DELONG HOLDINGS LIMITED

(*REG. NO. 199705215G*)

UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 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					
		4th Quarter Ended		Increase	Year Ended		Increase
		31/12/2009	31/12/2008	(Decrease)	31/12/2009	31/12/2008	(Decrease)
	Note	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sales		2,088,368	1,458,230	43.2	7,711,252	11,110,392	(30.6)
Cost of sales		(1,851,665)	(1,965,931)	(5.8)	(7,009,703)	(10,979,717)	(36.2)
Gross (Loss)/ Profit		**236,703**	**(507,701)**	**nm**	**701,549**	**130,675**	**436.9**
Other (loss)/ gains-net	1	366,767	(146,198)	nm	403,470	(61,084)	nm
Expenses							
-Distribution and marketing		(1,671)	(3,224)	(48.2)	(4,644)	(28,329)	(83.6)
-Administrative		(39,325)	(25,166)	56.3	(149,330)	(168,733)	(11.5)
-Finance		(36,764)	(72,731)	(49.5)	(222,617)	(294,951)	(24.5)
Share of profit of associated company		100	-	100	100	-	100
Profit/ (Loss) before tax	2	525,810	(755,020)	nm	728,528	(422,422)	nm
Income tax (expense)/ credit	3	(25,465)	117,983	nm	(59,705)	51,995	nm
Net Profit /(Loss)		**500,345**	**(637,037)**	**nm**	**668,823**	**(370,427)**	**nm**
Other comprehensive income/ (loss):							
Gains/(losses) recognized directly in equity							
Financial assets, available-for-sale							
-Fair value (losses)/ gains		**-**	(23,081)		**550**	(23,081)	
-Losses previously recognized directly in equity now included in net loss		**-**	-		**22,531**	-	
Currency translation differences		**(7,380)**	138		**(3,718)**	13,689	
Other comprehensive income for the period, net of tax		**(7,380)**	**(22,943)**		**19,363**	**(9,392)**	
Total comprehensive income attributable to equity holders of the Company		**492,965**	**(659,980)**		**688,186**	**(379,819)**	

nm: not meaningful

Notes:-

1 Other gains/ (Losses)−net

	The Group			
	4th Quarter Ended		Year Ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RMB'000	RMB'000	RMB'000	RMB'000
Sale of scrap materials	6,500	2,227	6,500	6,404
Government grants	-	5,979	-	5,979
Gain/(loss) on disposal of financial assets, available- for- sale	152	-	(1,208)	-
Gain/(loss) on disposal of financial assets at fair value through profit or loss	338	(538)	1,308	(538)
Fair value gain/(loss)- financial assets at fair value through profit or loss	35,349	(8,184)	21,410	(8,184)
Interest income	3,074	5,889	18,062	46,418
Rental income from investment property	530	502	2,049	2,004
Currency translation gain-net	4,658	(42,148)	39,620	2,048
Loss on disposal of property, plant and equipment	(511)	(6,205)	(1,965)	(18,246)
Impairment charge for property, plant and equipment	-	(102,369)	-	(102,369)
Gain from Bonds Restructuring	251,915	-	251,915	-
Fair value gain on convertible bonds	61,298	-	61,298	-
Others	3,464	(1,351)	4,481	5,400
	366,767	(146,198)	403,470	(61,084)

The currency translation gain was mainly due to the revaluation of bank balances denominated in the Australian Dollar, which strengthened against RMB in FY2009.

2. Profit before taxation includes the following items:-

	The Group			
	4th Quarter Ended		Year Ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortisation	42,694	115,259	361,023	332,214
Staff and wages	41,961	32,370	159,531	154,845
Operating lease rental	180	700	712	1,863

The lower depreciation and amortization expenses in 4Q2009 as compared to 4Q2008, attributable mainly to the overprovision of monthly depreciation expense in the first nine-month of FY2009.

