



DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

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					Increase (Decrease) %
		4 th Quarter Ended		Increase (Decrease) %	Year Ended		
		31/12/2012 RMB'000	31/12/2011 RMB'000		31/12/2012 RMB'000	31/12/2011 RMB'000	
Sales		3,560,985	2,250,187	58.3	13,279,883	10,442,578	27.2
Cost of sales		(3,299,726)*	(2,323,152)	42.0	(12,561,920)*	(10,112,078)	24.2
Gross Profit/(loss)		261,259	(72,965)	n.m	717,963	330,500	117.2
Other Income	1	27,569	10,529	161.8	86,035	41,419	107.7
Other gains-net	2	(52,018)	(10,279)	(406.1)	(57,273)	45,166	n.m
Expenses							
-Distribution and marketing		(3,139)	(3,131)	0.3	(9,271)	(9,557)	(3.0)
-Administrative		(60,961)	(63,706)	(4.3)	(231,983)	(166,020)	39.7
-Finance		(65,442)	(54,816)	19.4	(230,996)	(221,754)	4.2
Profit/(loss) before tax and exceptional items	3	107,268	(194,368)	n.m	274,475	19,754	1289.5
Exceptional items							
-Negative goodwill	4	(5,078)	-	100.0	76,230	-	100.0
Profit/(loss) before tax		102,190	(194,368)	n.m	350,705	19,754	1675.4
Income tax (expense)/credit	5	(94,030)	24,316	n.m	(126,189)	(31,826)	296.5
Net Profit/(loss)		8,160	(170,052)	n.m	224,516	(12,072)	n.m
Profit attributable to:							
Equity holders of the Company		2,674	(170,052)	n.m	204,776	(12,072)	n.m
Non-controlling interest		5,486	-	100.0	19,740	-	100.0
		8,160	(170,052)	n.m	224,516	(12,072)	n.m

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net profit/(loss)	8,160	(170,052)	n.m	224,516	(12,072)	n.m
Other comprehensive income:						
Currency translation differences	1,536	4,227	(63.7)	(13,369)	17,606	n.m
Other comprehensive income for the period, net of tax	1,536	4,227	(63.7)	(13,369)	17,606	n.m
Total comprehensive income/(loss)	9,696	(165,825)	n.m	211,147	5,534	n.m

Total comprehensive income/ (loss) attributable to:

Equity holders of the Company	4,210	(165,825)	n.m	191,407	5,534	n.m
Non-controlling interest	5,486	-	100.0	19,740	-	100.0
	9,696	(165,825)	n.m	211,147	5,534	n.m

nm-not meaningful

*included an inventory write-down of RMBB22.8 million in Xingtai Delong.

The Company refers to its announcement on 2 April 2012 in relation to the completion of acquisition of 80% of the equity stake in Laiyuan Country Aoyu Steel Co., Ltd (“Aoyu Steel”). With effect from 1 April 2012, Aoyu Steel becomes 80% subsidiary of the Company. The principal activity of Aoyu Steel is in the manufacture and sales of billets. The results of Aoyu Steel for the period from 1 April 2012 to 31 December 2012 had been consolidated into the Group and this had subsequently lead to an increase in both the revenue and operating expenses of the Group.

In accordance with the terms as set out in the Equity Agreement, within three years from the completion date and subject to Aoyu Steel keeping its business registration and continuous production, the Company shall acquire the remaining 20% equity interest in Aoyu Steel held by the Vendor. Hence, a liability representing the Company’s future estimated obligation to acquire the remaining 20% interest in Aoyu Steel has also been set up as at 31 December 2012.

Notes:-

1 Other Income

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RMB'000	RMB'000	RMB'000	RMB'000
Government Grant	9,941	-	18,978	-
Finance lease income	187	4,133	8,572	15,657
Interest income ^(a)	17,441	6,396	56,454	24,183
Dividend income	-	-	2,031	-
Rental income from investment property ^(b)	-	-	-	1,579
	27,569	10,529	86,035	41,419

Notes:

(a) The increases in interest income for the three months ended 31 December 2012 (“4Q2012”) and year ended 31 December 2012 (“FY2012”) were due mainly to the increase in interest earned on the entrusted loan to customer and bank deposits.

(b)The Group divested its investment property in FY2011.

2 Other gains-net

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RMB'000	RMB'000	RMB'000	RMB'000
Gain on disposal of financial assets at fair value through profit and loss	-	15	59	15
Fair value gain/(loss)- financial assets at fair value through profit or loss	46	122	90	(427)
Currency translation (loss)/gain-net ^(a)	4,466	6,176	3,038	22,458
Fair value gain on convertible bonds ^(b)	-	326	1	12,369
Fair value gain on convertible shares ^(c)	679	3,156	910	20,738
Gain/(loss) on disposal of property, plant and equipment	3,479	(1,867)	667	10,856 ^(d)
Fair value changes on purchase payable consideration	(19,740)	-	(19,740)	-
Impairment charge on property, plant and equipment ^(e)	(49,220)	-	(49,220)	-
Other	8,272	(18,207)	6,922	(20,843)
	<u>(52,018)</u>	<u>(10,279)</u>	<u>(57,273)</u>	<u>45,166</u>

Notes:

(a)The currency translation gain was due mainly to the revaluation of bank balances denominated in SGD and AUD which were strengthened against RMB.

