology from Evraz upon completion of the acquisition, which is expected to generate further cost savings in production for Delong.

#### **Foreign Exchange Translation Loss**

In 4Q2007, the Group recognized an extraordinary translation loss of S\$9.8 million due to volatility in foreign exchange rates during the period under review. Following the issue of zero coupon convertible bonds in June 2007, Delong has held a portion of the proceeds raised in US dollar denominated deposits. Owing to the decline of the US dollar against the Renminbi, the Group recognized an exceptional charge on translational losses for the quarter.

In FY2008, the Group will progressively utilize the funds raised from the convertible bond issue to fund various expansion initiatives which include: 1) Construction of a Coal Gas Recycling Power Generation Unit, 2) Construction of the Rolling Mill, 3) Investment in its subsidiary DL Resources (Australia) Pty Ltd.

The management has and will continue to pursue various measures to manage the proceeds from the bonds with a view to minimizing any foreign exchange losses.

### **Future Developments**

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. The roller mill had in late December 2007 rolled out its first batch of trial products and Phase 1 is expected to commence production in the second quarter of FY2008 with a capacity of 35,000 tonnes per annum. Targeting domestic and international large 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 FY2008.

In considering any drawdown of funds from the bond issue for investment purposes, the Group will prudently assess if such investments will directly or indirectly improve its HRC operations. In line with this approach, the Group's investments in the roller mill and the construction of the coal gas recycling power generation unit were funded by the proceeds from the bond issue. The Group has also announced an investment in its subsidiary DL Resources (Australia) Pty. Ltd.

The Group believes that its future performance remains positive, underpinned by continuing strong demand for HRC within China, the benefits from its strategic alliance with Evraz and ongoing investments designed to improve operational efficiency and margins of the Group's business activities.

**11. Dividend**

**(a) Current Financial Period Reported On**

*Any dividend declared for the current financial period reported on? Yes*

The Board of Directors has proposed a first and final 1-tier tax-exempt dividend of 4.15 cents per ordinary share in relation to the financial year ended 31 December 2007.

|                        |                   |
|------------------------|-------------------|
| Name of Dividend:      | First and Final   |
| Dividend Type:         | Cash              |
| Dividend per share:    | S\$0.0415         |
| Total Dividend payout: | S\$ 22.20 million |

The total dividend payout represents approximately 23.7% of the Group's net profit for FY2007.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

*Any dividend declared for the corresponding period of the immediately preceding financial year?*

The first and final 1-tier tax-exempt dividend of 15 cents per ordinary share for the financial year ended 31 December 2006 amounted to S\$79.6 million was approved at Company's Annual General Meeting held on 19 April 2007 and paid in two tranches in May 2007 and November 2007 respectively.

**(C) Date payable and Book Closure Date**

To be announced.

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

Not Applicable

**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.**

***Primary reporting format-business segment***

At 31 December 2007, the Group was primarily operating in one single business segment i.e the manufacture and sale of hot-rolled steel coils.

In 2006, the Group was organised into two main business segments:-

- Manufacture and sale of hot-rolled steel coils: and
- Trading of iron ores

***Secondary reporting format-geographical segment***

The Group's operations are mainly carried out in the People's Republic of China. No other individual country contributed more than 10% of the consolidated sales and assets.

***Primary reporting format-business segments***

***As at 31 December 2007***

|                        | Manufacturing<br>S\$'000 | Other<br>S\$'000 | Total<br>S\$'000 |
|------------------------|--------------------------|------------------|------------------|
| <b>REVENUE</b>         |                          |                  |                  |
| External Sales         | 1,541,986                | -                | 1,541,986        |
| Inter –segment sales   | -                        | 60               | 60               |
|                        | 1,541,986                | 60               | 1,542,046        |
| Elimination            |                          |                  | (60)             |
|                        |                          |                  | 1,541,986        |
| <b>SEGMENT RESULTS</b> |                          |                  |                  |
| Segment result         | 159,974                  | (7,690)          | 152,284          |
| Finance costs          |                          |                  | (33,255)         |
| Profit before tax      |                          |                  | 119,029          |
| Tax expense            |                          |                  | (25,270)         |
| Profit after tax       |                          |                  | 93,759           |

**OTHER INFORMATION**

|                     |         |    |         |
|---------------------|---------|----|---------|
| Capital expenditure | 200,456 | 2  | 200,458 |
| Depreciation        | 52,145  | 22 | 52,167  |

