德龙控股
DELONG HOLDINGS

DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED FULL YEAR RESULTS
FOR THE YEAR ENDED 31 DECEMBER 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					
		4th Quarter Ended		Increase	Year Ended		Increase
		31/12/2008	31/12/2007	(Decrease)	31/12/2008	31/12/2007	(Decrease)
	Note	S$'000	S$'000	%	S$'000	S$'000	%
Sales		338,150	496,499	(31.9)	2,272,451	1,541,986	47.4
Cost of sales		(439,354)	(461,665)	(4.8)	(2,245,724)	(1,355,957)	65.6
Gross (Loss) /Profit		**(101,204)**	**34,834**	**(390.5)**	**26,727**	**186,029**	**(85.6)**
Other gains/(losses)-Net							
-Miscellaneous	1	(29,550)	(9,409)	214.1	(12,493)	(2,876)	334.4
Expenses							
-Distribution and marketing		(763)	(1,338)	(43.0)	(5,794)	(4,288)	35.1
-Administrative		(5,741)	(7,101)	(19.2)	(34,512)	(26,581)	29.8
-Finance		(15,794)	(17,880)	(11.7)	(60,327)	(33,255)	81.4
(Loss)/Profit before tax	2	(153,052)	(894)	NM	(86,399)	119,029	(172.6)
Income tax (expense)/credit	3	23,859	(7,028)	NM	10,635	(25,270)	NM
(Loss)/Profit after tax		**(129,193)**	**(7,922)**	**NM**	**(75,764)**	**93,759**	**(180.8)**

Notes:-

1 Other miscellaneous gains/ (losses):

	The Group			
	4th Quarter Ended		Year Ended	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	S$'000	S$'000	S$'000	S$'000
Sale of scrap materials	473	861	1,310	1,583
Government grants	1,223	193	1,223	193
Interest income	1,372	710	9,494	8,976
(Loss)/ Gain on disposal of financial assets at fair value through profit or loss	(110)	485	(110)	485
Fair value loss- financial assets at fair value through profit or loss	(1,674)	-	(1,674)	-
Rental income from investment property	109	99	410	396
(Loss)/ Gain on disposal of property, plant and equipment	(1,320)	33	(3,733)	33
Currency translation gain/ (loss)	(8,438)	(9,824)	419	(12,951)
New subsidiaries' initial set up expenses	-	(1,966)	-	(1,966)
Impairment loss of fixed assets	(20,937)	-	(20,937)	-
Others	(248)	-	1,105	375
	(29,550)	(9,409)	(12,493)	(2,876)

The currency translation gain was mainly due to the revaluation of bank borrowings denominated in USD which weakened against RMB in FY2008.

2. Profit before taxation includes the following items:-

	The Group			
	4th Quarter Ended		Year Ended	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	S$'000	S$'000	S$'000	S$'000
Depreciation and Impairment	45,181	14,307	88,659	51,493
Wages and salaries	7,127	7,090	31,671	23,064
Operating lease rental	148	155	381	446

3. Income Tax Expense

	The Group			
	4th Quarter Ended		Year Ended	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	S$'000	S$'000	S$'000	S$'000
Tax expense attributable to profit is made up of:				
Current income tax expense /(credit)				
-Foreign	(12,411)	6,908	813	25,143
-Local	125	120	125	120
Deferred income tax *	(11,573)		(11,573)	
(Underprovision)/ Overprovision in preceding financial years				
-Income tax	-	-	-	7
	(23,859)	7,028	(10,635)	25,270

In 4Q2008, Delong Steel has recognized a reversal of S$13.3 million for tax expenses paid on profit made for the nine-month ended 30 September 2008, as Delong Steel incurred a loss for the year ended 31 December 2008.

*Deferred income tax assets are recognized for tax losses carried forward to the extent that realization of the tax benefits through future taxable profit s is probable.