(b)The gain was due to the quarterly revaluation of derivatives embedded to the convertible bonds.

(c)The gain was due to the quarterly revaluation of derivatives embedded to the convertible shares. Higher gain in FY2011 was mainly due to lower Company's share price as at 31 December 2011.

(d)The gain comprised largely the one-off gain of RMB13.9 million from disposal of investment property at 1 Changi South Street 1, Singapore.

(e) Xingtai Delong Machinery and Mill Roll Co., Ltd ("Xingtai Delong"), a wholly-owned subsidiary of the Group, has been loss-making since it started operating in 2008 and has not achieved full production capacity since then. During the year 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 49.2 million on property, plant and equipment was recognized.

3. Profit before taxation includes the following items:-

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortization ^(a)	137,311	89,358	444,218	351,467
Salaries and wages ^(b)	38,266	55,122	268,196	189,922
Operating lease rental	293	84	555	694

Notes:

(a)The increase in depreciation and amortization in 4Q2012 and FY2012 was due mainly to the consolidation of depreciation expenses of Aoyu Steel.

(b)Staff costs increased due mainly to higher personnel expenses resulting from increased headcount, higher employee salaries as well as the consolidation of staff costs of Aoyu Steel.

4. Exceptional items

This relates to provisional negative goodwill arising from the acquisition of Aoyu Steel.

5. Income Tax Expense

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RMB'000	RMB'000	RMB'000	RMB'000
Tax expense attributable to profit is made up of:				
Current income tax expense /(credit)				
-Singapore	3,169	-	3,169	-
-Foreign	78,569	(34,095)	146,191	26,096
Deferred income tax liabilities	(4,306)	(617)	(6,618)	(4,757)
(Over)/ Under provision in preceding financial years				
-Current income tax	(88)	-	(33,239)	91
-Deferred income tax assets	16,686	10,396	16,686	10,396
	<u>94,030</u>	<u>(24,316)</u>	<u>126,189</u>	<u>31,826</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 31/12/2012	As at 31/12/2011	As at 31/12/2012	As at 31/12/2011
ASSETS					
Current Assets					
Cash and cash equivalents		642,894	1,016,569	127,984	199,772
Bank balances pledged		307,477	713,653	-	-
Financial assets, at fair value through profit and loss		521	657	521	657
Held- to- maturity financial assets	1	100,000	-	-	-
Financial assets, available-for-sale		51,300	-	-	-
Trade and other receivables	2	1,274,022	615,176	25	69
Inventories	3	758,662	1,226,441	-	-
Other current assets	4	814,050	517,858	212	148
		3,948,926	4,090,354	128,742	200,646
Non-current assets					
Trade and other receivables	5	117,301	97,221	531,654	631,376
Investments in subsidiaries		-	-	1,984,916	1,884,916
Financial assets, available-for-sale	6	20,000	20,000	-	-
Property, plant and equipment		3,097,836	2,874,902	109	57
Intangible assets	7	24,480	-	-	-
Deferred income tax assets		14,528	33,087	-	-
		3,274,145	3,025,210	2,516,679	2,516,349
Total assets		7,223,071	7,115,564	2,645,421	2,716,995
LIABILITIES					
Current liabilities					
Trade and other payables	8	1,726,797	1,409,195	9,773	12,098
Notes payables		295,800	390,000	-	-
Borrowings		1,973,477	2,236,299	157,425	34,770
Convertible bonds	9	-	151,453	-	151,453
Convertible shares	10	60,896	-	60,896	-
Purchase consideration payable	11	110,125	-	-	-
Current income tax liabilities		69,878	29,666	-	-
		4,236,973	4,216,613	228,094	198,321
Non-current liabilities					
Trade and other payables	8	21,708	-	-	-
Borrowings		253,524	368,478	103,343	139,067
Convertible shares		60,896	104,707	60,896	104,707
Deferred income tax liabilities		46,160	22,889	-	-
		382,288	496,074	164,239	243,774
Total liabilities		4,619,261	4,712,687	392,333	442,095
NET ASSETS		2,603,810	2,402,877	2,253,088	2,274,900
CAPITAL AND RESERVE					
Share capital		405,147	404,361	2,110,983	2,110,197
Reserves		2,107,595	1,998,516	142,105	164,703
		2,512,742	2,402,877	2,253,088	2,274,900
Non-controlling interest		110,125	-	-	-
Reserves		(19,057)	-	-	-
Total equity		2,603,810	2,402,877	2,253,088	2,274,900

Notes:

1. This relates to an investment in Bohai International Trust Co., Ltd. The unit trust bears interest at 8.1% per annum and is due on 12 September 2013.

