



DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED FIRST QUARTER RESULTS FOR THE PERIOD ENDED 31 MARCH 2011

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 first quarter ended 31 March 2011 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
12 May 2011

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

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

		The Group		
		1 st Quarter Ended		Increase
		31/03/2011	31/03/2010	(Decrease)
Note		RMB'000	RMB'000	%
	Sales	1,575,583	1,999,398	(21.2)
	Cost of sales	(1,535,990)	(1,883,318)	(18.4)
	Gross Profit	39,593	116,080	(65.9)
	Other income	8,045	9,928	(19.0)
	Other gains-net	22,828	26,710	(14.5)
	Expenses			
	-Distribution and marketing	(1,172)	(1,416)	(17.2)
	-Administrative	(31,200)	(30,285)	3.0
	-Finance	(69,526)	(64,032)	8.6
	Share of profit of associated company	-	172	(100.0)
	(Loss)/ Profit before income tax	(31,432)	57,157	(155.0)
	Income tax credit/ (expense)	9,339	(15,146)	(161.7)
	Net (Loss)/ Profit	(22,093)	42,011	(152.6)
	Other comprehensive loss:			
	Currency translation differences arising from consolidation	(4,436)	(1,261)	251.8
	Other comprehensive loss, net of tax	(4,436)	(1,261)	251.8
	Total comprehensive (loss)/ income attributable to equity holders of the Company	(26,529)	40,750	(165.1)

NM: not meaningful

Notes:-

1 Other income:

	The Group	
	1 st Quarter Ended	
	31/03/2011	31/03/2010
	RMB'000	RMB'000
Finance lease income	3,867	3,682
Interest income	3,563	5,718
Rental income from investment property	615	528
	<u>8,045</u>	<u>9,928</u>

2 Other gains-net:

	The Group	
	1 st Quarter Ended	
	31/03/2011	31/03/2010
	RMB'000	RMB'000
Fair value (loss)/ gain- financial assets at fair value through profit and loss	(194)	56
Currency translation gain-net ¹	8,025	2,301
Gain on change in fair value of convertible bonds ²	5,619	7,729
Gain on change in fair value of convertible shares ³	6,913	13,365
Loss on disposal of property, plant and equipment	(57)	(684)
Others	2,522	3,943
	<u>22,828</u>	<u>26,710</u>

¹The currency translation gain was mainly due to the revaluation of bank balances denominated in AUD which were strengthened against RMB in 1Q2011.

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

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

3. Profit before taxation includes the following items:-

	The Group	
	1 st Quarter Ended	
	31/03/2011	31/03/2010
	RMB'000	RMB'000
Depreciation and amortization	86,910	94,497
Staff and wages	38,457	36,678
Operating lease rental	218	196

4. Income Tax (Credit)/ Expense

	The Group	
	1 st Quarter Ended	
	31/03/2011	31/03/2010
	RMB'000	RMB'000
Tax expense attributable to result is made up of:		
-Result from current financial year		
Current income tax		
-Foreign	1,657	14,256
Deferred income tax	(10,996)	890
	<u>(9,339)</u>	<u>15,146</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 31/03/2011	As at 31/12/2010	As at 31/03/2011	As at 31/12/2010
Current Assets					
Cash and cash equivalents		436,297	509,728	49,837	53,659
Bank balances pledged		1,374,159	507,361	-	-
Financial assets, at fair value through profit and loss		1,010	1,204	1,010	1,204
Trade and other receivables	1	480,960	458,434	199	13
Inventories	2	1,230,427	1,262,405	-	-
Other current assets	3	424,923	367,443	5,951	4,334
		3,947,776	3,106,575	56,997	59,210
Non-current assets					
Trade and other receivables	4	113,682	127,774	650,715	650,589
Investments in subsidiaries		-	-	1,884,916	1,884,916
Financial assets, available-for-sale	5	20,000	20,000	-	-
Investment property		15,750	15,611	-	-
Property, plant and equipment		2,987,206	3,038,279	70	74
Deferred income tax assets		39,263	38,727	-	-
		3,175,901	3,240,391	2,535,701	2,535,579
Total assets		7,123,677	6,346,966	2,592,698	2,594,789
Current liabilities					
Trade and other payables	6	1,792,794	1,571,870	11,323	12,286
Notes payables		1,187,062	807,716	-	-
Borrowings		1,295,585	1,146,435	11	10
Current income tax liabilities		16,037	54,524	98	98
		4,291,478	3,580,545	11,432	12,394
Non-current liabilities					
Borrowings		167,622	71,825	58	61
Convertible bonds	7	152,672	153,986	152,672	153,986
Convertible shares		119,048	121,224	119,048	121,224
Deferred income tax liabilities		22,889	22,889	-	-
		462,231	369,924	271,778	275,271
CAPITAL AND RESERVE					
Share capital		403,511	403,511	2,109,347	2,109,347
Reserves		1,966,457	1,992,986	200,141	197,777
Total equity		2,369,968	2,396,497	2,309,488	2,307,124
Total liabilities and equity		7,123,677	6,346,966	2,592,698	2,594,789