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$'000 As at 31/12/2008	The Group S$'000 As at 31/12/2007	The Company S$'000 As at 31/12/2008	The Company S$'000 As at 31/12/2007
Current Assets					
Cash and cash equivalents		142,041	196,594	77,327	162,544
Bank balances pledged		134,143	33,922	-	-
Financial assets, held for trading	1	1,012	4,750	1,012	4,750
Trade and other receivables		80,582	76,543	28	42,574
Inventories		141,192	241,214	-	-
		498,970	553,023	78,367	209,868
Non-current assets					
Trade and other receivables		17,209	7,031	228,054	130,217
Investments in subsidiaries		-	-	395,832	376,044
Financial assets, available-for-sale	2	6,753	13,917	4,653	11,923
Investment property		3,192	3,262	-	-
Property, plant and equipment		739,720	686,747	9	66
Deferred income tax assets		11,882	-	-	-
		778,756	710,957	628,548	518,250
Total assets		1,277,726	1,263,980	706,915	728,118
Current liabilities					
Trade and other payables		293,302	324,571	1,606	3,357
Notes payables		118,664	42,494	-	-
Borrowings		216,390	161,008	2	2
Provision for current tax		-	11,127	207	94
		628,356	539,200	1,815	3,453
Non-current liabilities					
Borrowings		74,826	82,143	6	8
Convertible bonds	3	291,644	258,454	291,644	258,454
		366,470	340,597	291,650	258,462
CAPITAL AND RESERVE					
Share capital		70,074	69,520	406,718	406,164
Reserves		212,826	314,663	6,732	60,039
Total equity		282,900	384,183	413,450	466,203
Total liabilities and equity		1,277,726	1,263,980	706,915	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 1 June 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 31 December 2008, the Company had fully utilised the proceeds from the Convertible Bonds in the following manner:-

(i)	*Investment in CFE*	*S$11.9 million;*
(ii)	*Investment in plant and equipment*	*S$258.2 million; and*
(iii)	*Working capital*	*S$35.1 million.*

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 31/12/2008		As at 31/12/2007	
Secured	Unsecured*	Secured	Unsecured*
S$'000	S$'000	S$'000	S$'000
135,892	80,498	95,274	65,734

Amount repayable after one year

As at 31/12/2008		As at 31/12/2007	
Secured	Unsecured*	Secured	Unsecured*
S$'000	S$'000	S$'000	S$'000
71,596	3,230	77,902	4,241

Details of any collateral

The Group's borrowings are secured by the following:

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

* Borrowings amounting to S$61,858,778 (2007:S$54,368,606) 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			
	4th Quarter Ended		Year Ended	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities:				
(Loss)/ Profit after taxation	(129,193)	(7,922)	(75,764)	93,759
Adjustments for:				
Depreciation and impairment	45,181	14,037	88,659	51,493
Loss on disposal of property, plant and equipment	1,320	827	3,733	1,052
Gain on disposal of a subsidiary	-	-	-	(53)
Loss/ (Gain) on disposal of financial assets, fair value through profit or loss	110	(485)	110	(485)
Fair value loss on financial assets, fair value through profit or loss	1,674	572	1,674	572
Interest income	(1,372)	(710)	(9,494)	(8,976)
Interest expense	15,794	17,880	60,327	33,255
Income tax expense	(23,859)	7,028	(10,635)	25,270
	38,848	39,149	134,374	102,128
Operating cash flow before working capital changes	(90,345)	31,227	58,610	195,887
Bank balances pledged	(40,740)	7,056	(100,221)	(10,123)
Receivables	66,332	(25,911)	(13,008)	(20,639)
Inventories	155,204	(67,658)	100,022	(139,423)
Payables	(9,031)	25,759	44,902	106,039
	171,765	(60,754)	31,695	(64,146)
Cash (used in) generated from operating activities	81,420	(29,527)	90,305	131,741
Income tax paid	(1,063)	(10,130)	(13,582)	(21,498)
Net cash (used in)generated from operating activities	80,357	(39,657)	76,723	110,243
Cash flows from investing activities:				
Payments for property, plant and equipment	(24,826)	(47,215)	(131,046)	(200,458)
Investment in CFE	-	-	-	(11,923)
Proceeds from disposal of property, plant and equipment	287	-	287	-
Proceeds from disposal of financial assets, fair value through profit or loss	1,954	2,817	1,954	2,817
Investment held for trading	-	(7,674)	-	(7,674)
Interest received	3,794	710	11,916	8,976
Net cash flow on disposal of a subsidiary	-	-	-	(646)
Net cash used in investing activities	(18,791)	(51,362)	(116,889)	(208,908)
Cash flows from financing activities:				
Proceeds from borrowings	90,737	129,857	513,470	320,849
Repayment of borrowings	(139,708)	(74,700)	(465,406)	(257,227)
Proceeds from convertible bonds	-	-	-	296,479
Proceeds from warrants conversion	84	24	207	2,116
Dividend paid	-	(48,149)	(22,205)	(80,219)

