



DELONG HOLDINGS LIMITED

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim consolidated financial results of Delong Holdings Limited for the third quarter ended 30 September 2009 (“3Q2009”) false or misleading in any material respect.

On behalf of the Board of Directors

Mr. Ding Ligu
Chairman

Mr. Guo Sanxiang
Executive Director

Singapore
12 November 2009



DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

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

The Company's functional currency is Chinese Renminbi ("RMB"). The financial information was previously presented in Singapore Dollar ("SGD") as the Company is incorporated and listed in Singapore. As the activities of the Group are primarily conducted in RMB, the Company will present the financial information in RMB with effect from 1 January 2009, so as to present the results of the Group, without the effect of the changes in the exchange rate between RMB and SGD.

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

		The Group					
		3 rd Quarter Ended		Increase	9 Months Ended		Increase
Note		30/09/2009	30/09/2008	(Decrease)	30/09/2009	30/09/2008	(Decrease)
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Sales	2,127,259	3,103,517	(31.5)	5,622,884	9,652,162	(41.7)
	Cost of sales	(1,879,039)	(3,081,829)	(39.0)	(5,158,038)	(9,013,786)	(42.8)
	Gross Profit	248,220	21,688	1044.5	464,846	638,376	(27.2)
	Other gains-net	14,320	60,583	(76.4)	36,703	85,114	(56.9)
	Expenses						
	-Distribution and marketing	(1,514)	(7,888)	(80.8)	(2,973)	(25,105)	(88.2)
	-Administrative	(40,630)	(49,921)	(18.6)	(110,005)	(143,567)	(23.4)
	-Finance	(58,213)	(76,849)	(24.3)	(185,853)	(222,220)	(16.4)
	Profit before tax	162,183	(52,387)	nm	202,718	332,598	(39.1)
	Income tax expense	(23,054)	(10,831)	112.9	(34,240)	(65,988)	(48.1)
	Net Profit	139,129	(63,218)	nm	168,478	266,610	(36.8)
	Other comprehensive income/ (loss):						
	Gains/(losses) recognized directly in equity						
	Financial assets, available-for-sale						
	-Fair value (losses)/ gains	-	-		550	-	
	-Losses previously recognized directly in equity now included in net loss	-	-		22,531	-	
	Currency translation differences	6,399	12,691		3,662	13,551	
	Other comprehensive income for the period, net of tax	6,399	12,691		26,743	13,551	
	Total comprehensive income attributable to equity holders of the Company	145,528	(50,527)		195,221	280,161	

nm: not meaningful

Notes:-

1 Other gains-net

	The Group			
	3rd Quarter Ended		9 Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RMB'000	RMB'000	RMB'000	RMB'000
Sale of scrap materials	-	1,997	-	4,177
Gain/(loss) on disposal of financial assets, available- for- sale	795	-	(1,360)	-
Gain on disposal of financial assets at fair value through profit or loss	16	-	970	-
Fair value gain/(loss)- financial assets at fair value through profit or loss	1,007	5,033	(13,939)	-
Interest income	3,793	9,699	14,988	40,529
Rental income from investment property	518	502	1,519	1,502
Currency translation gain-net	10,233	40,761	34,962	44,196
(Loss)/gain on disposal of property, plant and equipment	(1,197)	64	(1,454)	(12,041)
Others	(845)	2,527	1,017	6,751
	<u>14,320</u>	<u>60,583</u>	<u>36,703</u>	<u>85,114</u>

The currency translation gain was mainly due to the revaluation of bank balances denominated in the Australian Dollar, which strengthened against RMB in 3Q2009.

2. Profit before taxation includes the following items:-

	The Group			
	3rd Quarter Ended		9 Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortisation	137,015	78,630	318,329	216,955
Staff and wages	47,812	45,104	117,570	122,475
Operating lease rental	175	264	532	1,163

3. Income Tax Expense

	The Group			
	3rd Quarter Ended		9 Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RMB'000	RMB'000	RMB'000	RMB'000
Tax expense attributable to profit is made up of:				
Current income tax expense				
-Foreign	15,204	10,831	18,702	65,988
Deferred income tax	7,850	-	15,420	-
Underprovision in preceding financial years				
-Current income tax	-	-	118	-
	<u>23,054</u>	<u>10,831</u>	<u>34,240</u>	<u>65,988</u>