Notes:

1. *Trade and other receivables - current*

	The Group	
	31/03/2011	31/12/2010
	RMB'000	RMB'000
Finance lease receivables	69,012	60,516
Trade receivables	69,051	71,185
Due from an investee company	26,247	26,247
Notes receivable	316,650	300,486
	<u>480,960</u>	<u>458,434</u>

The higher amount of notes receivable as at 31 March 2011 as compared to 31 December 2010 was because the Group did not make early redemptions of the notes during the period under review as the banks charged higher discounting rates for collecting the notes receivable. The Group also did not transfer these notes to its suppliers in payment for purchases made.

As at 31 March 2011, 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.

2. *Inventories*

	The Group	
	31/03/2011	31/12/2010
	RMB'000	RMB'000
Raw materials	780,426	954,059
Work-in-progress	154,994	86,106
Finished goods	192,190	115,248
Production supplies	102,817	106,992
	<u>1,230,427</u>	<u>1,262,405</u>

The decrease in inventories was mainly due to the decrease in raw materials, which was in line with the lower production in 1Q2011.

3. *Other current assets*

	The Group	
	31/03/2011	31/12/2010
	RMB'000	RMB'000
Deposits	58	58
Prepayments	424,865	291,474
Other	-	75,911
	<u>424,923</u>	<u>367,443</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.

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

	The Group	
	31/03/2011	31/12/2010
	RMB'000	RMB'000
Finance lease receivables	113,682	127,774

5. *The investments comprise a 10% equity interest in Hebei Zhongmei Xuyang Coking Co., Ltd and a 8.62% equity stake in Tianjin United Mercantile Exchange Co., Ltd.*

6. *Trade and other payables*

	The Group	
	31/03/2011	31/12/2010
	RMB'000	RMB'000
*Trade payables to:		
- Third parties	854,733	675,080
VAT and other taxes payable	52,703	54,491
Payable to contractors for construction-in-progress	-	59,590
Advances from customers	731,511	674,865
Other accrual for operating expenses	2,560	2,645
Staff and workers' bonus and welfare fund	23,553	56,904
Deposits from tenant	564	564
Deposits from staff and workers	1,247	978
Due to directors (non-trade)	5,474	5,049
Deferred income	11,426	11,842
Other payables	109,023	29,862
	1,792,794	1,571,870

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.