Interest paid	(10,125)	(10,575)	(40,453)	(24,013)
Net cash (used in)/ generated from financing activities	(59,012)	(3,543)	(14,387)	257,985
Net (decrease)/ increase in cash and cash equivalents	2,554	(94,562)	(54,553)	159,320
Cash and cash equivalents at beginning of the period	139,487	291,156	196,594	37,274
Cash and cash equivalents at end of the period	142,041	196,594	142,041	196,594

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**	**Other reserve**	**Translation reserve**	**Statutory reserve**	**Retained earnings**	**Total**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 January 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
Issue of shares pursuant to exercise of warrants*	84	-	-	-	-	-	84
Issue of shares pursuant to convertible bonds*	347	(52)	-	-	-	-	295
AFS-Fair Value losses	-	-	(4,848)	-	-	-	(4,848)
Currency translation differences	-	-	-	(21,222)	-	-	(21,222)
Net loss for the period	-	-	-	-	-	(129,193)	(129,193)
Balance as at 31 December 2008	70,074	49,608	(4,848)	(4,513)	28,544	144,035	282,900

	Share capital	**Capital reserve**	**Translation reserve**	**Statutory reserve**	**Retained earnings**	**Total**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 January 2007	67,404	-	(7,565)	28,544	228,464	316,847
Issue of shares pursuant to exercise of warrants	906	-	-	-	-	906
Currency translation differences	-		(1,147)	-	-	(1,147)
Net profit for the period	-	-	-	-	34,596	34,596
Balance as at 31 March 2007	68,310	-	(8,712)	28,544	263,060	351,202
Issue of shares pursuant to exercise of warrants	1,106	-	-	-	-	1,106

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
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)
Balance as at 31 December 2007	69,520	49,771	(5,656)	28,544	242,004	384,183

The Company	**Share capital S$'000**	**Capital reserve S$'000**	**Other reserve S$'000**	**Retained earnings S$'000**	**Translation reserve S$'000**	**Total S$'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
Issue of shares pursuant to exercise of warrants*	84	-	-	-	-	84
Issue of shares pursuant to convertible bonds	347	(52)	-	-	-	295
AFS-Fair Value losses*	-	-	(4,848)	-	-	(4,848)
Currency translation differences	-	-	-		(12,442)	(12,442)
Net loss for the period	-	-	-	(12,300)	-	(12,300)
Balance as at 31 December 2008	406,718	49,608	(4,848)	(46,458)	8,430	413,450

<u>The Company</u>	**Share capital S$'000**	**Capital reserve S$'000**	**Retained earnings S$'000**	**Translation reserve S$'000**	**<u>Total</u> S$'000**
Balance as at 1 January 2007	404,048	-	65,051	-	469,099
Issue of shares pursuant to exercise of warrants	906	-	-	-	906
Currency translation differences	-	-	-	(939)	(939)
Net loss for the period	-	-	(446)	-	(446)
Balance as at 31 March 2007	404,954	-	64,605	(939)	468,620
Issue of shares pursuant to exercise of warrants	1,106	-	-	-	1,106
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	489,544
Issue of shares pursuant to exercise of warrants	24	-		-	24
Currency translation differences	-	-		(582)	(582)
Dividend paid	-	-	(48,149)	-	(48,149)
Net profit for the period	-	-	25,366	-	25,366
Balance as at 31 December 2007	406,164	49,660	7,193	3,186	466,203

Notes

* The Company issued 168,627 ordinary shares and 71,543 ordinary shares respectively pursuant to the exercise of warrants and conversion of convertible bonds in 4Q2008.