3. Income Tax Expense

	The Group			
	4th Quarter Ended		Year Ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RMB'000	RMB'000	RMB'000	RMB'000
Tax expense attributable to profit is made up of:				
Current income tax expense				
-Foreign	18,429	(62,013)	37,131	3,975
-Local	-	611	-	611
Withholding tax on interest expense	3,270	-	3,270	-
Deferred income tax	3,727	(56,581)	19,147	(56,581)
Underprovision in preceding financial years				
-Current income tax	39	-	157	-
	25,465	(117,983)	59,705	(51,995)

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 31/12/2009	As at 31/12/2008	As at 31/12/2009	As at 31/12/2008
Current Assets					
Cash and cash equivalents		290,113	676,399	125,752	368,231
Bank balances pledged		685,745	638,789	-	-
Financial assets, at fair value through profit and loss	1	43,323	4,819	43,323	4,819
Trade and other receivables	2	244,550	150,970	79	52
Inventories	3	1,084,595	672,356	-	-
Other current assets	4	332,672	227,009	97	81
Tax recoverable		-	8,872	-	-
		2,680,998	2,379,214	169,251	373,183
Non-current assets					
Trade and other receivables	5	218,380	81,949	1,161,175	1,085,993
Investments in subsidiaries		-	-	1,884,916	1,884,916
Investment in associate	6	20,100	-	-	-
Financial assets, available-for-sale	7	10,000	32,157	-	22,157
Investment property		15,103	15,200	-	-
Property, plant and equipment		3,321,347	3,522,546	22	43
Deferred income tax assets		37,434	56,583	-	-
		3,622,364	3,708,435	3,046,113	2,993,109
Total assets		6,303,362	6,087,649	3,215,364	3,366,292
Current liabilities					
Trade and other payables		1,456,924	1,396,703	9,004	7,648
Notes payables		448,000	565,076	-	-
Borrowings		924,237	1,030,449	26	10
Convertible Bonds	8	122,657	-	122,657	-
Current income tax liabilities		26,036	3,119	-	986
		2,977,854	2,995,347	131,687	8,644
Non-current liabilities					
Borrowings		464,839	356,321	-	29
Convertible Bonds	8	652,903	1,388,810	652,903	1,388,810
Convertible Shares	8	172,409	-	172,409	-
		1,290,151	1,745,131	825,312	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		7,695	11,413	-	-
Retained earnings		1,284,075	615,252	(49,986)	(316,461)
Total equity		2,035,357	1,347,171	2,258,365	1,968,809
Total liabilities and equity		6,303,362	6,087,649	3,215,364	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	
	31/12/2009	31/12/2008
	RMB'000	RMB '000
Finance lease receivables *	34,925	-
Trade receivables	31,662	23,500
Notes receivable	177,963	127,055
Other receivables	-	415
	244,550	150,970

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 4Q2009, compared to 4Q2008.

As at 31 December 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	
	31/12/2009	31/12/2008
	RMB'000	RMB'000
Raw materials	722,787	76,330
Work-in-progress	130,206	138,693
Finished goods	95,763	291,930
Production supplies	135,839	165,403
	1,084,595	672,356

The increase in inventories was due to the increased purchase of raw materials in anticipation of higher production in FY2010 amid the recovery of the global economy, which in turn requires high raw material stock to be maintained. Also, it is common for the Company to have a higher raw material inventory as at year end as no mining activities are carried out during the winter season.

4. *Other current assets*

	The Group	
	31/12/2009	31/12/2008
	RMB'000	RMB'000
Deposits	783	9,343
Prepayments	231,264	145,617
Other	100,625	72,049
	332,672	227,009

Prepayments relate to deposits and advance payments made to suppliers for the purchase of raw materials. These prepayments are to be offset against the purchases of the Company when the goods are ready for collection.

Other comprises VAT and other indirect taxes receivable

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

	The Group	
	31/12/2009	31/12/2008
	RMB'000	RMB'000
Finance lease receivables*	194,908	58,477
Due from an investee company	23,472	23,472
	218,380	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 FY2009.*

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. *On 8 June 2007, the Company issued zero coupon convertible bonds denominated in RMB with a nominal value of RMB 1,532,000,000, which were due for repayment on 8 June 2012 (the "Old Convertible Bonds").*

Under the terms and conditions of the Old Convertible Bonds, 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. On the issue date of the Old Convertible Bonds, 68,502,644 shares would have been issued upon full conversion of the Old Convertible Bonds.

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 Old Convertible Bonds, in particular its obligation to redeem in part or full the Old Convertible Bonds at a *redemption price at 109.34% of the principal amount on 8 June 2010 at the option of the bondholders.*

Therefore, on 9 September 2009, the Company 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 and shareholders on 2 October 2009 and 12 November 2009, respectively.