**Trade payables include letters of credit of RMB372,975,000 and RMB136,050,000 as at 31 March 2011 and 31 December 2010 respectively.*

7. *Convertible bonds*

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

	Group and Company	
	31/03/2011	31/12/2010
	RMB'000	RMB'000
<u>Non-current</u>		
Convertible Bonds	145,921	141,616
Derivatives liability-Convertible Bonds	6,751	12,370
	152,672	153,986

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 31/03/2011	As at 31/12/2010
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
1,089,919	205,666	694,202	452,233

Amount repayable after one year

As at 31/03/2011	As at 31/12/2010
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
47,211	392,131	47,414	299,621

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 250,666,000 (2010: RMB 410,913,400) 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	
	1 st Quarter Ended	
	31/03/2011	31/03/2010
	RMB '000	RMB'000
Cash flows from operating activities:		
(Loss)/ Profit after income tax	(22,093)	42,011
Adjustments for:		
Income tax (credit)/expense	(9,339)	15,146
Depreciation	86,910	94,497
Loss on disposal of property, plant and equipment	57	684
Fair value (loss)/ gain- financial assets at fair value through profit and loss	194	(56)
Gain on change in fair value of convertible bonds	(5,619)	(7,729)
Gain on change in fair value of convertible shares	(6,913)	(13,365)
Exchange loss on convertible shares	1,822	2,877
Interest income	(3,563)	(5,718)
Interest expense	69,526	64,032
Share of profit of associated company	-	(172)
Unrealised currency translation gain	(4,670)	(1,262)
	128,405	148,934
Operating cash flow before working capital changes	106,312	190,945
Bank balances pledged	(866,798)	(107,263)
Receivables	(65,914)	(167,895)
Inventories	31,978	(292,599)
Payables	600,270	359,410
	(300,464)	(208,347)
Cash used in operating activities	(194,152)	(17,402)
Income tax paid	(29,684)	(2,444)
Net cash used in operating activities	(223,836)	(19,846)
Cash flows from investing activities:		
Payments for property, plant and equipment	(35,804)	(29,452)
Proceeds from disposal of property, plant and equipment	-	-
Interest received	3,563	5,718
Net cash used in investing activities	(32,241)	(23,734)
Cash flows from financing activities:		
Proceeds from borrowings	1,013,852	754,684
Repayment of borrowings	(768,900)	(610,331)
Interest paid	(62,306)	(40,057)
Net cash provided by financing activities	182,646	104,296
Net (decrease)/ increase in cash and cash equivalents	(73,431)	60,716
Cash and cash equivalents at beginning of the period	509,728	290,113
Cash and cash equivalents at end of the period	436,297	350,829

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	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 2011	403,511	249,218	-	(7,933)	141,072	1,610,629	2,396,497
Total comprehensive loss for the period	-	-	-	(4,436)	-	(22,093)	(26,529)
Balance as at 31 March 2011	403,511	249,218	-	(12,369)	141,072	1,588,536	2,369,968

The Group	Share capital	Capital reserve	Fair Value reserve	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 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

<u>The Company</u>	Share capital	Capital reserve	Fair value reserve	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2011	2,109,347	249,218	21,320	(72,761)	2,307,124
Total comprehensive income for the period	-	-	-	2,364	2,364
Balance as at 31 March 2011	2,109,347	249,218	21,320	(70,397)	2,309,488

<u>The Company</u>	Share capital	Capital reserve	Fair value reserve	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 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

- 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 1st Quarter Ended	31/03/2011	31/03/2010
Number of ordinary shares as at 1 January	549,853,930	535,478,498
Shares arising from conversion of convertible shares	-	6,271,726
Shares arising from conversion of convertible bonds	-	793,897
Number of ordinary shares as at 31 March	549,853,930	542,544,121

Convertible Bonds as at	31/03/2011	31/03/2010
Number of shares that maybe issued on conversion of all outstanding convertible bonds	34,247,973	34,247,973
Convertible Shares as at	31/03/2011	31/03/2010
Number of shares that maybe issued on conversion of all outstanding convertible shares	29,952,293	37,262,732

- 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 2010.

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	
	1 st Quarter Ended	
	31/03/2011	31/03/2010
	RMB'000	RMB'000
Net (loss)/ profit for the period	(22,093)	42,011
Basic (losses)/ earnings per share (in RMB)	(0.04)	0.08
Diluted (losses)/ earnings per share (in RMB)	(0.04)	0.04
Weighted average no. of shares outstanding for basic earnings per share ('000)	549,854	540,976
Weighted average no. of shares outstanding for diluted earnings per share ('000)	614,055	612,487

Explanatory Notes:

Basic (losses)/ earnings per share is calculated based on the weighted average number of shares in issue during the period under review.