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 4th Quarter Ended	31/12/2008	31/12/2007
Number of ordinary shares at 1 Oct	535,238,328	534,944,245
Shares arising from exercise of warrants	168,627	48,056
Shares arising from conversion of Convertible Bonds	71,543	-
Number of ordinary shares at 31 December	535,478,498	534,992,301

Outstanding Warrants as at	31/12/2008	31/12/2007
Outstanding warrants that are convertible into ordinary shares	-	582,678

Note:
The Company issued 168,627ordinary shares and 71,543 ordinary shares respectively pursuant to the exercise of warrants and conversion of Convertible Bonds in 4Q2008. The warrants had expired in October 2008.

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.

The Company has no treasury shares.

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 reviewed or audited by our auditors.

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

Not Applicable.

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			
	4th Quarter Ended		Year Ended	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	S$'000	S$'000	S$'000	S$'000
Net (loss)/ profit for the period	(129,193)	(7,922)	(75,764)	93,759
Basic earnings per share (in cents)	(24.1)	(1.48)	(14.2)	17.6
Diluted earnings per share (in cents)	(24.1)	(1.48)	(14.2)	17.5
Weighted average no. of shares outstanding for basic earnings per share	535,425,352	534,977,086	535,101,142	533,933,448
Weighted average no. of shares outstanding for diluted earnings per share	535,425,352	535,549,529	535,101,142	534,505,355

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. The convertible bonds, which can be converted into ordinary shares of the Company, do no have a dilutive effect on conversion and hence were not included in the calculation of the diluted earnings per share.

The warrants had expired in October 2008 and there were no outstanding warrants as at 31 December 2008.

The company issued 71,543 ordinary shares pursuant to the conversion of convertible bonds in 4Q2008.

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	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Net Asset Value per share (in cents)	52.8	71.8	77.2	87.1

Net asset value per share for the Group and Company is calculated based on 535,478,498 ordinary shares in issue at the end of the financial year 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) <u>Review of income statement of the Group</u>

<u>4Q2008 vs 4Q2007</u>

Revenue

Revenue decreased by S$158.3 million or 31.9% from S$496.5 million in 4Q2007 to S$338.2 million in 4Q2008. The decrease in revenue was principally attributed to the decrease in the sales volume arising from the weaker demand of Hot Rolled Coils ("HRC") in PRC as well as the significant decrease in the average selling prices of HRC in 4Q2008 as compared to previous corresponding period.

In 4Q2008 the Group sold 409,155 tonnes of HRC and 105,800 tonnes of steel billets as compared to 702,036 tonnes of HRC and 5,398 tonnes of steel billets in 4Q2007. Overall sales quantity decreased by 192,479 tonnes or 27.2%.

Cost of sales

Cost of sales decreased by S$22.3 million or 4.8% from S$461.7 million in 4Q2007 to S$439.4 million in 4Q2008. The decrease in Costs of Sales in term of percentage did not fall in tandem with the decrease in volume of HRC sold in 4Q2008 due to higher prices for raw materials which were contracted earlier and the write-down of inventories to net realisable value in 4Q2008.

Gross profit

Gross loss was S$101.2 million in 4Q2008 compared to the gross profit of S$34.8 million in 4Q2007 primarily due to the higher cost of sales in 4Q2008 as described above and a decrease in prices and the volume of HRC sold due to the weaker operating environment in 4Q2008.

Distribution and marketing expenses

Distribution and marketing expenses decreased by S$0.5 million from S$1.3 million in 4Q2007 to S$0.8 million in 4Q2008. This was due to the decrease in distribution expenses in line with the lower sales quantity.

Administrative expenses

Administrative expenses decreased by S$1.4 million from S$7.1 million in 4Q2007 to S$5.7 million in 4Q2008. The decrease was due to the decrease in general administrative expenses in line with the decrease in revenue resulting from the lower sales quantity.

