



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 2010 to be false or misleading in any material respect.

On behalf of the Board of Directors

Mr. Ding Liguo
Chairman

Mr. Zuo Shuowen
Executive Director

Singapore
8 November 2010



DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2010

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

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

	Note	The Group					
		3 rd Quarter Ended		Increase	9 Months Ended		Increase
		30/09/2010	30/09/2009	(Decrease)	30/09/2010	30/09/2009	(Decrease)
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sales		2,477,395	2,122,131	16.7	7,283,989	5,609,735	29.8
Cost of sales		(2,295,177)*	(1,879,039)	22.1	(6,742,257)*	(5,158,038)	30.7
Gross Profit		182,218	243,092	(25.0)	541,732	451,697	19.9
Other Income	1	6,012	9,439	(36.3)	24,232	29,656	(18.3)
Other gains-net	2	(9,284)	10,009	n.a	42,087	20,196	108.4
Expenses							
-Distribution and marketing		(3,234)	(1,514)	113.6	(8,669)	(2,973)	191.6
-Administrative		(40,411)	(40,630)	(0.5)	(119,425)	(110,005)	8.6
-Finance		(49,077)	(58,213)	(15.7)	(163,053)	(185,853)	(12.3)
Share of profit of associated company		-	-	-	172	-	100
Profit before tax	3	86,224	162,183	(46.8)	317,076	202,718	56.4
Income tax expense	4	(43,495)	(23,054)	88.7	(107,688)	(34,240)	214.5
Net Profit		42,729	139,129	(69.3)	209,388	168,478	24.3
Other comprehensive income/ (loss):							
Gains/(losses) recognized directly in equity							
Financial assets, available-for-sale							
-Fair value (losses)/ gains		16,782	-		(13,485)	550	
-Reclassification to profit or loss		-	-		-	22,531	
Currency translation differences		(15,274)	6,399		(14,640)	3,662	
Other comprehensive income for the period, net of tax		1,508	6,399		(28,125)	26,743	
Total comprehensive income attributable to equity holders of the Company		44,237	145,528		181,263	195,221	

NM: not meaningful

*Cost of sales includes an impairment charge of RMB40,985,000 on property, plant and equipment in respect of the mill roll production facilities in Xingtai Delong.

Xingtai Delong Machinery and Mill Roll Co., Ltd. ("Xingtai Delong"), a wholly-owned subsidiary of the Group, has incurred losses since it commenced operations in 2008 and has not achieved full production capacity as at the date of this announcement. During the period under review, the Group carried out an impairment review in respect of the mill roll production facilities in Xingtai Delong. As a result, the impairment charge of RMB 40,985,000 on property, plant and equipment was recognized in the cost of sales.

Notes:-

1 Other Income

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2010	30/09/2009	30/09/2010	30/09/2009
	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease income	3,715	5,128	11,136	13,149
Interest income	1,730	3,793	11,468	14,988
Rental income from investment property	567	518	1,628	1,519
	<u>6,012</u>	<u>9,439</u>	<u>24,232</u>	<u>29,656</u>

2 Other gains-net

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2010	30/09/2009	30/09/2010	30/09/2009
	RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/gain on disposal of financial assets, available- for- sale	(4,308)	795	(4,476)	(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	225	957	(229)	(13,989)
Currency translation gain-net ¹	13,462	10,233	12,921	34,962
Fair value (loss)/gain convertible bonds ²	(14,312)	-	5,450	-
Fair value(loss)/ gain on convertible shares ³	(20,375)	-	12,037	-
Gain on early redemption of convertible bonds	12,733	-	12,733	-
Loss on disposal of property, plant and equipment	(1,703)	(1,197)	(1,667)	(1,454)
Others	4,994	(795)	5,318	1,067
	<u>(9,284)</u>	<u>10,009</u>	<u>42,087</u>	<u>20,196</u>

¹The currency translation gain was mainly due to the revaluation of bank balances denominated in, SGD and AUD which were strengthened against RMB in 3Q2010.

²The loss was due to the quarterly revaluation of derivatives embedded to the convertible bonds.

³The loss was due to the quarterly revaluation of derivatives embedded to the convertible shares.