Diluted (losses)/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	
	31/03/2011	31/12/2010	31/03/2011	31/12/2010
Net Asset Value per share (RMB)	4.31	4.36	4.20	4.20

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 549,853,930 ordinary shares in issue at the end of the immediate preceding financial year ended 31 December 2010.

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

1Q2011 vs 1Q2010

Revenue

Revenue decreased by RMB423.8 million or 21.2% from RMB1999.4 million in 1Q2010 to RMB1575.6 million in 1Q2011. The decrease in revenue was principally attributed to the decrease in the volume of Hot Rolled Coils ("HRC") sold, despite an increase in the average selling price of HRC in 1Q2011 as compared to 1Q2010.

In 1Q2011 the Group sold 390,570 tonnes of HRC and 60 tonnes of steel billets as well as 1,240 tonnes of roller mill as compared to 590,000 tonnes of HRC and 9,350 tonnes of steel bill as well as 611 tonnes of roller mill in 1Q2010. Overall sales quantity decreased by 208,091 tonnes or 34.7%.

The reduced turnover was due primarily to the lower output of our HRC products, resulting from a 5-week maintenance programme of two of the blast furnaces in February 2011 (Please refer to the Company's announcement (e.g., announcement no 122) dated 18 February 2011 for details).

Cost of sales

Cost of sales decreased by RMB347.3 million or 18.4% from RMB1883.3 million in 1Q2010 to RMB1536.0 million in 1Q2011. The decrease was in line with the decrease in the volume of HRC sold as compared to the previous corresponding period.

Gross profit

Gross profit decreased by RMB76.5 million or 65.9% from RMB116.1 million in 1Q2010 to RMB39.6 million in 1Q2011.

Gross profit margin decreased from 5.8% in 1Q2010 to 2.5% in 1Q2011. The decrease was primarily due to the increase in raw material prices which outpaced the average selling price of HRC sold in 1Q2011. The decrease was also due to a lower production output during the maintenance period of the Group's blast furnaces in 1Q2011 which resulted in the increase in average cost of sales per tonne.

Distribution and marketing expenses

Distribution and marketing expenses decreased by RMB 0.2 million from RMB 1.4 million in 1Q2010 to 1.2 million in 1Q2011. The decrease in distribution expenses was in line with the lower sales quantity. As a percentage of revenue, distribution and marketing expenses remained relatively constant in 1Q2011 as compared to 1Q2010.

Administrative expenses

Administrative expenses increased by RMB 0.9 million from RMB 30.3 million in 1Q2010 to RMB31.2 million in 1Q2011. The increase was due to the increase in employee related costs in 1Q2011 as compared to previous corresponding period.

Finance expenses

Finance expenses increased by RMB5.5 million from RMB64.0 million in 1Q2010 to RMB69.5 million in 1Q2011. The increase was primarily due to higher interest rates on borrowings as well as the increase in bank borrowings drawdown for working capital purposes in 1Q2011. The increase was partially offset by the decrease in interest on the convertible bonds as the Group had fully redeemed the convertible bonds (Restrictive) in December 2010 as compared to previous corresponding period.

Net profit

As a result of the foregoing factors, the Group made a net loss after tax of RMB22.1 million in 1Q2011, as compared to a net profit after tax of RMB42.0 million in 1Q2010.

(b) Review of balance sheet of the Group as at 31 March 2011

Current assets

Current assets increased by RMB841.2 million from RMB3106.6 million as at 31 December 2010 to RMB3947.8 million as at 31 March 2011. The increase was primarily attributable to the increase in bank balances pledged with banks as security for bank borrowings and notes payable, which was in line with the increase in bank borrowings and notes payable during the period under review. The increase was also due to the increase in advance payments made to suppliers for the purchase of raw materials.

The increase in bank balance pledged was primarily due to higher utilization of notes payable to finance payments to creditors and suppliers.