Finance expenses

Finance expenses decreased by S$2.1 million from S$17.9 million in 4Q2007 to S$15.8 million in 4Q2008. The decrease was due to the lower interest rates on bank borrowings, although there was an increase in bank borrowings in 4Q2008 as compared to previous corresponding period.

Net loss

Reflecting the decrease in sales of HRC in 4Q2008 and the higher costs of sales, the Group posted a net loss after tax of S$129.2 million in 4Q2008 compared to S$7.9 million in 4Q2007. Net loss would have been lower had it not been for the S$20.9 million impairment charge on its fixed assets in 4Q2008.

FY2008 vs FY2007

Revenue

Revenue increased substantially from S$1.542 billion in FY2007 to S$2.272 billion in FY2008, representing an increase of S$730.0 million or 47.4%. The increase in revenue was principally attributed to the increase in the sales volume following the production capacity expansion in 2007, higher average selling price and changes in product mix in FY2008 compared with previous corresponding year.

In FY2008 the Group sold 2,494,606 tonnes of HRC and 163,326 tonnes of steel billets as compared to 2,356,556 tonnes of HRC and 25,428 tonnes of steel billets in FY2007. Overall sales volume increased by 275,948 tonnes or 11.6%.

The Group commenced the sale of its first batch of roller-mill products in 2Q2008. During the year under review, the Group produced 840 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 0.05% of the Group's revenue in FY2008.

Cost of sales

Cost of sales increased by S$890.0 million or 65.6% from S$1.356 billion in FY2007 to S$2.246 billion in FY2008 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 FY2008 compared with previous corresponding year.

Gross profit

Gross profit decreased by S$159.3 million or 85.6% from S$186.0 million in FY2007 to S$26.7 million in FY2008.

Gross profit margin decreased by 10.9 percentage point from 12.1% in FY2007 to 1.2% in FY2008. The decrease was primarily due to the substantial increase in the prices of raw materials in FY2008 which significantly outpaced the rise in product selling prices.

Distribution and marketing expenses

Distribution and marketing expenses increased by S$1.5 million from S$4.3 million in FY2007 to S$5.8 million in FY2008. This was due to increase in distribution related expenses as a result of higher sales quantity.

Administrative expenses

Administrative expenses increased by S$7.9 million from S$26.6 million in FY2007 to S$34.5 million in FY2008 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 FY2008.

Finance expenses

Finance expenses increased by S$27.0 million from S$33.3 million in FY2007 to S$60.3 million in FY2008. The increase was due to the increase in bank borrowings and higher interest rates on bank borrowings. The increase was also due to the interest expense accrued on the Convertible Bonds which amounted to a total of S$17.2 million in FY2008.

Net profit

Net loss after tax was S$75.8 million in FY2008 compared to the net profit after tax of $93.8 million in FY2007.

Net loss was primarily attributable to the lower operating profit in FY2008.

Net loss would have been S$54.9 million excluding the S$20.9 million loss for impairment of fixed assets in 4Q2008.

(b) Review of balance sheet of the Group as at 31 December 2008

Current assets

Current assets decreased by S$54.0 million from S$553.0 million as at 31 December 2007 to S$499.0 million as at 31 December 2008. The decrease was primarily attributable to the decrease in inventories and cash and cash equivalent. The decrease was partially offset by the increase in bank balances pledged with banks as securities for bank borrowings and notes payable.

The decrease in inventories was mainly due to the Group's streamlining of its inventory holdings in line with the decrease in the production at four of its older blast furnaces and the write-down of inventories to net realizable value in 4Q2008.

As at 31 December 2008, the Group's "trade and other receivables" was S$80.6 million which consisted of approximately S$26.7 million or 33.1% in notes receivables from customers. Pre-payments to vendors and trade receivables were approximately S$22.2 million and S$4.8 million, respectively.

As at 31 December 2008, the Board was of the view that no provision for doubtful debt was necessary as almost all of the sales were by way of notes receivables which were bank acceptance notes.