The derivative values were substantially higher as compared to 1H2010 primarily due to the higher Company's share price as at 30 September 2010 as well as the SGD had strengthened against RMB during the period under review.

3. Profit before taxation includes the following items:-

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2010	30/09/2009	30/09/2010	30/09/2009
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortization	62,326	137,015	249,815	318,329
Staff and wages	37,300	47,812	113,349	117,570
Operating lease rental	212	175	609	532

4. Income Tax Expense

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2010	30/09/2009	30/09/2010	30/09/2009
	RMB'000	RMB'000	RMB'000	RMB'000
Tax expense attributable to profit is made up of:				
Current income tax expense /(credit)				
-Foreign	42,244	15,204	106,291	18,702
Deferred income tax	1,251	7,850	1,225	15,420
Underprovision in preceding financial years				
-Current income tax	-	-	172	118
	<u>43,495</u>	<u>23,054</u>	<u>107,688</u>	<u>34,240</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 30/09/2010	As at 31/12/2009	As at 30/09/2010	As at 31/12/2009
Current Assets					
Cash and cash equivalents		768,103	290,113	125,508	125,752
Bank balances pledged		279,046	685,745	-	-
Financial assets, at fair value through profit and loss	1	1,851	964	1,851	964
Trade and other receivables	2	461,944	244,550	64	79
Inventories	3	925,888	1,084,595	-	-
Other current assets	4	314,847	332,672	149	97
		2,751,679	2,638,639	127,572	126,892
Non-current assets					
Trade and other receivables	5	145,068	218,380	913,220	1,161,175
Investments in subsidiaries		-	-	1,884,916	1,884,916
Investment in joint venture	6	272	20,100	-	-
Financial assets, available-for-sale	7	77,279	52,359	57,279	42,359
Investment property		15,690	15,103	-	-
Property, plant and equipment		3,145,717	3,321,347	8	22
Deferred income tax assets		36,209	37,434	-	-
		3,420,235	3,664,723	2,855,423	3,088,472
Total assets		6,171,914	6,303,362	2,982,995	3,215,364
Current liabilities					
Trade and other payables	8	1,506,551	1,456,924	8,994	9,004
Notes payables		404,286	448,000	-	-
Borrowings		1,018,649	924,237	17	26
Convertible bonds	9	120,029	117,401	120,029	117,401
Current income tax liabilities		58,844	3,147	-	-
		3,108,359	2,949,709	129,040	126,431
Non-current liabilities					
Borrowings		254,389	464,839	80,601	-
Convertible bonds	9	371,542	641,646	371,542	641,646
Convertible shares		126,581	167,602	126,581	167,602
Deferred income tax liabilities		22,889	22,889	-	-
		775,401	1,296,976	578,724	809,248
CAPITAL AND RESERVE					
Share capital		403,511	353,297	2,109,347	2,059,133
Reserves		1,884,643	1,703,380	165,884	220,552
Total equity		2,288,154	2,056,677	2,275,231	2,279,685
Total liabilities and equity		6,171,914	6,303,362	2,982,995	3,215,364

Notes:

1. *This represents investment in equity securities listed on the Stock Exchange of Hong Kong (“SEHK”).*

2. *Trade and other receivables - current*

	The Group	
	30/09/2010	31/12/2009
	RMB'000	RMB'000
Finance lease receivables	48,273	34,925
Trade receivables	45,113	31,662
Due from an investee company	23,472	-
Notes receivable	345,086	177,963
	<u>461,944</u>	<u>244,550</u>

The increase in trade and notes receivables was in line with the increase in revenue in 3Q2010.

As at 30 September 2010, 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	
	30/09/2010	31/12/2009
	RMB'000	RMB'000
Raw materials	585,313	722,787
Work-in-progress	106,332	130,206
Finished goods	106,977	95,763
Production supplies	127,266	135,839
	<u>925,888</u>	<u>1,084,595</u>

The Company reduced purchases of raw materials primarily due to the substantial iron ore price volatility in 3Q2010.