2. Trade and other receivables - current

	The Group	
	31/12/2012	31/12/2011
	RMB'000	RMB'000
Finance lease receivables	81,192	104,157
Trade receivables	79,639	48,192
Notes receivable ^(a)	1,113,191	462,827
	<u>1,274,022</u>	<u>615,176</u>

(a)Notes receivable as at 31 December 2012 increased as the Group did not make early redemptions of the notes due to improved cashflow position during the year and after the consolidation of RMB160.2 million in notes receivable in Aoyu Steel.

As at 31 December 2012, 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	
	31/12/2012	31/12/2011
	RMB'000	RMB'000
Raw materials	479,224	854,893
Work-in-progress	87,288	166,468
Finished goods	85,741	112,390
Production supplies	106,409	92,690
	<u>758,662</u>	<u>1,226,441</u>

The decrease in inventories was due primarily to better inventory management. The decrease was also attributable to the write-down of inventories to net realizable value in Xingtai Delong.

4. Other current assets

	The Group	
	31/12/2012	31/12/2011
	RMB'000	RMB'000
Deposits	233	785
Prepayments	463,190	145,946
Entrusted loan to customers	145,000	65,000
Amount refundable from supplier	-	192,093
Tax recoverable	23,092	37,862
Due from Shijiazhuang New Century Coal Industrial Group Co., Ltd	25,000	-
Others	157,535	76,172
	<u>814,050</u>	<u>517,858</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 when the goods are received by the Group.

Others comprise mainly VAT and other indirect taxes receivable.

5. Trade and other receivables – non-current

	The Group	
	31/12/2012	31/12/2011
	RMB'000	RMB'000
Finance lease receivables	53,682	73,751
Due from an investee company	23,470	23,470
Due from Shijiazhuang New Century Coal Industrial Group Co., Ltd	9,396	-
Due from Lai Yuan Bureau of Finance	1,473	-
Other receivable	29,280	-
	<u>117,301</u>	<u>97,221</u>

6. 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.

7. This relates to provisional intangible asset (i.e., Customer relationships) arising from the acquisition of Aoyu Steel.

8. Trade and other payables (Current and Non-Current)

	The Group	
	31/12/2012	31/12/2011
	RMB'000	RMB'000
Trade payables to:		
- Third parties ^(a)	746,705	690,229
VAT and other taxes payable	96,905	65,811
Payable to contractors for construction-in-progress	39,501	105,460
Advances from customers ^(b)	532,772	410,628
Other accrual for operating expenses	7,464	44,965
Accrual for interest expense	5,084	33,559
Staff and workers' bonus and welfare fund	32,736	18,503
Deposits from staff and workers	-	1,276
Due to directors (non-trade)	-	659
Deferred income	8,512	10,177
Due to Hebei Aowei Group Co., Ltd	147,235	-
Other payables	131,591	27,928
	<u>1,748,505</u>	<u>1,409,195</u>

Notes:

(a) The increase in trade and other payables was due primarily to the consolidation RMB397.6 million in trade and other payables in Aoyu Steel.

(b) Advances from customers represent prepayments made by customers. These advance payments are to be offset against the purchases when goods are collected by the customers.

9. The convertible bonds were fully paid on 8 June 2012.

10. Convertible shares holders have the put options to require the Company to redeem up to 50% of the convertible share on 26 November 2013.

11. This represents the Group's future estimated obligation to acquire the remaining 20% interest in Aoyu Steel.

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 31/12/2012	As at 31/12/2011
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
923,179	1,111,194	1,088,369	1,299,383

Amount repayable after one year

As at 31/12/2012	As at 31/12/2011
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
229,842	84,577	249,067	224,118

Details of any collateral

The Group's borrowings are secured by certain property, plant and equipment of the Group, and guaranteed by third parties and related parties

Borrowings amounting to RMB818,604,200 (2011: RMB 1,117,713,683) were guaranteed by third parties, whereas borrowings amounting to RMB 1,124,586,394 (2011:RMB10,583,122) were guaranteed by related parties.

As at 31 December 2012, guarantees given to banks by the Group in respect of third parties' borrowings amounted to approximately RMB 841,502,900.