The key terms and conditions of the Bonds Restructuring are as follows:-

1. *Initial cash settlement of approximately RMB 204.9 million or US$30 million to bondholders, redeeming approximately RMB 546.0 million in principal amount of the Old Convertible Bonds at a 62.5% discount;*

2. *Mandatory Conversion of approximately RMB 204.9 million of the Old Convertible Bonds into a separate class of shares in the Company that feature put and call options (the" Convertible Shares");*

3. *Bondholders could elect to exchange the Old Convertible Bonds into a separate class of new bonds that carry a 5% annual coupon and which can be converted into the ordinary shares of the Company anytime between 10 December 2009 to 1 June 2012 (the "New Bonds"). The New Bonds will expire on 8 June 2012; and*

4. *Scheduled redemption of the principal on remaining bonds that are not exchanged into New Bonds (the "Amended Bonds") over 31 December 2010, 31 December 2011 and 8 June 2012. The Amended Bonds also carry a 5% annual coupon.*

As at 31 December 2009, Convertible Bonds comprised of:-

Current Liabilities	*RMB'000*
Amended Bonds	122,657

Non-Current Liabilities	*RMB'000*
Amended Bonds	488,365
New Bonds	164,538
	652,903

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 31/12/2009		As at 31/12/2008	
Secured	Unsecured*	Secured	Unsecured*
RMB'000	RMB'000	RMB'000	RMB'000
666,652	380,242	647,117	383,332

Amount repayable after one year

As at 31/12/2009		As at 31/12/2008	
Secured	Unsecured*	Secured	Unsecured*
RMB'000	RMB'000	RMB'000	RMB'000
455,357	834,794	340,940	1,404,191

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 315,038,800 (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			
	4th Quarter Ended		Year Ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RMB '000	RMB '000	RMB '000	RMB'000
Cash flows from operating activities:				
Profit/ (loss) after income tax	500,345	(637,037)	668,823	(370,427)
Adjustments for:				
Depreciation	42,694	115,259	361,023	332,214
Impairment charge for property, plant and equipment	-	102,369	-	102,369
Loss on disposal of property, plant and equipment	511	6,205	1,965	18,246
Fair value (gain)/ loss on financial assets, fair value through profit or loss	(35,349)	8,184	(21,410)	8,184
(Gain)/ loss on disposal of financial assets, fair value through profit or loss	(338)	538	(1,308)	538
(Gain)/ loss on disposal of financial assets, available-for-sale	(152)	-	1,208	-
Gain from Bonds Restructuring	(251,915)	-	(251,915)	-
Fair value gain on convertible bonds	(61,298)	-	(61,298)	-
Interest income	(3,074)	(5,889)	(18,062)	(46,418)
Interest expense	36,764	72,731	222,617	294,951
Income tax expense	25,465	(117,983)	59,705	(51,995)
Share of profit of associated company	(100)	-	(100)	-
	(246,792)	181,414	292,425	658,089
Operating cash flow before working capital changes	253,553	(455,623)	961,248	287,662
Changes in working capital				
Bank balances pledged	(37,106)	(193,187)	(46,957)	(489,997)
Receivables	50,940	332,309	(335,674)	(63,598)
Inventories	(185,722)	764,382	(412,239)	489,024
Payables	117,115	(49,593)	(56,854)	219,533
	(54,773)	853,911	(851,724)	154,962
Cash provided by operating activities	198,780	398,288	109,524	442,624
Income tax paid	(3,068)	(3,935)	(8,771)	(66,405)
Net cash provided by operating activities	195,712	394,353	100,753	376,219
Cash flows from investing activities:				
Payments for property, plant and equipment	-	(110,668)	(161,692)	(640,706)
Proceeds from disposal of property, plant and equipment	9,691	1,403	-	1,403
Proceeds from disposal of financial assets, available for sale	-	-	22,994	-
Proceeds from disposal of financial assets, at fair value through profit and loss	269	9,553	5,251	9,553
Investment in associate company	-	-	(20,000)	-
Interest received	3,074	17,730	18,062	58,259
Net cash provided by/ (used in) investing activities	13,034	(81,982)	(135,385)	(571,491)
Cash flows from financing activities:				
Proceeds from borrowings	208,064	401,002	2,723,085	2,510,440
Repayment of borrowings	(257,989)	(650,215)	(2,720,779)	(2,275,448)
Proceeds from warrants conversion	-	398	-	1,012
Repayment of Old Convertible Bonds	(204,900)	-	(204,900)	-
Bonds Restructuring expenses	(20,383)	-	(20,383)	-
Dividend paid	-	2,239	-	(112,135)
Interest paid	(14,028)	(46,444)	(128,677)	(197,781)
Net cash used in financing activities	(289,236)	(293,020)	(351,654)	(73,912)
Net decrease in cash and cash equivalents	(80,490)	19,351	(386,286)	(269,184)
Cash and cash equivalents at beginning of the year	370,603	657,048	676,399	945,583
Cash and cash equivalents at end of the year	290,113	676,399	290,113	676,399