4. *Other current assets*

	The Group	
	30/09/2010	31/12/2009
	RMB'000	RMB'000
Deposits	58	783
Prepayments	236,498	231,264
Other	78,291	100,625
	<u>314,847</u>	<u>332,672</u>

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	
	30/09/2010	31/12/2009
	RMB'000	RMB'000
Finance lease receivables	145,068	194,908
Due from an investee company	-	23,472
	145,068	218,380

6. *The investment represents a 20% shareholding in Beijing Bohai Steel Alliance Co., Ltd (“Beijing Bohai Steel”).*

Beijing Bohai Steel’s principal activity was intended to be the import and export of raw materials used in the manufacture of steel products, finished steel products and related technologies. However, due to its failure to obtain the necessary business licenses and permits, Bohai Steel was unable to fulfill its business purpose, and is currently in the process of being liquidated.

The paid up capital of RMB 20,000,000 contributed by Delong Steel Limited to Beijing Bohai Steel was refunded to Delong Steel Limited in 2Q2010.

The announcement on the de-registration will be announced in due course.

7. *The investment represents a 10% equity interest in Hebei Zhongmei Xuyang Coking Co., Ltd. and quoted shares in CFE, a company listed on the Australian Securities Exchange. In 3Q2010, the Group also invested RMB10.0 million, representing a 10% equity stake in Tianjin Futures Trading Co., Ltd. The principal activity of Tianjin Futures Trading Co Ltd is the Futures Trading Exchange in commodities.*

8. *Trade and other payables*

	The Group	
	30/09/2010	31/12/2009
	RMB'000	RMB'000
Trade payables to:		
- Third parties	648,067	745,677
VAT and other taxes payable	-	26,183
Payable to contractors for construction-in-progress	59,590	78,283
Advances from customers	626,931	504,125
Other accrual for operating expenses	7,573	5,811
Staff and workers’ bonus and welfare fund	19,999	32,656
Deposits from tenant	556	526
Deposits from staff and workers	769	11,873
Due to directors (non-trade)	4,356	3,793
Deferred income	12,258	13,511
Other payables	126,452	34,486
	1,506,551	1,456,924

The increase in trade payables was in line with the increase in inventories.

Advance from customers represent prepayments made by customers. These advance payments are to be offset against the purchases of customers when goods are ready for collection.

9. *Convertible bonds*

The convertible bonds are presented on the balance sheet as follows:

	<u>Group and Company</u>	
	<u>30/09/2010</u>	<u>31/12/2009</u>
	<u>RMB'000</u>	<u>RMB'000</u>
<u>Current</u>		
Convertible Bonds (Restricted)	120,029	117,401
<u>Non-current</u>		
Convertible Bonds	141,234	136,007
Convertible Bonds (Restricted)	211,469	480,806
Derivatives liability-Convertible Bonds	18,839	24,833
	<u>371,542</u>	<u>641,646</u>

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 30/09/2010	As at 31/12/2009
------------------	------------------

Secured RMB'000	Unsecured* RMB'000	Secured RMB'000	Unsecured* RMB'000
720,949	417,729	666,652	380,242

Amount repayable after one year

As at 30/09/2010	As at 31/12/2009
------------------	------------------

Secured RMB'000	Unsecured* RMB'000	Secured RMB'000	Unsecured* RMB'000
84,322	668,190	455,357	834,794