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 RMB '000		The Company RMB '000	
		As at 30/09/2009	As at 31/12/2008	As at 30/09/2009	As at 31/12/2008
Current Assets					
Cash and cash equivalents		370,603	676,399	279,281	368,231
Bank balances pledged		648,640	638,789	-	-
Financial assets, at fair value through profit and loss	1	7,755	4,819	7,755	4,819
Trade and other receivables	2	392,040	150,970	132	52
Inventories	3	898,873	672,356	-	-
Other current assets	4	231,064	227,009	117	81
Tax recoverable		-	8,872	-	-
		2,548,975	2,379,214	287,285	373,183
Non-current assets					
Trade and other receivables	5	223,437	81,949	1,223,360	1,085,993
Investments in subsidiaries		-	-	1,884,916	1,884,916
Investment in joint venture	6	20,000	-	-	-
Financial assets, available-for-sale	7	10,000	32,158	-	22,157
Investment property		15,148	15,200	-	-
Property, plant and equipment		3,377,854	3,522,546	28	43
Deferred income tax assets		41,161	56,582	-	-
		3,687,600	3,708,435	3,108,304	2,993,109
Total assets		6,236,575	6,087,649	3,395,589	3,366,292
Current liabilities					
Trade and other payables		1,331,980	1,396,703	7,188	7,648
Notes payables		455,830	565,076	-	-
Borrowings		1,008,977	1,030,449	10	10
Convertible bonds	8	1,460,012	-	1,460,012	-
Current income tax liabilities		7,361	3,119	578	986
		4,264,160	2,995,347	1,467,788	8,644
Non-current liabilities					
Borrowings		430,023	356,321	18	29
Convertible bonds	8	-	1,388,810	-	1,388,810
		430,023	1,745,131	18	1,388,839
CAPITAL AND RESERVE					
Share capital		353,297	353,297	2,059,133	2,059,133
Capital reserve		249,218	249,218	249,218	249,218
Fair value reserve		-	(23,081)	-	(23,081)
Statutory reserve		141,072	141,072	-	-
Currency translation reserve		15,075	11,413	-	-
Retained earnings		783,730	615,252	(380,568)	(316,461)
Total equity		1,542,392	1,347,171	1,927,783	1,968,809
Total liabilities and equity		6,236,575	6,087,649	3,395,589	3,366,292

Notes:-

1. *This represents investment in equity securities listed on the Stock Exchange of Hong Kong (“SEHK”), as well as unquoted options in Cape Lambert Iron Ore Limited (“CFE”), a company listed on the Australian Securities Exchange (2008: investment in equity securities listed on SEHK).*

2. *Trade and other receivables - current*

	The Group	
	30/09/2009	31/12/2008
	RMB'000	RMB'000
Finance lease receivables *	36,619	-
Trade receivables	67,360	23,500
Notes receivable	288,061	127,055
Other receivables	-	415
	<u>392,040</u>	<u>150,970</u>

The Group started mill roll manufacturing operations in 4Q2007. The increase in trade receivables was due to the increase in trade activities at Xingtai Delong Machinery and Mill Roll Co., Ltd.

The increase in notes receivables was in line with the increase in revenue in 3Q2009, compared to 4Q2008.

As at 30 September 2009, 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.

3. *Inventories*

	The Group	
	30/09/2009	31/12/2008
	RMB'000	RMB'000
Raw materials	523,177	76,330
Work-in-progress	85,918	138,693
Finished goods	140,996	291,930
Production supplies	148,782	165,403
	<u>898,873</u>	<u>672,356</u>

The increase in inventories was due to the increased purchase of raw materials in anticipation of higher production in 4Q2009, which in turn requires high raw material stock to be maintained.

4. *Other current assets*

	The Group	
	30/09/2009	31/12/2008
	RMB'000	RMB'000
Deposits	56	9,343
Prepayments	154,965	145,617
Other	76,043	72,049
	<u>231,064</u>	<u>227,009</u>

5. *Trade and other receivables – non-current*

	The Group	
	30/09/2009	31/12/2008
	RMB'000	RMB'000
Finance lease receivables*	199,965	58,477
Due from an investee company	23,472	23,472
	223,437	81,949

**The Group started its leasing business in 4Q2007 through wholly-owned subsidiary Dezhong International Financing Leasing Co., Ltd. The increase in finance lease receivables was in line with the increase in leasing activities in 9M2009.*

6. *The investment represents a 20% shareholding in Bohai Steel Alliance Co., Ltd (“Bohai Steel”). Further information can be found in the Company’s SGXNet announcement dated 27 April 2009.*

7. *The investment represents a 10% equity interest in Hebei Zhongmei Xuyang Coking Co., Ltd. (2008: 10% equity interest in Hebei Zhongmei Xuyang Coking Co., Ltd and unquoted options in CFE, a company listed on the Australian Securities Exchange).*

8 *The Convertible Bonds represent the RMB 1,532,000,000 in zero coupon convertible bonds due 8 June 2012 issued on 8 June 2007. Under the original terms of issue, the Convertible Bonds were 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 issued upon conversion of the Convertible Bonds when allotted and issued would in all respects rank pari passu with the existing shares in issue. Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds were to be redeemed at 116.05% of the principal amount outstanding on 8 June 2012.*

The bondholder also had the right to require the Company to redeem all or part of the bonds at 109.34% of the principal amount on or after 8 June 2010.