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
Total comprehensive income/(loss) for the period	-	-	-	(7,380)	-	500,345	492,965
Balance as at 31 December 2009	353,297	249,218	-	7,695	141,072	1,284,075	2,035,357

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 2008	350,713	249,404	-	(2,276)	141,072	1,097,814	1,836,727
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	350,758	249,404	-	(5,654)	141,072	1,144,122	1,879,702
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	350,935	249,404	-	(1,416)	141,072	1,315,507	2,055,502
Issue of shares pursuant to exercise of warrants	385	-	-	-	-	-	385
Total comprehensive income/(loss) for the period	-	-	-	12,691	-	(63,218)	(50,527)
Balance as at 30 September 2008	351,320	249,404	-	11,275	141,072	1,252,289	2,005,360
Issue of shares pursuant to exercise of warrants	405	-	-	-	-	-	405
Issue of shares pursuant to Old Convertible Bonds	1,572	(186)	-	-	-	-	1,386
Total comprehensive income/(loss) for the period	-	-	(23,081)	138	-	(637,037)	(659,980)
Balance as at 31 December 2008	353,297	249,218	(23,081)	11,413	141,072	615,252	1,347,171

The Company	**Share capital** RMB '000	**Capital Reserve** RMB '000	**Fair value reserve** RMB '000	**Retained earnings** RMB '000	**Total** 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
Total comprehensive Income for the period	-	-		330,581	330,581
Balance as at 31 December 2009	2,059,133	249,218	-	(49,987)	2,258,364

The Company	**Share capital** RMB '000	**Capital reserve** RMB '000	**Fair value 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
Issue of shares pursuant to exercise of warrants	405	-	-	-	405
Issue of shares pursuant to convertible bonds	1,572	(186)	-	-	1,386
Total comprehensive loss for the period	-	-	(23,081)	(56,137)	(79,218)
Balance as at 31 December 2008	2,059,133	249,218	(23,081)	(316,461)	1,968,809

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	31/12/2009	31/12/2008
Number of ordinary shares as at 1 October	535,478,498	535,238,328
Shares arising from exercise of warrants	-	168,627
Shares arising from conversion of Old Convertible Bonds	-	71,543
Number of ordinary shares as at 31 December	535,478,498	535,478,498

New Bonds as at	31/12/2009	31/12/2008
Number of shares that maybe issued on conversion of all outstanding New Bonds	35,039,735	-

Convertible Shares as at	31/12/2009	31/12/2008
Number of shares that maybe issued on conversion of all outstanding Convertible Shares	43,534,458	-

Notes:
The Company's warrants expired in October 2008.

Subsequent to the year end, a total of 6,892,610 new shares have been issued upon the conversion of Convertible Shares and New Bonds.

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			
	4th Quarter Ended		Year Ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit / (loss) for the period	500,345	(637,037)	668,823	(370,427)
Basic earnings per share (in RMB)	0.93	(1.19)	1.25	(0.69)
Diluted earnings per share (in RMB)	0.93	(1.19)	1.24	(0.69)
Weighted average number of shares outstanding in calculating basic earnings per share	535,478,498	535,425,352	535,478,498	535,101,142
Weighted average number of shares outstanding in calculating diluted earnings per share	543,228,381	535,425,352	543,228,381	535,101,142

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 New Bonds and Convertible Shares as at 31 December. The Old 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 New Bonds and Converted Ordinary Shares, which can be converted into ordinary shares of the Company, will have a dilutive effect on conversion and hence are 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	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Net asset value per share (RMB)	3.80	2.52	4.22	3.68

Net asset value per share for the Group and Company is calculated based on 535,478,498 ordinary shares in issue as at 31 December 2008 and 31 December 2009.