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 RMB277,700,000 (2009:RMB 315,038,800) 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	
	30/09/2010 RMB '000	30/09/2009 RMB '000	30/09/2010 RMB '000	30/09/2009 RMB '000
Cash flows from operating activities:				
Profit after income tax	42,729	139,129	209,388	168,478
Adjustments for:				
Depreciation	62,326	137,015	249,815	318,329
Impairment charge on property, plant and equipment	40,985	-	40,985	-
Loss on disposal of property, plant and equipment	1,703	1,197	1,667	1,454
Fair value loss on financial assets, fair value through profit or loss	(225)	(1,007)	229	13,939
Gain on disposal of financial assets, fair value through profit or loss	-	(16)	-	(970)
Loss on disposal of financial assets, available-for-sale	4,308	(795)	4,476	1,360
Loss/ (gain) on change in fair value of convertible bonds	14,312	-	(5,450)	-
Loss/ (gain) on change in fair value convertible shares	20,375	-	(12,037)	-
Exchange loss on convertible shares	3,018	-	6,829	-
Gain on early redemption of convertible bonds	(12,733)	-	(12,733)	-
Interest income	(1,730)	(3,793)	(11,468)	(14,988)
Interest expense	49,077	58,213	163,053	185,853
Income tax expense	43,495	23,054	107,688	34,240
Share of profit of associated company	-	-	(172)	-
Unrealised currency translation (gain)/loss	(16,111)	-	(15,478)	-
	<u>208,800</u>	<u>213,868</u>	<u>517,404</u>	<u>539,217</u>
Operating cash flow before working capital changes	251,529	352,997	726,792	707,695
Bank balances pledged	84,001	(9,417)	406,699	(9,851)
Receivables	171,640	(209,518)	(126,257)	(386,614)
Inventories	322,233	(47,140)	158,707	(226,517)
Payables	(10,444)	(55,255)	5,913	(173,969)
	<u>567,430</u>	<u>(321,330)</u>	<u>445,062</u>	<u>(796,951)</u>
Cash provided by/(used in) operating activities	818,959	31,667	1,171,854	(89,256)
Income tax paid	(46,101)	(1,719)	(50,766)	(5,703)
Net cash provided by/(used in) operating activities	<u>772,858</u>	<u>29,948</u>	<u>1,121,088</u>	<u>(94,959)</u>
Cash flows from investing activities:				
Payments for property, plant and equipment	(58,002)	(117,127)	(116,817)	(171,379)
Proceeds from disposal of property, plant and equipment	-	(629)	230	-
Proceeds from disposal of financial assets, available for sale	9,945	9,888	10,269	22,992
Proceeds from disposal of financial assets, at fair value through profit and loss	-	118	-	4,982
Purchase of financial assets, fair value through profit and loss	(1,116)	-	(1,116)	-
Purchase of financial assets, available for sale	(10,000)	-	(64,815)	-
Dividend received from financial assets, available for sale	11,665	-	11,665	-
Refund of paid-up capital from joint venture	-	-	20,000	-
Investment in joint venture	-	-	-	(20,000)
Interest received	1,730	3,793	11,468	14,988
Net cash used in investing activities	<u>(45,778)</u>	<u>(103,957)</u>	<u>(129,116)</u>	<u>(148,417)</u>
Cash flows from financing activities:				
Proceeds from borrowings	442,212	959,682	2,202,049	2,515,021
Repayment of borrowings	(797,911)	(1,046,645)	(2,318,086)	(2,462,790)
Redemption of convertible bonds	(276,800)	-	(276,800)	-
Interest paid	(27,578)	(33,364)	(121,145)	(114,651)
Net cash used in financing activities	<u>(660,077)</u>	<u>(120,327)</u>	<u>(513,982)</u>	<u>(62,420)</u>

Net decrease in cash and cash equivalents	67,003	(194,336)	477,990	(305,796)
Cash and cash equivalents at beginning of the period	701,100	564,939	290,113	676,399
Cash and cash equivalents at end of the period	768,103	370,603	768,103	370,603

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 RMB '000	Capital reserve RMB '000	Fair Value reserve RMB '000	Translation reserve RMB '000	Statutory reserve RMB '000	Retained earnings RMB '000	Total RMB '000
Balance as at 1 January 2010	353,297	249,218	21,320	7,695	141,072	1,284,075	2,056,677
Issue of shares pursuant to exercise of convertible bonds and convertible shares	28,447	-	-	-	-	-	28,447
Total comprehensive income/(loss) for the period	-	-	-	(1,261)	-	42,011	40,750
Balance as at 31 March 2010	381,744	249,218	21,320	6,434	141,072	1,326,086	2,125,874
Issue of shares pursuant to exercise of convertible bonds and convertible shares	1,329	-	-	-	-	-	1,329
Total comprehensive income/(loss) for the period	-	-	(30,267)	1,895	-	124,648	96,276
Balance as at 30 June 2010	383,073	249,218	(8,947)	8,329	141,072	1,450,734	2,223,479
Issue of shares pursuant to exercise of convertible bonds and convertible shares	20,438	-	-	-	-	-	20,438
Total comprehensive income/(loss) for the period	-	-	16,782	(15,274)	-	42,729	44,237
Balance as at 30 September 2010	403,511	249,218	7,835	(6,945)	141,072	1,493,463	2,288,154