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

	Note	The Group			
		4 th Quarter Ended		Year Ended	
		31/12/2012	31/12/2011	31/12/2012	31/12/2011
		RMB '000	RMB '000	RMB '000	RMB '000
Cash flows from operating activities:					
Profit/(loss) after income tax		8,160	(170,052)	224,516	(12,072)
Adjustments for:					
Depreciation		135,428	89,358	439,898	351,467
Impairment charge on property, plant and equipment		49,220	17,420	49,220	17,420
Amortisation of intangible asset		1,883	-	4,320	-
Negative goodwill arising from acquisition of a subsidiary		5,078	-	(76,230)	-
(Gain)/loss on disposal of property, plant and equipment		5,536	1,867	8,348	(10,856)
Fair value loss on investment held in trading		(46)	(122)	(90)	427
Gain on disposal of investment held in trading		-	(15)	(59)	(15)
Gain on change in fair value of convertible bonds		-	(326)	(1)	(12,369)
Gain on change in fair value convertible shares		(679)	(3,156)	(910)	(20,738)
Exchange (gain)/loss on convertible shares		(1,147)	(916)	5,708	(6,871)
Dividend income		-	-	(2,031)	-
Interest income		(17,441)	(6,396)	(56,454)	(24,183)
Interest expense		65,442	54,816	230,996	221,754
Income tax expense		94,030	(24,316)	126,189	31,826
Unrealised currency translation (gain)/loss		(79)	10,827	(10,845)	25,190
		337,225	139,041	718,059	573,052
Operating cash flow before working capital changes		345,385	(31,011)	942,575	560,980
Bank balances pledged		183,109	324,924	406,175	(206,292)
Receivables		140,353	24,284	(712,124)	(276,604)
Inventories		(1,084)	294,118	649,556	35,964
Payables		(441,851)	(536,389)	(308,213)	(580,392)
		(119,473)	106,937	35,394	(1,027,324)
Cash generated from/ (used in) operating activities		225,912	75,926	977,969	(466,344)
Income tax paid		(14,611)	(3,903)	(85,952)	(51,044)
Net cash generated from/(used in) operating activities		211,301	72,023	892,017	(517,388)
Cash flows from investing activities:					
Purchases of property, plant and equipment		(98,984)	(40,181)	(154,094)	(208,334)
Proceeds on disposal of investment property		-	-	-	29,091
Proceeds on disposal of investment held in trading		-	135	285	135
Purchases of investments held to maturity		(51,300)	-	(151,300)	-
Acquisition of a subsidiary, net of cash acquired	A	-	-	(272,093)	-
Disposal of a subsidiary, net of cash disposed of		-	-	2,700	-
Dividend received		-	-	2,031	-
Interest received		17,441	6,396	56,454	24,183
Net cash used in investing activities		(132,843)	(33,650)	(516,017)	(154,925)
Cash flows from financing activities:					
Proceeds from borrowings		1,571,219	1,124,417	4,068,969	4,221,503
Repayments of borrowings		(1,585,599)	(391,952)	(4,446,744)	(2,834,987)
Repayment of convertible bonds		-	-	(155,300)	-
Interest paid		(62,068)	(51,272)	(214,076)	(199,974)
Net cash (used in)/ generated from financing activities		(76,448)	681,193	(747,151)	1,186,542
Net increase/(decrease) in cash and cash equivalents		2,010	719,566	(371,151)	514,229
Cash and cash equivalents at beginning of the period		643,408	304,391	1,016,569	509,728
Effect of currency translation on cash and cash equivalents		(2,524)	(7,388)	(2,524)	(7,388)
Cash and cash equivalents at end of the period		642,894	1,016,569	642,894	1,016,569

Note to the Consolidated Statement of Cash flows

A. Acquisition of a subsidiary

On 1 April 2012, the Group acquired a 80% equity stake in Aoyu Steel.

Details of the purchase consideration, the assets acquired and liabilities assumed, the non-controlling interest recognized and the effects on the cash flows of the Group, at the acquisition date, are as follows:-

Identifiable assets acquired and liabilities assumed	RMB'000
Cash and cash equivalents	13,220
Property, plant and equipment	566,306
Investment in a subsidiary	2,700
Inventories	181,777
Trade and other receivables	273,994
Trade and other payables	(245,928)
Notes payable	(179,900)
Borrowings	(147,235)
Deferred tax liabilities	(31,762)
Current tax liabilities	(10,044)
Total identifiable net assets	423,128
Add: Intangible assets	28,800
Less: negative goodwill	(76,230)
Less: Non controlling interest	(90,385)
Purchase consideration	285,313
Cash and cash equivalents in subsidiary acquired	(13,220)
Cash outflow on acquisition	272,093

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

<u>The Group</u>	Share capital	Capital reserve	Translation reserve	Statutory reserve	Retained earnings	Total	Capital reserve	Non-controlling interest	Total equity
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2012	404,361	249,218	9,669	141,072	1,598,557	2,402,877	-	-	2,402,877
Adjustment in respect of prior years	-	-	-	-	(11,000)	(11,000)	-	-	(11,000)
Total comprehensive loss for the period	-	-	(8,460)	-	(14,293)	(22,753)	-	-	(22,753)
Balance as at 31 March 2012	404,361	249,218	1,209	141,072	1,573,264	2,369,124	-	-	2,369,124
Acquisition of a subsidiary	-	-	-	-	-	-	-	71,328	71,328
Purchase consideration payable	-	(71,328)	-	-	-	(71,328)	-	-	(71,328)
Total comprehensive income for the period	-	-	2,995	-	166,173	169,168	-	9,097	178,265
Balance as at 30 June 2012	404,361	177,890	4,204	141,072	1,739,437	2,466,964	-	80,425	2,547,389
Total comprehensive income for the period	-	-	(9,440)	-	50,222	40,782	-	5,157	45,939
Balance as at 30 Sept 2012	404,361	177,890	(5,236)	141,072	1,789,659	2,507,746	-	85,582	2,593,328
Issue of shares pursuant to exercise of convertible bonds	786	-	-	-	-	786	-	-	786
Acquisition of a subsidiary	-	-	-	-	-	-	-	19,057	19,057
Purchase consideration payable	-	-	-	-	-	-	(19,057)	-	(19,057)
Total comprehensive income/(loss) for the period	-	-	1,536	-	2,674	4,210	-	5,486	9,696
Balance as at 31 Dec 2012	405,147	177,890	(3,700)	141,072	1,792,333	2,512,742	(19,057)	110,125	2,603,810