Subsequent to the financial period ended 30 September 2009, the Company has on 12 November 2009 successfully completed the proposed restructuring of the Convertible Bonds (“Restructured Convertible Bonds”). The revised terms and conditions of the Restructured Convertible Bonds can be found in the Company’s circular in connection with the proposed Convertible Bonds restructuring, which was issued on 20 October 2009.

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

Amount repayable in one year or less, or on demand

As at 30/09/2009	As at 31/12/2008
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Secured	Unsecured*	Secured	Unsecured*
RMB'000	RMB'000	RMB'000	RMB'000
479,584	529,393	647,117	383,332

Amount repayable after one year

As at 30/09/2009	As at 31/12/2008
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Secured	Unsecured*	Secured	Unsecured*
RMB'000	RMB'000	RMB'000	RMB'000
366,242	63,781	340,940	15,381

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 RMB 284,959,315 (2008: RMB 239,462,000) were guaranteed by third parties.

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

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RMB '000	RMB '000	RMB '000	RMB'000
Cash flows from operating activities:				
Profit/ (loss) after income tax	139,129	(63,218)	168,478	266,610
Adjustments for:				
Depreciation	137,015	78,630	318,329	216,955
Loss/(gain) on disposal of property, plant and equipment	1,197	(64)	1,454	12,041
Fair value (gain)/ loss on financial assets, fair value through profit or loss	(1,007)	-	13,939	-
Gain on disposal of financial assets, fair value through profit or loss	(16)	-	(970)	-
(Gain)/ loss on disposal of financial assets, available-for-sale	(795)	-	1,360	-
Interest income	(3,793)	(9,699)	(14,988)	(40,529)
Interest expense	58,213	76,849	185,853	222,220
Income tax expense	23,054	10,831	34,240	65,988
	213,868	156,547	539,217	476,675
Operating cash flow before working capital changes	352,997	93,329	707,695	743,285
Bank balances pledged	(9,417)	100,807	(9,851)	(296,810)
Receivables	(209,518)	(24,217)	(386,614)	(395,907)
Inventories	(47,140)	159,225	(226,517)	(275,358)
Payables	(55,255)	(475,352)	(173,969)	269,126
	(321,330)	(239,537)	(796,951)	(698,949)
Cash used in operating activities	31,667	(146,208)	(89,256)	44,336
Income tax paid	(1,719)	(49,214)	(5,703)	(62,470)
Net cash provided by/(used in) operating activities	29,948	(195,422)	(94,959)	(18,134)
Cash flows from investing activities:				
Payments for property, plant and equipment	(117,127)	(219,448)	(171,379)	(530,038)
Proceeds from disposal of property, plant and equipment	(629)	(96)	-	-
Proceeds from disposal of financial assets, available for sale	9,888	-	22,992	-
Proceeds from disposal of financial assets, at fair value through profit and loss	118	-	4,982	-
Investment in joint venture	-	-	(20,000)	-
Interest received	3,793	9,699	14,988	40,529
Net cash used in investing activities	(103,957)	(209,845)	(148,417)	(489,509)
Cash flows from financing activities:				
Proceeds from borrowings	959,682	1,034,899	2,515,021	2,109,438
Repayment of borrowings	(1,046,645)	(597,351)	(2,462,790)	(1,625,233)
Proceeds from warrants conversion	-	392	-	614
Dividend paid	-	1,332	-	(110,803)
Interest paid	(33,364)	(53,790)	(114,651)	(151,337)
Net cash provided by/(used in) financing activities	(120,327)	385,482	(62,420)	222,679
Net decrease in cash and cash equivalents	(194,336)	(19,785)	(305,796)	(284,964)
Cash and cash equivalents at beginning of the period	564,939	733,196	676,399	998,375
Cash and cash equivalents at end of the period	370,603	713,411	370,603	713,411