The Group	Share capital RMB '000	Capital reserve RMB '000	Fair value reserve RMB '000	Currency translation reserve RMB '000	Statutory reserve RMB '000	Retained earnings RMB '000	Total 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/(loss) 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 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 2010	2,059,133	249,218	21,320	(49,986)	2,279,685
Issue of shares pursuant to exercise of convertible bonds and convertible shares	28,447	-	-	-	28,447
Total comprehensive loss for the period	-	-	-	(5,549)	(5,549)
Balance as at 31 March 2010	2,087,580	249,218	21,320	(55,535)	2,302,583
Issue of shares pursuant to exercise of convertible bonds and convertible shares	1,329	-	-	-	1,329
Total comprehensive loss for the period	-	-	(30,267)	(17,413)	(47,680)
Balance as at 30 June 2010	2,088,909	249,218	(8,947)	(72,948)	2,256,232
Issue of shares pursuant to exercise of convertible bonds and convertible shares	20,438	-	-	-	20,438
Total comprehensive loss for the period	-	-	16,782	(18,221)	(1,439)
Balance as at 30 September 2010	2,109,347	249,218	7,835	(91,169)	2,275,231

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 income/(loss) for the period	-	-	-	(17,818)	(17,818)
Balance as at 30 September 2009	2,059,133	249,218	-	(380,568)	1,927,783

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	30/09/2010	30/09/2009
Number of ordinary shares as at 1 Jul	542,955,027	535,478,498
Shares arising from conversion of convertible shares	6,898,903	-
Number of ordinary shares as at 30 September	549,853,930	535,478,498

Convertible Bonds as at	30/09/2010	30/09/2009
Number of shares that maybe issued on conversion of all outstanding convertible bonds	34,247,973	-
Convertible Shares as at	30/09/2010	30/09/2009
Number of shares that maybe issued on conversion of all outstanding convertible shares	29,952,293	68,431,101

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 auditor.

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 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not Applicable

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

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2010	30/09/2009	30/09/2010	30/09/2009
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit for the period	42,729	139,129	209,388	168,478
Basic earnings per share (in RMB)	0.08	0.26	0.39	0.32
Diluted earnings per share (in RMB)	0.07	0.26	0.35	0.32
Weighted average no. of shares outstanding for basic earnings per share	543,579,379	535,478,498	542,399,912	535,478,498
Weighted average no. of shares outstanding for diluted earnings per share	607,780,272	535,478,498	606,600,805	535,478,498

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 after adjusting to include the dilutive effect of all dilutive potential ordinary shares, e.g., convertible shares and convertible bonds.

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	
	30/09/2010	31/12/2009	30/09/2010	31/12/2009
Net Asset Value per share (RMB)	4.16	3.84	4.14	4.25

Net asset value per share for the Group and Company is calculated based on 549,853,930 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 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

3Q2010 vs 3Q2009

Revenue

Revenue increased from RMB2.12 billion in 3Q2009 to RMB2.48 billion in 3Q2010 representing an increase of RMB 360.0 million or 16.7%. The increase in revenue was principally attributed to the increase in the average selling prices of Hot Rolled Coils ("HRC"), this despite the decrease in the volume of products sold in 3Q2010 as compared to previous corresponding period.

In 3Q2010 the Group sold 654,763 tonnes of HRC and 963 tonnes of steel billets as compared to 665,820 tonnes of HRC and 31,950 tonnes of steel billets in 3Q2009. Overall sales quantity decreased by 42,044 tonnes or 6.0%.

The increase in revenue was also due to the increase in volume of mill rolls sold by 2,695 tonnes from 724 tonnes in 3Q2009 to 3,419 tonnes in 3Q2010. Revenue from mill rolls accounted for approximately 0.71% of the Group's revenue in 3Q2010.

Cost of sales

Cost of sales increased by RMB410.0 million or 22.1% from RMB 1.88 billion in 3Q2009 to RMB2.29 billion in 3Q2010. The increase was due to the increase in raw material prices for steel production in 3Q2010 compared to the previous corresponding period. The increase in cost of sales was also due to the impairment charge of RMB41.0 million on property, plant and equipment in respect of the mill roll production facilities in 3Q2010.