The Group	Share capital	Capital reserve	Translation reserve	Statutory reserve	Retained earnings	Total
	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
Issue of shares pursuant to exercise of convertible bonds	850	-	-	-	-	850
Total comprehensive income/(loss) for the period	-	-	(3,080)	-	83,381	80,301
Balance as at 30 June 2011	404,361	249,218	(15,449)	141,072	1,671,917	2,451,119
Total comprehensive income for the period	-	-	20,895	-	96,692	117,587
Balance as at 30 September 2011	404,361	249,218	5,446	141,072	1,768,609	2,568,706
Total comprehensive income/(loss) for the period	-	-	4,223	-	(170,052)	(165,829)
Balance as at 31 December 2011	404,361	249,218	9,669	141,072	1,598,557	2,402,877

The Company

	Share capital	Capital reserve	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2012	2,110,197	249,218	(84,515)	2,274,900
Total comprehensive loss for the period	-	-	(4,135)	(4,135)
Balance as at 31 March 2012	2,110,197	249,218	(88,650)	2,270,765
Total comprehensive loss for the period	-	-	(12,638)	(12,638)
Balance as at 30 June 2012	2,110,197	249,218	(101,288)	2,258,127
Total comprehensive income for the period	-	-	658	658
Balance as at 30 September 2012	2,110,197	249,218	(100,630)	2,258,785
Issue of shares pursuant to exercise of convertible bonds	786	-	-	786
Total comprehensive loss for the period	-	-	(6,483)	(6,483)
Balance as at 31 December 2012	2,110,983	249,218	(107,113)	2,253,088

The Company

	Share capital	Capital reserve	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2011	2,109,347	249,218	(51,441)	2,307,124
Total comprehensive income for the period	-	-	2,364	2,364
Balance as at 31 March 2011	2,109,347	249,218	(49,077)	2,309,488
Issue of shares pursuant to exercise of convertible bonds	850	-	-	850
Total comprehensive income for the period	-	-	15,148	15,148
Balance as at 30 June 2011	2,110,197	249,218	(33,929)	2,325,486
Total comprehensive loss for the period	-	-	(27,148)	(27,148)
Balance as at 30 September 2011	2,110,197	249,218	(61,077)	2,298,338
Total comprehensive loss for the period	-	-	(23,438)	(23,438)
Balance as at 31 December 2011	2,110,197	249,218	(84,515)	2,274,900

- 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	31/12/2012	31/12/2011
Number of ordinary shares as at 1 Oct	550,437,849	550,156,703
Shares arising from conversion of convertible shares	-	-
Number of ordinary shares as at 31 December	550,437,849	550,156,703

Convertible Shares as at	31/12/2012	31/12/2011
Number of shares that maybe issued on conversion of all outstanding convertible shares	29,369,004	29,650,150

- 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 2011.

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			
	4 th Quarter Ended		Year Ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit/(loss) for the period	2,674	(170,052)	204,776	(12,072)
Basic earnings per share (in RMB)	0.01	(0.31)	0.37	(0.02)
Diluted earnings per share (in RMB)	0.01	(0.30)	0.37	(0.05)
Weighted average no. of shares outstanding for basic earnings per share ('000)	550,355	550,157	550,207	550,080
Weighted average no. of shares outstanding for diluted earnings per share ('000)	579,724	614,055	579,526	613,979

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	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Net Asset Value per share (RMB)	4.56	4.37	4.09	4.14

Net asset value per share for the Group and Company is calculated based on 550,437,849 and 550,156,703 ordinary shares in issue as at 31 December 2012 and 31 December 2011 respectively.

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**

4Q2012 vs 4Q2011

Revenue

Group revenue increased by RMB1,310.8 million or 58.3% from RMB2,250.2 million in 4Q2011 to RMB3,561.0 million in 4Q2012. The increase was due mainly to contributions from the newly acquired subsidiary, Aoyu Steel, which contributed revenue of RMB841.9 million to the Group in 4Q2012 and higher sales volume for Delong Steel arising from stronger demand of Hot Rolled Coils ("HRC") in the PRC, despite a decrease in average selling prices of HRC.

In 4Q2012, the Group sold 729,739 tonnes of HRC and 302,748 tonnes of steel billets, compared to 545,171 tonnes of HRC and 584 tonnes of steel billets in 4Q2011. Overall sales quantity increased by 486,732 tonnes or 89.1% having included those sold by Aoyu Steel.