Current liabilities

Current liabilities increased by S$89.2 million from S$539.2 million as at 31 December 2007 to S$628.4 million as at 31 December 2008. The increase was primarily attributable to the increase in bank borrowings drawn down for working capital purposes as well as increased usage of bank notes payable for payment to creditors and suppliers. The increase in notes payables was partially offset by the decrease in trade and other payables.

The increase in notes payable was mainly due to the Group's adoption of a more cost effective model of issuing notes payable for payments to suppliers at a lower financing cost instead of transferring its notes receivables to suppliers.

Working capital

The Group had negative working capital of S$129.4 million as at 31 December 2008. The Group's negative working capital position was mainly due to the use of short-term bank loans for working capital purposes. In addition, pre-payments from customers amounting to S$120.3 million were recorded as current liabilities in the balance sheet.

Although the Group is in negative working capital position, it is able to service all of its debts obligations primarily through cash inflow from operations.

As at 31 December 2008, 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$53.0 million from S$686.7 million as at 31 December 2007 to S$739.7 million as at 31 December 2008 primarily due to the construction of the new mill roll plant at Xingtai Delong Machinery and Mill Roll Co., Ltd ("Xingtai Delong Mill Roll"), which offset an impairment charge on fixed assets of S$20.9 million in 4Q2008.

(c) Review of cash flow statement of the Group

4Q2008 vs 4Q2007

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes decreased by S$121.5 million from the cash in-flow of S$31.2 million in 4Q2007 to a cash outflow of S$90.3 million in 4Q2008. The decrease was primarily due to the decrease in operating profit. Cash generated from operating activities was S$81.4 million in 4Q2008, attributable mainly to the decrease in inventories and receivables. The increase in cash generated from operating activities was partially offset by the increase in balances pledged with banks as securities for bank borrowings and notes payable.

The decrease in receivables was primarily due to the decrease in advance payment to suppliers of raw materials which was in line with lower revenue in 4Q2008 while the decrease in inventories was attributable to the lower production volume and write-down of inventories to net realizable value in 4Q2008.

After taking into consideration cash generated from working capital and income tax expense of S$1.0 million, the net cash inflow from operating expenses was S$80.4 million in 4Q2008.

Net Cash Used In Investing Activities

Net cash used in investing activities was S$18.8 million in 4Q2008. This comprised principally of payment for construction in progress in relation to the new roll plant at Xingtai Delong Mill Roll.

Net Cash Used In Financing Activities

Net cash used in financing activities was S$59.0 million in 4Q2008. This was mainly attributable to the drawdown of short-term loans of S$90.7 million less principal and interest repayments of S$149.8 million which was taken during the period for working capital purposes.

FY2008 vs FY2007

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes decreased by S$137.3 million from S$195.9 million in FY2007 to S$58.6 million in FY2008 following a reduction in operating profit. Net cash generated from operating activities decreased by S$33.0 million from S$110.2 million in FY2007 to S$76.7million in FY2008. 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 receivable in line with the revenue growth in FY2008 which served to offset the increase in payables and decrease in inventories.

The increase in payables was attributable to the increase in notes payable in line with the higher cost of sales in FY2008. While the decrease in inventory was attributable to the Group's write-down of inventories to net realizable value and the initiative to streamline inventory holdings as at 31 December 2008.

Net Cash Used In Investing Activities

Net cash used in investing activities was S$116.9 million in FY2008. 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 Used In Financing Activities

Net cash used in financing activities was S$14.4 million in FY2008. This was mainly attributable to the drawdown of short-term loans of S$ 513.5 million less principal and interest repayments of S$505.9 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 Profit Guidance on 7 January 2009 in which the directors said that Delong will report a loss for the full year ended 31 December 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 sustained weakness in world financial markets and general economic downturn reduced the demand for steel and steel-related products in the fourth quarter of 2008. Consequentially, demand for Delong's HRC products were impacted by a decrease 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 continue to focus on cost containment initiatives and productivity enhancements 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 is actively exploring opportunities to optimize its mix of the long term contracts and spot markets for the purchase of raw materials.

Possible Acquisition by Evraz Group S.A.