Gross profit

Gross profit decreased by RMB60.9 million from RMB243.1 million in 3Q2009 to RMB182.2 million in 3Q2010.

Gross profit margin decreased from 11.5% in 3Q2009 to 7.4% in 3Q2010 primarily due to the increase in raw materials prices which outpaced the average selling prices of HRC sold. The decrease in gross profit margin also due to the impairment charge of RMB41.0 million on property, plant and equipment in respect of the mill roll production facilities in 3Q2010.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB 1.7 million from RMB1.5 million in 3Q2009 to RMB3.2 million in 3Q2010 primarily due to an increase in distribution-related expenses resulting from overall higher sales revenue during the period.

Administrative expenses

Administrative expenses decreased by RMB0.2 million from RMB 40.6 million in 3Q2009 to RMB40.4 million in 3Q2010. The decrease was primarily due a decrease in salary and other employee benefits in 3Q2010 as compared to previous corresponding period.

Finance expenses

Finance expenses decreased by RMB9.1 million from RMB 58.2 million in 3Q2009 to RMB 49.1 million in 3Q2010. The decrease was primarily due to the lower interest rates on borrowings as well as the decrease in bank borrowings drawdown for working capital purposes in 3Q2010. The decrease was also due to the lower monthly interest expense accrued on convertible bonds. The Company had redeemed a portion of the convertible bonds (restrictive), the U.S Dollar Equivalent of RMB346.0 million in principal amount of bonds during the period under review

Net profit

Net profit after tax decreased by RMB 96.4 million or 69.3% from RMB139.1 million in 3Q2009 to RMB 42.7 million in 3Q2010. The net profit margins in 3Q2009 and 3Q2010 were 6.6% and 1.7% respectively.

Excluding the gain of RMB 12.7 million on the early redemption of convertible bonds and the revaluation losses in respect of the convertible bonds and convertible shares of RMB 14.3 million and RMB20.4 million respectively as well as the impairment charge of RMB41.0 million on property, plant and equipment in respect of the mill roll production facilities, the net profit after tax would have been RMB 105.7 million, representing a net profit margin of 4.3% in 3Q2010. The decrease in net profit margin was primarily due to lower operating profit margin in 3Q2010.

9M2010 vs 9M2009

Revenue

Revenue increased from RMB5.61 billion in 9M2009 to RMB7.28 billion in 9M2010, representing an increase of RMB 1.67 billion or 29.8%. The increase in revenue was principally attributed to the increase in the sales volume and higher average selling price of HRC in 9M2010.

The Group sold 1,901,646 tonnes of HRC and 13,936 tonnes of steel billets in 9M2010 as compared to 1,848,275 tonnes of HRC and 24,974 tonnes of steel billets in 9M2009. Overall sales volume increased by 42,333 tonnes or 2.3%. The Group also sold 6,298 tonnes of mill rolls in 9M2010 as compared to 1,991 tonnes of mill rolls in 9M2009.

Revenue from mill rolls accounted for approximately 0.6% of the Group's revenue in 9M2010.

Cost of sales

Cost of sales increased by RMB 1.58 billion or 30.7% from RMB 5.16 billion in 9M2009 to RMB6.74 billion in 9M2010 principally attributable to the increase in volume of HRC sold. The increase was also due to the increase in the prices of raw materials in 9M2010 compared with previous corresponding period. The increase in cost of sales was also due to the impairment charge of RMB41.0 million on property, plant and equipment in respect of the mill roll production facilities in 3Q2010.

Gross profit

Gross profit increased by RMB 90.0 million or 19.9% from RMB451.7 million in 9M2009 to RMB 541.7 million in 9M2010.

Gross profit margin decreased by 0.7 percentage point from 8.1% in 9M2009 to 7.4% in 9M2010. The decrease was primarily due to the increase in raw materials prices which outpaced the average selling prices of HRC sold. The decrease was also due to the impairment charge of RMB41.0 million on property, plant and equipment in respect of the mill roll production facilities in 3Q2010.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB5.7 million from RMB 3.0 million in 9M2009 to RMB8.7 million in 9M2010. This was due to increase in distribution-related expenses as a result of higher sales quantity.