Cost of sales

Total cost of sales increased by RMB976.5 million or 42.0%, from RMB2,323.2 million in 4Q2011 to RMB3,299.7 million in 4Q2012, having included RMB 756.7 million from Aoyu Steel. The increase was also due to the increase in the volume of HRC sold and the write-down of inventories of RMB22.8 million to net realizable value in 4Q2012.

Gross profit

Group gross profit was RMB261.3 million in 4Q2012, from a gross loss of RMB73.0 million in 4Q2011.

Gross profit margin was 7.3% in 4Q2012 due primarily to a decrease in raw materials prices, which outpaced the decrease in average selling prices of products sold. The increase in gross profit margin was also due to contributions from Aoyu Steel.

Distribution and marketing expenses

Distribution and marketing expenses remained fairly constant at RMB3.1 million in 4Q2012, despite having consolidated RMB0.5 million from Aoyu Steel.

Administrative expenses

Administrative expenses decreased by RMB2.7 million from RMB63.7 million in 4Q2011 to RMB61.0 million in 4Q2012, despite having consolidated RMB7.8 million from Aoyu Steel. The decrease was primarily due to lower legal and professional fee incurred on the Company's M&A projects in 4Q2012.

Finance expenses

Finance expenses increased by RMB10.6 million, from RMB54.8 million in 4Q2011 to RMB65.4 million in 4Q2012 having consolidated RMB13.0 million of finance expenses in Aoyu Steel. The increase was partially offset by lower interest expense incurred on bills discounting and lower interest expense on convertible bonds which the Company had fully redeemed in June 2012.

Net profit

As a result of higher operating profit and after taking into account taxation and non-controlling interest, the Group's net profit in 4Q2012 was RMB 2.7 million compared to a net loss of RMB170.1 million. Aoyu Steel contributed a net profit of RMB50.7 million to the Group in 4Q2012.

Excluding the impairment charge of RMB49.2 million on property, plant and equipment in respect of the mill roll production facilities and write-down of inventories of RMB22.8 million in Xingtai Delong, net profit after tax in 4Q2102 would have been RMB74.7 million.

FY2012 vs FY2011

Revenue

Group revenue increased by RMB2,837.3 million or 27.2%, from RMB10,442.6 million in FY2011 to RMB13,279.9 million in FY2012. The increase in revenue was due mainly to maiden contributions from the newly acquired subsidiary, Aoyu Steel, which contributed revenue of RMB2,667.4 million for the period from 1 April to 31 December 2012. The increase was also due to the increase in sales volume for Delong Steel arising from stronger demand of HRC in the PRC, despite a decrease in average selling prices of HRC.

In FY2012, the Group sold 2,731,814 tonnes of HRC and 928,422 tonnes of steel billets as compared to 2,390,882 tonnes of HRC and 1,244 tonnes of steel billets in FY2011. Overall sales volume increased by 1,268,110 tonnes or 53.0% having included those sold by Aoyu Steel.

Cost of sales

Total cost of sales increased by RMB2,449.8 million or 24.2%, from RMB10,112.1 million in FY2011 to RMB12,561.9 million in FY2012 having included RMB2,455.6 million from Aoyu Steel.

Excluding Aoyu Steel, cost of sales for FY2012 would have been RMB10,106.3 million or 0.1 % lower than that of the corresponding period, mainly due to the decrease in raw material prices.

Gross profit

Gross profit increased by RMB387.5 million or 117.2% from RMB330.5 million in FY2011 to RMB718.0 million in FY2012. Aoyu Steel contributed RMB221.9 million in gross profit for the period from 1 April to 31 December 2012.

Gross profit margin increased by 2.2 percentage points from 3.2% in FY2011 to 5.4% in FY2012. The increase was primarily due to contributions from Aoyu Steel as well as the decrease in raw material prices, which outpaced the decrease in average selling prices of HRC sold.

Distribution and marketing expenses

Distribution and marketing expenses decreased by RMB0.3 million, from RMB9.6 million in FY2011 to RMB9.3 million in FY2012, despite having consolidated RMB1.5 million from Aoyu Steel. The decrease was due to lower port charges and transportation costs in FY2012.

Administrative expenses

Administrative expenses increased by RMB66.0 million, from RMB166.0 million in FY2011 to RMB232.0 million in FY2012. The increase was due primarily to higher personnel expenses resulting from increase headcount, employee salaries and social security contributions as well as having consolidated RMB39.3 million from Aoyu Steel.

Finance expenses

Finance expenses increased by RMB9.2 million from RMB221.8 million in FY2011 to RMB231.0 million in FY2012 having consolidated RMB31.1 million of finance expenses in Aoyu Steel. Excluding Aoyu Steel, finance expenses for FY2012 would have been RMB199.9 million or 9.8% lower than that of the corresponding period, mainly due to lower interest expense incurred on bills discounting and lower interest expense on convertible bonds which the Company had fully redeemed in June 2012.