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

4Q2009 vs 4Q2008

Revenue

Revenue increased by RMB 630 million or 43.2% from RMB 1.46 billion in 4Q2008 to RMB 2.09 billion in 4Q2009. The increase in revenue was principally attributed to the increase in the sales volume arising from improved demand for Hot Rolled Coils ("HRC") in the PRC on increased fixed asset spending, and also the increase in average selling prices of HRC in 4Q2009 as compared to the corresponding period last year.

In 4Q2009 the Group sold 670,247 tonnes of HRC and 8,639 tonnes of steel billets as compared to 409,155 tonnes of HRC and 105,800 tonnes of steel billets in 4Q2008. The Group also sold 716 tonnes of mill rolls in 4Q2009. Overall HRC sales quantity increased year-on-year by 163,931 tonnes or 31.8%.

Revenue from leasing activities accounted for approximately 0.23% of the Group's revenue in 4Q2009.

Cost of sales

Cost of sales decreased by RMB 110 million or 5.8% from RMB 1.96 billion in 4Q2008 to RMB 1.85 billion in 4Q2009. The cost of sales did not increase in tandem with the increase in volume of HRC sold due to year-on-year lower raw material prices in 4Q2009 compared to the corresponding period last year. The higher cost of sales in 4Q2008 was attributable to the writedown of inventories to net realisable value as well as higher raw material prices.

Gross profit

The Group recorded a gross profit of RMB 236.7 million in 4Q2009, compared to a gross loss of RMB 507.7 million in 4Q2008. The gross profit margin was 11.3% in 4Q2009, achieved on the back of lower cost of sales, relative to 4Q2008.

Distribution and marketing expenses

Distribution and marketing expenses decreased by RMB 1.5 million from RMB 3.2 million in 4Q2008 to RMB 1.7 million in 4Q2009, as the Group ceased to provide delivery services to certain customers in 4Q2009.

Administrative expenses

Administrative expenses increased by RMB 14.1 million from RMB 25.2 million in 4Q2008 to RMB 39.3 million in 4Q2009. The increase was mainly due to the increase in employee-related costs and general administrative expenses in line with the increase in sales volume.

Finance expenses

Finance expenses decreased by RMB 35.9 million from RMB 72.7 million in 4Q2008 to RMB 36.8 million in 4Q2009. The decrease was due to lower interest rates on bank borrowings, as well as a decrease in bank borrowings drawdown for general corporate and working capital purposes in 4Q2009. The lower finance expenses were also due in part to the elimination, in 4Q2009, of an inter-company finance lease expense amounting to RMB 23.6 million for the 9M2009.

Net profit

The Group achieved a net profit after tax of RMB 500.3 million in 4Q2009, as compared to a net loss after tax of RMB 637.0 million in 4Q2008.

Excluding the exceptional gain of RMB 251.9 million arising from the Bonds Restructuring, the net profit after tax would have been RMB 248.4 million, representing a net profit margin of 11.9% in 4Q2009. This was primarily due to an improvement in gross profit margin in 4Q2009.

<u>FY2009 vs FY2008</u>

Revenue

Revenue decreased by RMB 3.4 billion or 30.6% from RMB 11.11 billion in FY2008 to RMB 7.71 billion in FY2009. Unfavourable economic conditions had led to a decrease in sales volume and average selling prices of HRC in FY2009, particularly during the first half of the year.

In FY2009, the Group sold 2,518,522 tonnes of HRC and 33,613 tonnes of steel billets, compared to 2,494,606 tonnes of HRC and 163,326 tonnes of steel billets in FY2008. The Group also sold 2,707 tonnes of mill rolls in FY2009. Overall HRC sales volume decreased year-on-year by 105,797 tonnes or 4.0%.

Revenue from the leasing activities accounted for approximately 0.23% of the Group's revenue in FY2009.

Cost of sales

Cost of sales decreased by RMB 3.97 billion or 36.2% from RMB 10.98 billion in FY2008 to RMB 7.01 billion in FY2009. This was principally attributable to the decrease in the volume of HRC sold and the significant decrease in raw material prices in FY2009.