Administrative expenses

Administrative expenses increased by RMB9.4 million from RMB 110.0 million in 9M2009 to RMB119.4 million in 9M2010. The increase was primarily due the increase in the increase in general administrative expenses e.g., traveling expenses, legal and professional fees etc.

Finance expenses

Finance expenses decreased by RMB22.8 million from RMB185.9 million in 9M2009 to RMB163.1 million in 9M2010. The decrease was primarily due to overall lower interest rates on borrowings as a result of the use of letters of credit to finance the payments to creditors and suppliers in 9M2010 as compared to relatively higher utilization of notes payable to finance these payments in 9M2009. The decrease was partially offset by the increase in bank borrowings drawn down for working capital purposes during the period.

The decrease was also due to the lower monthly interest expense accrued on convertible bonds. The Company had redeemed a portion of the convertible bonds (restrictive), the U.S Dollar Equivalent of RMB346.0 million in principal amount of bonds during the period under review

Net profit

Net profit after tax increased by RMB40.9 million or 24.3% from RMB168.5 million in 9M2009 to RMB209.4 million in 9M2010. The net profit margins in 9M2009 and 9M2010 were 3.0% and 2.9% respectively. The decrease in net profit margin was primarily due to lower operating margin in 9M2010.

Excluding the revaluation gains in respect of the convertible bonds and convertible shares of RMB5.5 million and RMB12.0 million respectively and the gain of RMB12.7 million on the early redemption of convertible bonds as well as the impairment charge of RMB41.0 million in respect of the mill roll production facilities, the net profit after tax would have been RMB 220.2 million, representing a net profit margin of 3.0% in 9M2010.

(b) Review of balance sheet of the Group as at 30 September 2010

Current assets

Current assets increased by RMB110.0 million from RMB 2.64 billion as at 31 December 2009 to RMB 2.75 billion as at 30 September 2010. The increase was primarily attributable to the increase in cash and cash equivalent as well as the increase in notes receivable which were in line with the increase in revenue in 3Q2010. The increase was partially offset by the decrease in inventories and bank balances pledged.

The decrease in bank balances pledged was due to the use of letters of credit in payments to creditors and suppliers as compared to higher utilization of notes payable to finance payments to creditors and suppliers in FY2009. Letters of credit have lower security requirements and lower financing cost as compared to notes payable.

The decrease in inventories was mainly due to the reduced purchases of raw materials in 3Q2010 as a result of the uncertain outlook on iron ore market.

Current liabilities

Current liabilities increased by RMB 160.0 million from RMB 2.95 billion as at 31 December 2009 to RMB 3.11 billion as at 30 September 2010. The increase was primarily attributable to the increase in bank borrowings drawn down for working capital purposes as well as the increase in advances from customers. The increase was partially offset by the decrease in notes payable.

Non Current liabilities

Non-current liabilities decreased by RMB514.6 million from RMB 1.29 billion as at 31 December 2009 to RMB 775.4 million as at 30 September 2010 primarily due to the Company redeemed a portion of the convertible bonds (restrictive), the U.S Dollar Equivalent of RMB346.0 million in principal amount of bonds during the period under review. The decrease in non-current liabilities was also due to the decrease in long-term bank borrowings.

Working capital

The Group's negative working capital position was RMB356.7 million as at 30 September 2010. The Group's negative working capital position was mainly due to the use of short-term bank loans to finance its capital expenditure and working capital purposes.

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

As at 30 September 2010, the Group had satisfactorily maintained its credit standing and facilities with financial institutions during the periods under review and the credit facilities had constantly been renewed and/or rolled-over annually by the financial institutions.

Non current assets – Property, plant and equipment

Non current assets decreased by RMB240.0 million from RMB3.66 billion as at 31 December 2009 to RMB3.42 billion as at 30 September 2010. The decrease was mainly due to the decrease in Property, plant and equipment by RMB 180.0 million from RMB3.32 billion as at 31 December 2009 to RMB3.14 billion as at 30 September 2010 primarily due to the increase in the provision of depreciation on property, plant and

equipment and also the impairment charge of RMB41.0 million on property, plant and equipment in respect of the mill rolling production facilities in Xingtai Delong for the period under review.