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	Fair value reserve	Currency translation reserve	Statutory reserve	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2009	353,297	249,218	(23,081)	11,413	141,072	615,252	1,347,171
Total comprehensive income/(loss) for the period	-	-	1,572	(1,058)	-	(5,545)	(5,031)
Balance as at 31 March 2009	353,297	249,218	(21,509)	10,355	141,072	609,707	1,342,140
Total comprehensive income/(loss) for the period	-	-	21,509	(1,679)	-	34,894	54,724
Balance as at 30 June 2009	353,297	249,218	-	8,676	141,072	644,601	1,396,864
Total comprehensive income for the period	-	-	-	6,399	-	139,129	145,528
Balance as at 30 September 2009	353,297	249,218	-	15,075	141,072	783,730	1,542,392

The Group	Share capital	Capital reserve	Currency translation reserve	Statutory reserve	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2008	350,564	249,479	(2,276)	141,072	1,186,890	1,925,729
Issue of shares pursuant to exercise of warrants	45	-	-	-	-	45
Total comprehensive income/(loss) for the period	-	-	(3,378)	-	46,308	42,930
Balance as at 31 March 2008	350,609	249,479	(5,654)	141,072	1,233,198	1,968,704
Issue of shares pursuant to exercise of warrants	177	-	-	-	-	177
Dividend paid	-	-	-	-	(112,135)	(112,135)
Total comprehensive income for the period	-	-	4,238	-	283,520	287,758
Balance as at 30 June 2008	350,786	249,479	(1,416)	141,072	1,404,583	2,144,504
Issue of shares pursuant to exercise of warrants	385	-	-	-	-	385
Total comprehensive income for the period	-	-	12,691	-	(63,218)	(50,527)
Balance as at 30 September 2008	351,171	249,479	11,275	141,0272	1,341,365	2,094,362

The Company

	Share capital	Capital reserve	Fair value reserve	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2009	2,059,133	249,218	(23,081)	(316,461)	1,968,809
Total comprehensive income/(loss) for the period	-	-	1,572	(26,700)	(25,128)
Balance as at 31 March 2009	2,059,133	249,218	(21,509)	(343,161)	1,943,681
Total comprehensive income/(loss) for the period	-	-	21,509	(19,589)	1,920
Balance as at 30 June 2009	2,059,133	249,218	-	(362,750)	1,945,601
Total comprehensive loss for the period	-	-	-	(17,818)	(17,818)
Balance as at 30 September 2009	2,059,133	249,218	-	(380,568)	1,927,783

The Company

	Share capital RMB '000	Capital reserve RMB '000	Retained earnings RMB '000	Total RMB '000
Balance as at 1 January 2008	2,056,549	249,404	(52,118)	2,253,835
Issue of shares pursuant to exercise of warrants	45	-	-	45
Total comprehensive loss for the period	-	-	(40,905)	(40,905)
Balance as at 31 March 2008	2,056,594	249,404	(93,023)	2,212,975
Issue of shares pursuant to exercise of warrants	177	-	-	177
Dividend paid	-	-	(112,135)	(112,135)
Total comprehensive loss for the period	-	-	(23,888)	(23,888)
Balance as at 30 June 2008	2,056,771	249,404	(229,046)	2,077,129
Issue of shares pursuant to exercise of warrants	385	-	-	385
Total comprehensive loss for the period	-	-	(31,278)	(31,278)
Balance as at 30 September 2008	2,057,156	249,404	(260,324)	2,046,236

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

Changes in the Share Capital of the Company for 3rd Quarter Ended	30/09/2009	30/09/2008
Number of ordinary shares at 1 July	535,478,498	535,080,607
Shares arising from exercise of warrants	-	157,721
Number of ordinary shares at 30 September	535,478,498	535,238,328

Outstanding Warrants as at	30/09/2009	30/09/2008
Outstanding warrants that are convertible into ordinary shares	-	336,651
Convertible Bonds as at	30/09/2009	30/09/2008
Number of shares that maybe issued on conversion of all outstanding convertible bonds	68,431,101	68,502,644

Notes:

The Company's warrants 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 2008 except for the change in presentation currency and where new/revised accounting standards became effective from this financial period as set out below:

The following are the new or revised FRS and Interpretations to FRS (INT FRS) that are relevant to the Group:

FRS 1(R)	Presentation of Financial Statements
FRS 108	Operating Segments
Revised FRS 23	Borrowing Costs

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

The adoption of the above FRS did not result in any substantial changes to the Group's accounting policies or any significant impact on these financial statements.

FRS 1(R) requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income. Components of comprehensive income are presented in a separate statement of comprehensive income.

The "balance sheets" and "cash flow statements" have been re-titled "statements of financial position" and "statements of cash flows" respectively.

Comparatives figures have been restated to conform to the requirements of the revised standard.