On 19 February 2007, 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"), Ding Liguo and Zhao Jing (collectively, the "Covenantors") pursuant to which Evraz 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, Evraz had on 15 August 2008, announced that it had entered into a supplemental agreement ("Supplemental Agreement") with Best Decade and the Covenantors to amend the terms of the SPA pursuant to which Evraz, Best Decade and the Covenantors agreed, *inter alia*, to extend the period for which Evraz will be entitled to exercise its option ("Call Option") to call for approximately 32.08% of the shares held by Best Decade in Delong ("Option Shares"), and the period for which Best Decade will be entitled to exercise its option ("Put Option") to put the Option Shares to Evraz to 18 February 2009, if (amongst other conditions required to be fulfilled under the SPA) the necessary anti-trust approvals from the PRC regulatory authorities are obtained prior to the expiry of the extended period.

Subsequently, Evraz had on 11 February 2009, announced that it had entered into a second supplemental agreement with Best Decade and the Covenantors to amend the terms of the SPA (as amended by the Supplemental Agreement), pursuant to which Evraz, Best Decade and the Covenantors agreed, *inter alia*, to further extend the period for which Evraz is entitled to exercise its Call Option and the period for which Best Decade is entitled to exercise its Put Option subject to satisfaction of certain conditions (including the necessary anti-trust approvals from the PRC regulatory authorities) to 18 August 2009. As at 11 February 2009, the review of the anti-trust approval has yet to be completed. Evraz 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.

Business Outlook

The near-term outlook for the PRC steel industry continues to be volatile in various aspects including the price and demand. The Group will monitor the situation closely and will gradually increase its capacity utilization rates when the demand situation for steel products improves.

The credit market remains tight. However, the Group 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 year ended 31 December 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.

Primary reporting format-business segment

In 2008 the Group was primarily operating in one single business segment i.e the manufacture and sale of hot-rolled steel coils.

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 2008

	Manufacturing S$'000	Other S$'000	Total S$'000
REVENUE			
External Sales	2,271,314	1,137	2,272,451
Inter –segment sales	2,246	4,414	6,660
	2,273,560	5,551	2,279,111
Elimination			(6,660)
			2,272,451
SEGMENT RESULTS			
Segment result	(17,447)	(8,625)	(26,072)
Finance costs			(60,327)
Loss before tax			(86,399)
Tax credit			10,635
Loss after tax			(75,764)
OTHER INFORMATION			
Capital expenditure	111,707	-	111,707
Depreciation and impairment	88,636	23	88,659

SEGMENT ASSETS	Manufacturing	Other	Elimination	Total
	S$'000	S$'000	S$'000	S$'000
Segment assets	1,133,306	782,465	(638,045)	1,277,726
Total assets	1,133,306	782,465	(638,045)	1,277,726
SEGMENT LIABILTIES				
Segment liabilities	909,484	351,622	(266,280)	994,826
Unallocated liabilities				
	909,484	351,622	(266,280)	994,826

Primary reporting format-business segments
As at 31 December 2007

	Manufacturing S$'000	Other S$'000	Total S$'000
REVENUE			
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
SEGMENT RESULTS			
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	Other	Elimination	Total
	S$'000	S$'000	S$'000	S$'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 LIABILTIES				
Segment liabilities	791,616	262,849	(185,795)	868,670
Unallocated liabilities	-	-		11,127
	791,616	262,849	(185,795)	879,797

By Geographical Segmentation-FY2007 and FY2008

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

	FY2008	FY2007	Increase/
			(Decrease)
	S$'000	S$'000	%
Sales reported for first half year	1,296,761	646,166	100.7%
Profit after exceptional items and tax reported for the first half year	65,312	76,974	(15.2%)
Sales reported for second half year	975,690	895,820	8.9%
(Loss)/ Profit after exceptional items and tax reported for the second half year	(141,076)	16,785	NM

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	
	FY2008	FY2007
	S$'000	S$'000
Ordinary	-	22,200
Preference	-	-
Total	-	22,200

BY ORDER OF THE BOARD

Ding Liguo
Executive Chairman