Net profit

After taking into account taxation and non-controlling interest, the Group's net profit in FY2012 was RMB 204.8 million compared to a net loss of RMB12.1 million in FY2011. The increase was mainly due to higher operating profit in FY2012. Aoyu Steel contributed a net profit of RMB122.9 million to the Group in FY2012. Net profit margin in FY2012 was 1.7%.

Excluding the impairment charge of RMB49.2 million on property, plant and equipment in respect of the mill roll production facilities and write-down of inventories of RMB22.8 million in Xingtai Delong, net profit after tax in FY2012 would have been RMB276.8 million.

(b) Review of balance sheet of the Group as at 31 December 2012

Current assets

Current assets decreased by RMB141.5 million from RMB4,090.4 million as at 31 December 2011 to RMB3,948.9 million as at 31 December 2012. The decrease was primarily attributable to the decrease in inventories as a result of better inventory management and the write-down of inventories to net realizable value, and decreases in bank balances pledged as well as cash and cash equivalents.

The decrease was partially offset by the increase in notes receivable and advance payments made to suppliers for the purchase of raw materials and investments in financial assets held to maturity and available-for-sale.

Current liabilities

Current liabilities increased by RMB20.4 million from RMB4,216.6 million as at 31 December 2011 to RMB4,237.0 million as at 31 December 2012 having consolidated RMB397.6 million of trade and other payables in Aoyu Steel.

The increase was partially offset by the loan principal repayments and redemption of convertible bonds of RMB155.3 million in June 2012.

Working capital

The negative working capital position was RMB288.1 million as at 31 December 2012. 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 a negative working capital positions, it was able to service all of its debts obligations primarily through cash generated from operations.

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

Non-current assets – Property, plant and equipment

Property, plant and equipment increased by RMB222.9 million, from RMB2,874.9 million as at 31 December 2011 to RMB3,097.8 million as at 31 December 2012 due primarily to the consolidation of property, plant and equipment of Aoyu Steel.

Non-Current liabilities

Non-current liabilities decreased by RMB113.8 million, from RMB496.1 million as at 31 December 2011 to RMB382.3 million as at 31 December 2012. The decrease was mainly attributable to the reclassification of the non-current portions of borrowings to current liabilities as well as the reclassification of the convertible shares of RMB 60.9 million from non-current liabilities to current liabilities as the convertible share holders have the put options to require the Company to redeem up to 50% of the convertible shares on 26 November 2013.

(c) Review of cash flow statement of the Group

4Q2012 vs 4Q2011

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes increased by RMB376.4 million, from a negative cash flow of RMB31.0 million in 4Q2011 to RMB345.4 million in 4Q2012. The increase was due primarily to the increase in operating profit. After taking into consideration the tax paid and changes in working capital, net cash generated from operating activities in 4Q2012 was RMB211.3 million.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB132.8 million in 4Q2012. This was mainly attributable to the Group invested RMB50.0 million in Guo Kai Rui Ming (Beijing) Investment Fund Co., Ltd and RMB1.3 million in Jianshe Trust Management Co., Ltd respectively during the period under review as well as payments for technical enhancements to upgrade production facilities in Delong Steel.

This was partially offset by interest earned on bank deposits and entrusted loan to customer.

Net Cash Used In Financing Activities

Net cash used in financing activities was RMB76.4 million in 4Q2012. This was mainly attributable to the drawdown of short-term loans of RMB1,571.2 million for working capital, loan principal and interest repayments of RMB1,647.6 million during the period under review.

FY2012 vs FY2011

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes increased by RMB381.6 million from RMB561.0 million in FY2011 to RMB942.6 million in FY2012. The increase was due primarily to the increase in operating profit.

Net cash used in operating activities improved by RMB1,409.4 million from a negative cash flow of RMB517.4 million in FY2011 to a positive cash flow of RMB892.0 million in FY2012, attributable mainly to the decrease in inventories and bank balances pledged with banks as security for borrowings and letters of credit.

The increase was partially offset by the increase in notes receivable and prepayments made to suppliers for the purchase of raw materials.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB516.0 million in FY2012. This was due mainly to the payment of RMB 272.1 million in respect of the acquisition of Aoyu Steel as well as payments in respect of technical enhancements to upgrade production facilities in Delong Steel. The Group also invested RMB151.3 million in financial assets held to maturity and available-for-sale during the period under review.

The cash used in investing activities was partially offset by interest received on bank deposits and entrusted loan, dividend received from the Group's investment in Butai Mining Co., Ltd ("Butai Mining") as well as the proceeds from the disposal of Butai Mining during the period under review.

Net Cash Used In Financing Activities

Net cash used in financing activities was RMB747.1 million in FY2012. This was mainly attributable to the drawdown of short-term loans of RMB4,069.0 million for working capital, loan principal and interest repayments of RMB4,660.8 million as well as the redemption of convertible bonds of RMB155.3 million 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

According to the National Bureau of Statistics of PRC, China's crude steel production reached 717 million metric tonnes in 2012, a record high and a 3.1% year-on-year growth, but also marked the lowest rate of growth of crude steel production in the past 10 years.