FRS 108 requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. As the Group operates primarily in one business segment, the adoption of FRS 108 did not result in any significant impact of these financial statements.

Revised FRS 23 removes the option to recognise immediately as expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis. As the Group has been capitalising the relevant borrowing costs, the revised standard did not have any impact to the Group.

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

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit / (loss) for the period	139,129	(63,218)	168,478	266,610
Basic earnings per share (in RMB cents)	26.0	(11.8)	31.5	49.8
Diluted earnings per share (in RMB cents)	26.0	(11.8)	31.5	49.8
Weighted average number of shares outstanding in calculating basic earnings per share	535,478,498	535,137,120	535,478,498	535,052,846
Weighted average number of shares outstanding in calculating diluted earnings per share	535,478,498	535,427,784	535,478,498	535,344,701

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 weighted average number of shares in issue during the period under review, with adjustments made to reflect the dilutive effect of the outstanding Company-issued warrants as at 30 September 2008. There were no outstanding warrants as at 30 September 2009, as they expired in October 2008. The Convertible Bonds, which can be converted into ordinary shares of the Company, do not have a dilutive effect on conversion and hence are not included in the calculation of the diluted earnings per share.

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

	The Group		The Company	
	30/09/2009	31/12/2008	30/09/2009	31/12/2008
Net asset value per share (RMB cents)	288.0	251.6	360.0	367.7

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 period under review and 535,478,498 ordinary shares in issue at the end of the immediate, preceding financial year ended 31 December 2008.

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

3Q2009 vs 3Q2008

Revenue

Revenue decreased by RMB 970 million or 31.5% from RMB 3.10 billion in 3Q2008 to RMB 2.13 billion in 3Q2009. The decrease in revenue was principally attributed to the significant decrease in the average selling price of Hot Rolled Coils ("HRC") and also the decrease in the volume of HRC sold in 3Q2009 as compared to the corresponding period last year.

In 3Q2009 the Group sold 665,820 tonnes of Hot Rolled Coils ("HRC") and 2,112 tonnes of steel billets as compared to 649,998 tonnes of HRC and 31,950 tonnes of steel billets in 3Q2008. The Group also sold 724 tonnes of mill rolls during the period under review. Overall sales quantity decreased year-on-year by 13,292 tonnes or 1.9%.

However, when comparing quarters sequentially, the pace of decrease in the average selling prices and sales volume recorded by the Group in 3Q2009 has slowed against 2Q2009, reflecting an improving economic climate.

Revenue from leasing activities accounted for approximately 0.5% of the Group's revenue in 3Q2009.

Cost of sales

Cost of sales decreased by RMB 1.20 billion or 39.0% from RMB 3.08 billion in 3Q2008 to RMB 1.88 billion in 3Q2009. The decrease was in line with the decrease in volume of HRC sold, and also helped by lower raw material prices for steel production in 3Q2009 compared to the corresponding period last year.

Gross profit

Gross profit increased over ten-fold by RMB 226.5 million from RMB 21.7 million in 3Q2008 to RMB 248.2 million in 3Q2009. This was primarily due to the decrease in raw material prices, which outpaced the decrease in the average selling prices of HRC.

Accordingly, gross profit margin increased from 0.7% in 3Q2008 to 11.7% in 3Q2009.

Distribution and marketing expenses

Distribution and marketing expense decreased by RMB 6.4 million from RMB 7.9 million in 3Q2008 to RMB 1.5 million in 3Q2009. The decrease was due to a reduction in distribution-related expenses as a result of the lower sales quantity and that the Group had also ceased to provide delivery service to certain customers as compared to the corresponding period last year.

Administrative expenses

Administrative expenses decreased by RMB 9.3 million from RMB 49.9 million in 3Q2008 to RMB 40.6 million in 3Q2009. This was in line with lower sales recorded in 3Q2009, which resulted in a decrease in general administrative expenses e.g., business travel and entertainment expenses, legal and professional fees etc.

Finance expenses

Finance expenses decreased by RMB 18.6 million from RMB 76.8 million in 3Q2008 to RMB 58.2 million in 3Q2009. The decrease was due to the lower interest rates on bank borrowings as well as the decrease in bank borrowings drawdown for general corporate and working capital purposes in 3Q2009 as compared to previous corresponding period.

Net profit

Net profit after tax was RMB 139.1 million in 3Q2009, compared with a net loss after tax of RMB 63.2 million in 3Q2008. The net profit margin was 6.5% in 3Q2009.

The higher net profit margin in 3Q2009 was primarily attributable to the higher operating profit margin for reasons explained above.