Current liabilities

Current liabilities increased by RMB711.0 million from RMB3580.5 million as at 31 December 2010 to RMB4291.5 million as at 31 March 2011. The increase was primarily attributable to the increase in bank borrowings for working capital purposes as well as the increase in notes payable, letters of credit and advance payments received from customers. The increase in notes payable was due to the utilization of bank notes to reduce trade payables. Notes payable normally have longer payment terms as compared to trade payables.

Working capital

The Group had improved its negative working capital position by RMB130.2 million from RMB473.9 million as at 31 December 2010 to RMB343.7 million as at 31 March 2011. 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 was in negative working capital positions, it was able to service all of its debts obligations primarily through cash inflow from operations.

The Group has satisfactorily maintained its credit facilities with financial institutions in PRC during the period under review whereby credit facilities have constantly been renewed and/or rolled-over annually by the financial institutions.

Non current assets – Property, plant and equipment

Non current assets decreased by RMB64.5 million from RMB3240.4 million as at 31 December 2010 to RMB3175.9 million as at 31 March 2011, primarily due to the decrease in Property, plant and equipment from RMB3038.3 million as at 31 December 2010 to RMB2987.2 million as at 31 March 2011. The decrease in property, plant and equipment was primarily due to the provision for depreciation on property, plant and equipment for the period under review.

The decrease was partially offset by the payments for technical enhancements to upgrade production facilities in Delong Steel Limited.

Non Current liabilities

Non-current liabilities increased by RMB92.3 million from RMB369.9 million as at 31 December 2010 to RMB462.2 million as at 31 March 2011. The increase was mainly attributable to the increase in long-term bank borrowings for working capital purposes during the period under review.

(c) Review of cash flow statement of the Group

1Q2011 vs 1Q2010

Net Cash Used In Operating Activities

Operating cashflow before working capital changes decreased by RMB84.6 million from RMB190.9 million in 1Q2010 to RMB106.3 million in 1Q2011. The decrease was primarily due to the decrease in operating profit. Cash used in working capital was RMB300.5 million in 1Q2011, attributable mainly to the increase in bank balances pledged as security for bank borrowings and notes payable during the period under review as well as an increase in advance payments made to suppliers for the purchase of raw materials. The cash used for working capital was partially offset by the increase in notes payable and advance payments from customers.

After taking into consideration cash used for working capital and income tax paid of RMB29.7 million, the net cash used in operating activities was RMB223.8 million in 1Q2011.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB 32.2 million in 1Q2011. This comprised principally payment for construction in relation to the mill roll plant at Xingtai Delong as well as the payments for technical enhancements to upgrade production facilities in Delong Steel Limited.

Net Cash Generated from Financing Activities

Net cash generated from financing activities was RMB182.7 million in 1Q2011. This was mainly attributable to the drawdown of short-term loans of RMB1013.9 million for working capital less principal and interest repayments of RMB831.2 million.

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

The Company issued Profit Guidance on 3 May 2011 in which the directors said that Delong will report a loss for the period ended 31 March 2011.

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

With the winding down of China's massive stimulus programme initiated in 2008, the PRC economic growth has started to cool off. The market expects the consumption of steel to level off towards the end of 2011 even though the World Steel Association is forecasting a modest 5% increase in China's steel output for 2011 and 2012.

The outlook for steel industry in China remains uncertain as commodity prices are expected to rise. While the Japanese earthquake could trigger a higher demand for steel for reconstruction activities and hence higher prices for HRC, the profit margin for steel manufacturers still face challenges due to higher raw material prices.

Therefore the Group maintains a cautious outlook for the coming months in FY2011.

Going forward, the Group will remain vigilant in its cost control and inventory management. Meanwhile it will pursue its M&A strategy to take advantage of the consolidation in China's steel industry. Our commitment to enhance existing portfolio, by including higher value-added products, should help maintain our profit margins and deliver reasonable returns to shareholders.

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 first quarter 31 March 2011.

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