Gross profit

Gross profit increased by RMB 570.8 million or 436.9% from RMB 130.7 million in FY2008 to RMB 701.5 million in FY2009.

Gross profit margin increased by 7.9 percentage points from 1.2% in FY2008 to 9.1% in FY2009. 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 23.7 million from RMB 28.3 million in FY2008 to RMB 4.6 million in FY2009. 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 19.4 million from RMB 168.7 million in FY2008 to RMB 149.3 million in FY2009. This was in line with lower sales in FY2009, which resulted in a decrease in general administrative expenses e.g., business travel, entertainment expenses, consultancy fees etc.

Finance expenses

Finance expenses decreased by RMB 72.4 million from RMB 295.0 million in FY2008 to RMB 222.6 million in FY2009. The decrease was due to lower interest rates on bank borrowings and the decrease in bank borrowings drawdown for working capital purposes.

Net profit

Net profit after tax was RMB 668.8 million in FY2009, compared to net loss after tax of RMB 370.4 million in FY2008.

Excluding the exceptional gain of RMB 251.9 million arising from the Bonds Restructuring, the net profit after tax would have been RMB 416.9 million, representing a net profit margin of 5.4% in FY2009.

The higher net profit margin recorded in FY2009 was primarily attributable to the higher operating profit margin for reasons explained above.

(b) Review of balance sheet of the Group as at 31 December 2009

Current assets

Current assets increased by RMB 30.0 million from RMB 2.38 billion as at 31 December 2008 to RMB 2.68 billion as at 31 December 2009. The increase was primarily attributable to the increase in notes receivables, inventories, advance payments to suppliers and bank balances pledged with banks as securities for notes payables and letters of credit.

The increase in notes receivables was in line with the rise in revenue in 4Q2009 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 FY2010, which in turn required higher raw material stock to be maintained.

As at 31 December 2009, the Group maintained RMB 290.1 million in cash balances, compared to RMB 676.4 million as at the end of the preceding year. The decrease is largely attributable to the cash settlement due under the Bonds Restructuring and repayment on bank borrowings.

Current liabilities

Current liabilities decreased by RMB 20.0 million from RMB 3.0 billion as at 31 December 2008 to RMB 2.98 billion as at 31 December 2009. The decrease was primarily attributable to the decrease in bank borrowings due to the conversion of a portion of short-term borrowings to long-term borrowings.

The decrease in notes 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 payables. Such instruments are classified under current borrowings.

The decrease was partially offset by the reclassification of RMB 122.7 million in the convertible bonds from non-current liabilities to current liabilities as well as an increase in trade payables due to the increased purchase of raw materials, in line with increased production, as at 31 December 2009.

Non-Current Liabilities

Non current liabilities amounted to RMB 1.29 billion as at 31 December 2009, compared to RMB 1.74 billion as at 31 December 2008.

The decrease in non-current liabilities was due to the repayment of principal amount of the Old Convertible Bonds during the period under review. The decrease was also due to the reclassification of RMB 122.7

million in the convertible bonds from non-current liabilities to current liabilities. The Company will begin scheduled redemption of the principal amount of the Amended Bonds starting 31 December 2010.

The decease 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 had negative working capital of RMB 296.9 million as at 31 December 2009. The Group's negative working capital position was mainly due to the reclassification of RMB 122.7 million in convertible bonds from non-current liabilities to current liabilities, and advance payments from customers amounting to RMB 504.1 million being recorded as current liabilities on the balance sheet.

The Group had satisfactorily maintained its credit standing and facilities with financial institutions during the period 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 200.0 million from RMB 3.52 billion as at 31 December 2008 to RMB 3.32 billion as at 31 December 2009, primarily due to depreciation on property, plant and equipment during the year under review.

The decrease in property, plant and equipment was partially offset by the increase in capital expenditure of RMB 81.9 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") in FY2009.

Non-current trade receivables also increased from RMB 81.9 million as at 31 December 2008 to RMB 218.4 million as at 31 December 2009, mainly due to the increase in finance lease receivables that arose as a result of the growth in leasing activities of wholly-owned subsidiary Dezhong International Financing Leasing Co., Ltd.