9M2009 vs 9M2008

Revenue

Revenue decreased substantially from RMB 9.65 billion in 9M2008 to RMB 5.62 billion in 9M2009, representing a decrease of RMB 4.03 billion or 41.7%. The decrease in revenue was principally attributed to the decrease in the sales volume and lower average selling price of HRC in 9M2009, particularly during the first half of the year.

In 9M2009 the Group sold 1,848,275 tonnes of HRC and 24,974 tonnes of steel billets as compared to 2,085,451 tonnes of HRC and 57,526 tonnes of steel billets in 9M2008. The Group also sold 1,991 tonnes of mill rolls in 9M2009. Overall sales volume decreased by 267,737 tonnes or 12.5%.

Revenue from the leasing activities accounted for approximately 0.23% of the Group's revenue in 9M2009.

Cost of sales

Cost of sales decreased by RMB 3.85 billion or 42.8% from RMB 9.01 billion in 9M2008 to RMB 5.16 billion in 9M2009. This was principally attributable to the decrease in the volume of HRC sold and the significant decrease in the prices of raw materials in 9M2009 compared with the corresponding period last year.

Gross profit

Gross profit decreased by RMB 173.6 million or 27.2% from RMB 638.4 million in 9M2008 to RMB 464.8 million in 9M2009.

Gross profit margin increased by 1.7 percentage points from 6.6% in 9M2008 to 8.3% in 9M2009. The increase in gross profit margin was primarily due to the decrease in raw material prices, which outpaced the decrease in selling prices of HRC.

Distribution and marketing expenses

Distribution and marketing expenses decreased by RMB 22.1 million from RMB 25.1 million in 9M2008 to RMB 3.0 million in 9M2009. This was due to a decrease in distribution-related expenses as a result of the lower sales quantity, and that the Group had ceased to provide delivery service to certain customers with effect from February 2009.

Administrative expenses

Administrative expenses decreased by RMB 33.6 million from RMB 143.6 million in 9M2008 to RMB 110.0 million in 9M2009 due to a decrease in general administrative expenses and lower personnel expenses incurred as a result of lower sales quantity in 9M2009.

Finance expenses

Finance expenses decreased by RMB 36.3 million from RMB 222.2 million in 9M2008 to RMB 185.9 million in 9M2009. The decrease was due to the lower interest rates on bank borrowings and the decreased in bank borrowings drawdown for working capital purposes. The interest expense accrued on the Convertible Bonds amounted to a total of RMB 64.9 million in 9M2009.

Net profit

Net profit after tax decreased by RMB 98.1 million or 36.8% from RMB 266.6 million in 9M2008 to RMB 168.5 million in 9M2009. Net profit margin in 9M2009 improved modestly to 3.0% from 2.8% in 9M2008.

The higher net profit margin recorded in 9M2009 as compared with 9M2008 was primarily attributable to the higher operating profit margin for reasons explained above.

(b) Review of balance sheet of the Group as at 30 September 2009

Current assets

Current assets increased by RMB 170.0 million from RMB 2.38 billion as at 31 December 2008 to RMB 2.55 billion as at 30 September 2009. The increase was primarily attributable to the increase in notes receivable and inventories, which were in line with increased business activities.

The increase in notes receivable was in line with the rise in revenue in 3Q2009 as compared to 4Q2008, while the increase in inventories was mainly due to the increased purchase of raw materials in anticipation of higher production in 4Q2009, which in turn required higher raw material stock to be maintained.

Current liabilities

Current liabilities increased by RMB 1.26 billion from RMB 3.00 billion as at 31 December 2008 to RMB 4.26 billion as at 30 September 2009. The increase was primarily attributable to the reclassification of RMB 1.46 billion in Convertible Bonds from non-current liabilities to current liabilities during the period under review.

Excluding the Convertible Bonds mentioned above, current liabilities decreased by RMB 0.2 million, attributable mainly to the decrease in notes payable issued in payment to creditors and suppliers, as well as a decrease in trade and other payables.

The decrease in notes payable and trade and other payables was due to the utilisation of letters of credit in payment to creditors and suppliers. Letters of credit have lower security requirements as compared to notes payable. Such instruments are classified under current borrowings.

The decrease in trade and other payables also resulted from lower raw material prices in 3Q2009.

Non-Current Liabilities

The decrease in non-current liabilities was due to the reclassification of convertible bonds of RMB 1.46 billion from non-current liabilities to current liabilities. The increase in non-current bank borrowings was attributable to the conversion of a portion of short-term borrowings to long-term borrowings.