**SEGMENT ASSETS**

|                | Manufacturing<br>S\$'000 | Other<br>S\$'000 | Elimination<br>S\$'000 | Total<br>S\$'000 |
|----------------|--------------------------|------------------|------------------------|------------------|
| Segment assets | 1,137,967                | 683,572          | (557,559)              | 1,263,980        |
| Total assets   | 1,137,967                | 683,572          | (557,559)              | 1,263,980        |

**SEGMENT LIABILITIES**

|                         |                |                |                  |                |
|-------------------------|----------------|----------------|------------------|----------------|
| Segment liabilities     | 791,616        | 262,849        | (185,795)        | 868,670        |
| Unallocated liabilities | -              | -              |                  | 11,127         |
|                         | <u>791,616</u> | <u>262,849</u> | <u>(185,795)</u> | <u>879,797</u> |

**Primary reporting format-business segments**  
**As at 31 December 2006**

|                        | Manufacturing<br>S\$'000 | Trading<br>S\$'000 | Other<br>S\$'000 | Total<br>S\$'000 |
|------------------------|--------------------------|--------------------|------------------|------------------|
| <b>REVENUE</b>         |                          |                    |                  |                  |
| External Sales         | 843,323                  | 102,023            | -                | 945,346          |
| Inter –segment sales   | -                        | 40,154             | 60               | 40,214           |
|                        | <u>843,323</u>           | <u>142,177</u>     | <u>60</u>        | <u>985,560</u>   |
| Elimination            |                          |                    |                  | <u>(40,214)</u>  |
|                        |                          |                    |                  | <u>945,346</u>   |
| <b>SEGMENT RESULTS</b> |                          |                    |                  |                  |
| Segment result         | 137,436                  | 1,826              | (1,843)          | 137,419          |
| Finance costs          |                          |                    |                  | <u>(5,977)</u>   |
| Profit before tax      |                          |                    |                  | <u>131,442</u>   |
| Tax expense            |                          |                    |                  | <u>(216)</u>     |
| Profit after tax       |                          |                    |                  | <u>131,226</u>   |

*Note: Other operation of the Group represents investment holding. It does not constitute a separate reportable segment.*

**OTHER INFORMATION**

|                     |               |           |           |               |
|---------------------|---------------|-----------|-----------|---------------|
| Capital expenditure | 191,219       | -         | 15        | 191,234       |
| Depreciation        | <u>25,127</u> | <u>68</u> | <u>21</u> | <u>25,216</u> |

**SEGMENT ASSETS**

|                | Manufacturing<br>S\$'000 | Trading<br>S\$'000 | Other<br>S\$'000 | Elimination<br>S\$'000 | Total<br>S\$'000 |
|----------------|--------------------------|--------------------|------------------|------------------------|------------------|
| Segment assets | 742,491                  | 20,701             | 17,444           | (15,876)               | 764,760          |
| Total assets   | <u>742,491</u>           | <u>20,701</u>      | <u>17,444</u>    | <u>(15,876)</u>        | <u>764,760</u>   |

**SEGMENT LIABILITIES**

|                         |                |              |              |                 |                |
|-------------------------|----------------|--------------|--------------|-----------------|----------------|
| Segment liabilities     | 450,220        | 4,005        | 2,209        | (15,877)        | 440,557        |
| Unallocated liabilities |                |              |              |                 | 7,356          |
|                         | <u>450,220</u> | <u>4,005</u> | <u>2,209</u> | <u>(15,877)</u> | <u>447,913</u> |

**By Geographical Segmentation-FY2006 and FY2007**

The Group's operations are mainly carried out in the PRC. No other regional has contributed more than 10% of the Group's consolidated sales and assets. Sales are based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

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**

Please refer to Section 8.

15. **A breakdown of Sales**

|  | FY2007  | FY2006  | Increase/<br>(Decrease) |
|--|---------|---------|-------------------------|
|  | S\$'000 | S\$'000 | %                       |
| Sales reported for first half year                                       | 646,166 | 471,869 | 36.9                    |
| Profit after exceptional items and tax reported for the first half year  | 76,974  | 61,056  | 26.1                    |
| Sales reported for second half year                                      | 895,820 | 473,477 | 89.2                    |
| Profit after exceptional items and tax reported for the second half year | 16,785  | 70,170  | (76.1)                  |

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

|            | The Company       |                   |
|------------|-------------------|-------------------|
|            | FY2007<br>S\$'000 | FY2006<br>S\$'000 |
| Ordinary   | 22,200            | 79,600            |
| Preference | -                 | -                 |
| Total      | 22,200            | 79,600            |

**BY ORDER OF THE BOARD**

Ding Liguo  
Executive Chairman