The decrease was partially offset by payments for construction expenses in respect of mill rolling production facilities in Xingtai Delong as well as technical enhancements to upgrade production facilities in Delong Steel Limited.

Non-current trade receivables decreased by RMB 73.3 million from RMB 218.4 million as at 31 December 2009 to RMB 145.1 million as at 30 September 2010, mainly due to the cancellation of a finance lease under Dezhong International Financing Leasing Co., Ltd. The decrease was also due to the reclassification of amount due from an investee from non-current trade and other receivables to current trade and other receivables.

(c) Review of cash flow statement of the Group

3Q2010 vs 3Q2009

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes decreased by RMB101.5 million from RMB353.0 million in 3Q2009 to RMB251.5 million in 3Q2010. The decrease was primarily due to the decrease in operating profit. Net cash generated from operating activities improved by RMB743.0 million from RMB29.9 million in 3Q2009 to RMB772.9 million in 3Q2010, attributable mainly to the decrease in bank balances pledged as securities for notes payable and bank borrowings as well as the decrease in inventories.

The increase in net cash generating from operating activities was also due the decrease in notes receivable in 3Q2010. The Company made an early redemption of notes receivable during the period under review.

Net Cash Used In Investing Activities

Net cash outflow from investing activities was RMB45.8 million in 3Q2010. This was mainly attributable to the payments for construction expenses in respect of mill roll production facilities in Xingtai Delong and the Group also invested RMB10.0 million in Tianjin Future Trading Co., Ltd during the period under review. The cash outflow from investing activities was partially offset by the dividend of RMB11.7 million received from the investment in CFE.

Net Cash Used in Financing Activities

Net cash outflow from financing activities increased by RMB539.8 million from RMB120.3 million in 3Q2009 to RMB660.1 million in 3Q2010. The cash outflow in 3Q2010 primarily related to the repayments of principal and interest for bank borrowings of RMB825.5 million and repayment of convertible bonds of RMB276.8 million.

9M2010 vs 9M2009

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes increased by RMB19.1 million from RMB707.7 million in 9M2009 to RMB726.8 million in 9M2010. The increase was primarily due to the increase in operating profit. Net cash generated from operating activities increased by RMB1.22 billion, attributable mainly to a decrease in inventories and bank balances pledged as securities for bank borrowings and notes payable. The

increase was partially offset by the increase in notes receivables which was in line with the increase in revenue.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB129.1 million in 9M2010, attributable mainly to the payments for conversion of options in CFE as well as payments for construction expenses in relation to the mill rolling production facilities in Xingtai Delong and technical enhancements to upgrade production facilities in Delong Steel Limited.

The cash used in investing activities was partially offset by the refund of paid up capital of RMB20.0 million from Beijing Bohai Steel and dividend of RMB11.7 million received from the investment in CFE and proceeds of RMB10.3 million from the disposal of CFE shares.

Net Cash Used In Financing Activities

Net cash outflow from financing activities increased by RMB451.6 million from RMB62.4 million in 9M2009 to RMB514.0 million in 9M2010. The cash outflow in 9M2010 primarily related to the repayments of principal and interest for bank borrowings of RMB2.44 billion and repayment of convertible bonds of RMB276.8 million, partially offset by RMB 2.20 billion in draw-downs of bank loans.

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 and Business Outlook

China's economy is expected to grow at a slower pace with the implementation of several measures by the PRC government to tighten credit to businesses and public sectors. These steps are aimed at cooling the economy to reduce risks of overheating.

Raw material prices, especially iron ore, will also remain volatile because of currency uncertainties prevailing in many major global economies.

As such, China's steel industry in the closing months of 2010 will likely remain relatively sluggish, with early signs of slowing of infrastructure, real estate and construction activities in many parts of China.

Government measures enforced to meet pollution and efficiency targets, as well as eliminate outdated steel capacity, will also impact the industry.

Despite the prevailing uncertainties, the Group will focus on bolstering its financial position to take advantage of market growth opportunities.

The Group will remain cautious in our purchase of raw materials and cost control.

Barring unforeseen circumstances, the Group remains cautiously optimistic in putting up a profitable performance for FY2010.

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 30 September 2010.

**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