Working capital

The Group had negative working capital of RMB 1.71 billion as at 30 September 2009. The Group's negative working capital position was mainly due to the reclassification of RMB 1.46 billion in Convertible Bonds from non-current liabilities to current liabilities. The reclassification was done as the bondholder has the right to require the Company to redeem all or part of the bonds on or after 8 June 2010, although the convertible bonds will expire only on 8 June 2012.

Excluding the reclassified Convertible Bonds, the Group's negative working capital position would have been narrowed to RMB 250.0 million. The negative position was due to advance payments from customers amounting to RMB 732.9 million being recorded as current liabilities on the balance sheet.

As at 30 September 2009, the Group had satisfactorily maintained its credit standing and facilities with financial institutions during the periods under review. The credit facilities have been consistently renewed and/or rolled-over annually by the financial institutions.

Non current assets – Property, plant and equipment

Property, plant and equipment decreased by RMB 140.0 million from RMB 3.52 billion as at 31 December 2008 to RMB 3.38 billion as at 30 September 2009, primarily due to the provision for depreciation on property, plant and equipment during the period under review.

The provision for depreciation on property, plant and equipment was partially offset by the increase in capital expenditure of RMB 70.7 million incurred on the construction of the mill roll plant under the Company's indirect wholly-owned subsidiary Xingtai Delong Machinery and Mill Roll Co., Ltd ("Xingtai Delong Mill Roll Plant") during 9M2009.

(c) Review of cash flow statement of the Group

3Q2009 vs 3Q2008

Net Cash Generated From Operating Activities

Operating cash flow before working capital changes increased by RMB 259.7 million from RMB 93.3 million in 3Q2008 to RMB 353.0 million in 3Q2009, primarily due to the increase in operating profit. Cash used in working capital increased by RMB 81.8 million from RMB 239.5 million in 3Q2008 to RMB 321.3 million in 3Q2009, attributable mainly to the increase in receivables and inventories. The net cash used for working capital was partially offset by the decrease in trade and other payables due to lower raw material prices in 3Q2009 as compared to 3Q2008.

The increase in inventories was mainly due to the increased purchase of raw materials in anticipation of higher production in 4Q2009. The increase in receivables was in line with the increase in revenue in 3Q2009.

After taking into consideration cash used for working capital and income tax paid of RMB 1.7 million, the net cash generated by operating activities was RMB 29.9 million as at the end of 3Q2009.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB 104.0 million in 3Q2009. This was mainly attributable to the payment for construction in progress in relation to the Xingtai Delong Mill Roll Plant. The decrease was partially offset by the proceeds of RMB 9.9 million from the disposal of financial assets during the period under review.

Net Cash Used in Financing Activities

Net cash used in financing activities was RMB 120.3 million in 3Q2009. This was mainly attributable to RMB 1.08 billion in repayment of principal and interest of bank borrowings, partially offset by the drawdown of RMB 959.7 million in short-term loans.

9M2009 vs 9M2008

Net Cash Generated From Operating Activities

Operating cash flow before working capital changes decreased by RMB 35.6 million from RMB 743.3 million in 9M2008 to RMB 707.7 million in 9M2009. The decrease was primarily due to the lower operating profit recorded during the 9-month period. Net cash used in operating activities increased by RMB 76.9 million from RMB 18.1 million in 9M2008 to RMB 95.0 million 9M2009, attributable mainly to the payments to creditors and suppliers.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB 148.4 million in 9M2009, attributable mainly to the payments for construction in progress in connection to the Xingtai Delong Mill Roll Plant. The Group also invested RMB 20.0 million in a new business entity, Bohai Steel, in PRC during the period under review. Bohai Steel's principal activity is in the import and export of raw materials, finished products and technology. Net cash used in investing activities was partially offset by the proceeds from the disposal of CFE shares during the period under review.

Net Cash Generated From Financing Activities

Net cash used in financing activities was RMB 62.4 million in 9M2009. This was mainly attributable to the repayments of principal and interest for bank borrowings. The decrease was partially offset by the drawdown of short-term loans in 9M2009.

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

The Company had not previously made any prospect statements to its shareholders.

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

Industry Outlook

Bolstered by a RMB 4 trillion government-injected stimulus package, the PRC economy continued to register strong expansion in 3Q2009, achieving a year-on-year GDP growth of 8.9% and maintaining a trend of uninterrupted growth across three consecutive quarters.

During the first three quarters of 2009, the PRC economy has also witnessed fixed asset investment spending increase by 33.4% year-on-year. As a supplier of steel materials to the domestic end-markets of the infrastructure, pipe and machinery fabrication, the Group is seeing a progressively buoyant market environment lift demand for its products. In spite of lower year-on-year sales recorded in 3Q2009, the Group has seen a slowing in the rate of decrease in terms of both selling prices and sales volume over the quarters in the year to-date.