(c) Review of cash flow statement of the Group

4Q2009 vs 4Q2008

Net Cash Generated From Operating Activities

Operating cash flow before working capital changes increased by RMB 709.2 million from the negative operating cash flow of RMB 455.6 million in 4Q2008 to the positive operating cash flow of RMB 253.6 million in 4Q2009, primarily due to the increase in operating profit. Cash used in working capital was RMB 54.8 million in 4Q2009, attributable mainly to the increase in inventories. The increase in working capital used was partially offset by the increase in payables.

The increase in inventories was mainly due to the higher production volume in 4Q2009. The increase in payables was primarily due to the increase in advance payments received from customers.

After taking into consideration cash used for working capital and income tax paid of RMB 3.1 million, the net cash generated by operating activities was RMB 195.7 million as at the end of 4Q2009.

Net Cash Provided by Investing Activities

Net cash provided by investing activities was RMB 13.3 million in 4Q2009. This was mainly attributable to the proceeds of RMB 9.7 million from the disposal of assets during the period under review.

Net Cash Used in Financing Activities

Net cash used in financing activities was RMB 289.2 million in 4Q2009. This was mainly attributable to the initial cash settlement of approximately RMB 204.9 million to its bondholders and repayment of principal interest and bank borrowings of RMB 272.0 million during the period under review. The decrease was partially offset by the drawdown of RMB 208.1 million in short-term loans.

During the period under review, the Group also incurred legal and professional fees of RMB 20.4 million in connection with the Bonds Restructuring.

FY2009 vs FY2008

Net Cash Generated From Operating Activities

Operating cash flow before working capital changes increased by RMB 673.5 million from RMB 287.7 million in FY2008 to RMB 961.2 million in FY2009. The increase was primarily due to the higher operating profit in FY2009. Cash provided by operating activities decreased by RMB 333.1 million from RMB 442.6 million in FY2008 to RMB 109.5 million in FY2009, attributable mainly to the increase in inventories and trade and other receivables and also a decrease in payables.

The increase in inventories was attributable to the increased purchase of raw materials in anticipation of higher production in FY2010, while the increase in trade and other receivables was due to the increase in advance payment to suppliers for raw materials to meet increased production as well as an increase in finance lease receivables in FY2009. Also, the Company did not make early redemption of the notes receivables in 4Q2009. The decrease in trade and other payables was mainly due to the payments made to the creditors and suppliers.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB 135.4 million in FY2009, attributable mainly to the payments for construction in progress in connection with 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 Used in Financing Activities

Net cash used in financing activities was RMB 351.7 million in FY2009. This was mainly attributable to the initial cash settlement of RMB 204.9 million to its bondholders and principal and repayment of bank borrowings plus interest amounting to RMB 2.85 billion. The decrease was partially offset by the drawdown of RMB 2.72 billion in short-term loans during the period under review.

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

In 2009, on the strength of a RMB 4 trillion stimulus package, the PRC economy recorded robust expansion, achieving a year-on-year GDP growth of 8.7%, surpassing the central government's estimates by four percentage points. Fixed asset investment, spurred by the stimulus spending, also increased by 30.1% last year.

In a recent report, the PRC Ministry of Industry and Information Technology expressed a positive long-term view on the steel industry, which is supported by increased government investment, global economic recovery, sufficient market liquidity and government measures to promote the healthy development of the industry.

In the immediate term, however, oversupply pressures will continue to loom across the industry. According to the National Bureau of Statistics, the Chinese steel industry produced 587.6 million tonnes of crude steel in 2009, up 13.5% from 2008. The China Iron & Steel Association further estimates that in 2010, the PRC's steel output will reach 600 million tonnes.

Rising production costs are also expected to impact steelmakers' performance in the year ahead. Iron ore price negotiations between the PRC steel manufacturers and the major global iron ore miners, which began in 4Q2009, are indicating a price increase of approximately 30-40% for the next contract year beginning 1 April 2010. There has also been increasing convergence between spot and contract ore prices in recent months. While the Group maintains the flexibility to deploy a combination of both spot and contract iron ore, it is expected that the price differential between the two sources will narrow in FY2010.

As a supplier of steel materials to the domestic infrastructure, construction, as well as pipe and machinery fabrication industries, the Group has continued to benefit from a progressively buoyant market environment and improving long-term fundamentals. In spite of lower year-on-year sales recorded in FY2009, the Group posted an increase in both sales volume and average selling prices through 2H2009, signaling the passing of a market trough.