The anticipated rebound in China's economy, with economic growth forecast to growth at over 8 percent in 2013, is expected to help improve steel demand. However overcapacity remains a key concern for the domestic steel industry. The PRC's National Development and Reform Commission ("NDRC") forecast that crude steel consumption in China would reach about 700 million tonnes in 2013, implying a surplus national capacity of 50 million tonnes. It is expected that the whole steel industry will continue to suffer from low profit margins until demand improves and overcapacity eases. Towards this end, the NDRC has announced its policy intention to accelerate the consolidation of the steel industry in order to weed out inefficient mills and capacity.

In view of the above, the Group expects the business environment over the next reporting period to be challenging, and the Group will continue to manage its costs prudently. Nonetheless, the Group remains positive in the mid to long-term prospects of the PRC steel industry, as the ongoing and accelerated consolidation of the industry will lay the foundations for long-term sustainable growth.

The Group has now successfully integrated its newly acquired Laiyuan County Aoyu Steel Co. Ltd. Aoyu Steel has contributed significantly to the performance of the Group in 2012.

Moving forward, it remains Delong's corporate strategy to explore and evaluate earnings-accretive acquisitions and investments to boost the Group's capabilities and competitiveness in line with the policy promulgated by the NDRC.

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 2012.

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.

The Group is primarily operating in one single business segment i.e. the manufacture and sale of steel hot-rolled coils and billets. The Group's operations were substantially carried out in the People's Republic of China ("PRC"). No other individual country contributed 10% or more of the consolidated sales and assets, and no single customer contributed 10% or more of the consolidated revenue.

Other operations of the Group, including investment holding and finance leasing, do not constitute a separate reportable segment and are included in the "Other" column.

31 December 2012	<u>Manufacturing</u>	<u>Other</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000
REVENUE			
Sales	16,469,450	-	16,469,450
Inter-segment sales	(3,189,567)	-	(3,189,567)
Sales to external parties	<u>13,279,883</u>	<u>-</u>	<u>13,279,883</u>
Adjusted EBITDA*	975,435	28,271	1,003,706
Depreciation and amortisation	(444,165)	(53)	(444,218)
Impairment loss for property, plant and equipment	(49,220)	-	(49,220)
Unallocated:			
Finance expense			(230,996)
Negative goodwill			76,230
Gain on change in fair value of convertible bonds			1
Gain on change in fair value gain of convertible shares			910
Currency exchange loss on convertible shares			(5,708)
Profit before income tax			<u>350,705</u>
Total assets	<u>6,720,877</u>	<u>502,194</u>	<u>7,223,071</u>
Total assets includes:			
Additions to property, plant and equipment	153,761	333	154,094
Total liabilities	<u>4,192,596</u>	<u>426,665</u>	<u>4,619,261</u>

31 December 2011	<u>Manufacturing</u> RMB'000	<u>Other</u> RMB'000	<u>Total</u> RMB'000
REVENUE			
Sales	10,462,153	-	10,462,153
Inter-segment sales	(19,575)	-	(19,575)
Sales to external parties	<u>10,442,578</u>	<u>-</u>	<u>10,442,578</u>
Adjusted EBITDA*	573,659	(3,242)	570,417
Depreciation	(351,220)	(247)	(351,467)
Impairment loss for property, plant and equipment	(17,420)	-	(17,420)
Unallocated:			
Finance expense			(221,754)
Gain on change in fair value of convertible bonds			12,369
Gain on change in fair value gain of convertible shares			20,738
Currency exchange loss on convertible shares			6,871
Profit before income tax			<u>19,754</u>
Total assets	<u>6,617,010</u>	<u>498,554</u>	<u>7,115,564</u>
Total assets includes:			
Additions to property, plant and equipment	208,334	-	208,334
Total liabilities	<u>4,247,200</u>	<u>465,487</u>	<u>4,712,687</u>

*EBITDA refers to earnings before interest, tax, depreciation and amortisation.

By Geographical Segmentation - FY2012 and FY2011

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

	FY2012	FY2011	Increase/ (Decrease)
	RMB'000	RMB'000	%
Sales reported for first half year	6,419,306	4,857,276	32.2
Profit after exceptional items, non-controlling interest and tax reported for the first half year	160,977	61,288	162.7
Sales reported for second half year	6,860,577	5,585,302	22.8
Profit/(loss) after exceptional items, non-controlling interest and tax reported for the second half year	63,539	(73,360)	n.m

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

17. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholders of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year

There are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director, chief executive officer or substantial shareholder of the Company.

18. Interested person transactions

No interested person transactions mandate has been obtained.

Aggregate value of interested person transactions entered from 1 January 2012 to 31 December 2012.

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	FY2012 RMB'000	FY2011 RMB'000	FY2012 RMB'000	FY2011 RMB'000
<u>Sales Transactions</u> *Hebei Delong Modern Special Tube Manufacturing Co., Ltd ("Hebei Delong")	652	-	-	-

* The company is owned by Mr Ding Liguo and his spouse, Madam Zhao Jing.

BY ORDER OF THE BOARD

Ding Liguo
Executive Chairman