While demand has been bolstered by increased fixed asset and consumer spending, the industry-wide oversupply situation is likely to cast a shadow over the prices of steel in the quarters ahead. According to the China Iron & Steel Association, total crude steel output in the PRC for 2009 is estimated at approximately 550 million tonnes, up by 50 million tonnes from a year ago. Also, 4Q2009 will present a period of seasonally lower sales across the industry, due to the slowdown in infrastructure construction activities in the Northern part of the PRC during winter.

Proposed Acquisition by Evraz Group S.A.

On 19 February 2008, the Group announced that Evraz Group S.A. (“Evraz”) had entered into a share purchase agreement (the “SPA”) with Delong’s existing majority shareholder Best Decade Holdings Limited (“Best Decade”), Ding Ligu 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 anti-trust approvals from the PRC regulatory authorities. In connection with the SPA, Evraz announced that it will make a possible mandatory conditional cash offer to acquire all the ordinary shares in the capital of Delong in issue or to be issued, other than those already owned, controlled or agreed to be acquired by Evraz (the “Offer”).

Subsequent to the SPA, Evraz further entered into two separate supplemental agreements with Best Decade and the Covenantors to extend the period within which Evraz would be entitled to exercise its option (the “Call Option”) to acquire approximately 32.08% of the shares held by Best Decade in Delong (the “Option Shares”), and the period within which Best Decade was entitled to exercise its option (the “Put Option”) to sell the Option Shares to Evraz (the “Option Period”), subject to the necessary anti-trust approvals from the

PRC regulatory authorities being obtained prior to the expiry of the Option Period. The first extension of the Option Period was up to 18 February 2009, and the second extension of the Option Period was up to 18 August 2009.

The Call Option and the Put Option have since lapsed, as the PRC anti-trust approval had not been obtained prior to the expiry of the Option Period on 18 August 2009. In an announcement released by Evraz on 18 August 2009, it was stated that Evraz will not be making the Offer as both the Call Option and Put Option have lapsed without being exercised.

Evraz currently holds a 10.00% stake in the Company, and continues to be in dialogue with Best Decade for further opportunities to work together.

Convertible Bonds Restructuring

The uncertainty surrounding the recovery of the global economy as well as the steel industry have prompted the Company to reassess its ability to fulfill its obligations under the Convertible Bonds, in particular its obligation to redeem in part or full the Convertible Bonds at a redemption price at 109.34% of the principal amount on 8 June 2010 at the election of the bondholders.

Hence, on 9 September 2009, Delong announced a proposal to amend the terms and conditions of the Convertible Bonds (the “Bonds Restructuring”), so as to allow the Company to fulfill its obligations under an alternative settlement scheme.

The Bonds Restructuring has been approved by both bondholders (in relation to the resolutions set out in the Notice of Meeting of Holders dated 9 September 2009) and shareholders (in relation to the resolutions set out in the Notice of Extraordinary General Meeting dated 20 October 2009, contained in the Circular to Shareholders dated 20 October 2009) on 2 October 2009 and 12 November 2009, respectively. For more details of the Bonds Restructuring and their financial effects, please refer to the aforementioned Circular.

Business Outlook

While economic conditions within the PRC have improved, the recovery of the global economy remain unclear. In view of these factors, Delong has and will continue to focus on (i) cost containment measures in limiting the impacts of price fluctuations and to ensure a steady supply of iron ore; (ii) sales efforts to capitalise on current market demand for steel and steel-related products to maximise operating returns for the year ending 31 December 2009; and (iii) variation of its product mix and the production of higher-margin specialised steel products.

Rising raw material costs will continue to be a primary concern for steelmakers. Since the beginning of 2009, Delong has begun employing a combination of long-term contracts and spot contracts to hedge its raw material costs, and will continue to do so ahead.

The credit market remains tight over the near term as domestic lenders adjust lending policies to reduce potential credit risks. The Group remains in a net current liabilities position. While it has existing secured and unsecured credit facilities with various domestic and foreign financial institutions, the Group is monitoring closely the tight policies banks adopt towards the private enterprises.

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

(C) Date payable and Book Closure Date

N.A.

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

The Board of Directors of the Company does not recommend that a dividend be paid for the third quarter ended 30 September 2009.

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.

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

N.A

15. A breakdown of Sales

N.A

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

N.A

BY ORDER OF THE BOARD

Ding Ligu
Executive Chairman