Under the central government's direction, the Group will phase out obsolete equipment in phases that will impact on 800,000 tonnes of production capacity, bringing its annual HRC production capacity to 2.2 million tonnes by the end of FY2010. The Group does not expect to further expand production capacity through organic means in FY2010. Instead, the Group will continue to align itself with the central government's policies of upgrading technology, reducing environmental impact and upholding a high standard of product quality.

Increased bank lending in 2009 and early 2010 have aggravated concerns of excessive market liquidity and rising asset prices, resulting in the People's Bank of China raising bank reserve requirement ratios twice in the first two months of FY2010 and adopting other measures to control the pace of domestic lending.

Management anticipates that the Chinese credit market will remain tight over the near term. As the Group closely monitors the tight policies that banks adopt towards private enterprises, it has successfully maintained existing secured and unsecured credit facilities with various domestic and foreign financial institutions.

The successful restructuring of its Old Convertible Bonds in December 2009 marked a significant step in strengthening the Group's balance sheet, placing the Group in a stronger position to address the challenges ahead.

Looking forward, the Group's strategy will continue to focus on (i) cost containment measures; (ii) sales efforts to capitalise on current market demand for steel and steel-related products; and (iii) optimising of product mix to maximise the production of higher-margin specialised steel products.

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 year ended 31 December 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.

In 2009 the Group was primarily operating in one single business segment i.e the manufacture and sale of hot-rolled steel coils.

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. No individual customer contributed more than 10% of the consolidated revenue.

Reportable Segments
As at 31 December 2009

	Manufacturing RMB'000	Other RMB'000	Total RMB'000
REVENUE			
External Sales	7,693,289	17,963	7,711,252
Inter –segment sales	2,338	30,692	33,030
	7,695,627	48,655	7,744,282
Elimination			(33,030)
			7,711,252
SEGMENT RESULTS			
Segment result	533,943	165,287	699,230
Gain from Bonds Restructuring			251,915
Finance costs			(222,617)
Profit before tax			728,528
Tax expense			(59,705)
Profit after tax			668,823
OTHER INFORMATION			
Capital expenditure	165,302	-	165,302
Depreciation and impairment	361,003	20	361,023

SEGMENT ASSETS	Manufacturing	Other	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	7,537,091	3,880,946	(5,114,675)	6,303,362
Unallocated assets	-	-	-	-
Total assets				6,303,362
SEGMENT LIABILTIES				
Segment liabilities	5,422,006	1,310,983	(2,491,020)	4,241,969
Unallocated liabilities	-	-	-	26,036
				4,268,005

Reportable Segments
As at 31 December 2008

	Manufacturing RMB'000	Other RMB'000	Total RMB'000
REVENUE			
External Sales	11,104,833	5,559	11,110,392
Inter –segment sales	10,981	21,581	32,562
	11,115,814	27,140	11,142,954
Elimination			(32,562)
			11,110,392
SEGMENT RESULTS			
Segment result	(85,301)	(42,170)	(127,471)
Finance costs			(294,951)
Profit before tax			(422,422)
Tax expense			51,995
Profit after tax			(370,427)
OTHER INFORMATION			
Capital expenditure	548,560	-	548,560
Depreciation	332,102	112	332,214
Impairment charge for property, plant and equipment	102,369	-	102,369

SEGMENT ASSETS	Manufacturing	Other	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	5,779,550	3,395,589	(3,152,944)	6,022,195
Unallocated assets	-	-	-	65,454
Total assets				6,087,649
SEGMENT LIABILTIES				
Segment liabilities	4,537,578	1,467,806	(1,268,025)	4,737,359
Unallocated liabilities	-	-	-	3,119
				4,740,478

By Geographical Segmentation-FY2008 and FY2009

The Group's operations are mainly carried out in the PRC. No other country 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

	FY2009	FY2008	Increase/ (Decrease)
	RMB'000	RMB'000	%
Sales reported for first half year	3,495,625	6,548,645	(46.6)
Profit after exceptional items and tax reported for the first half year	29,349	329,828	(91.1)
Sales reported for second half year	4,215,627	4,561,747	(7.6)
Profit/ (Loss) after exceptional items and tax reported for the second half year	639,474	(700,255)	nm

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

N.A

BY ORDER OF THE BOARD

Ding Liguo
Executive Chairman