



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 second quarter ended 30 June 2013 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
7 August 2013**

DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED SECOND QUARTER RESULTS FOR THE PERIOD ENDED 30 JUNE 2013

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					
	2 nd Quarter Ended		Increase	Half Year Ended		Increase
	30/06/2013	30/06/2012	(Decrease)	30/06/2013	30/06/2012	(Decrease)
Note	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sales	2,637,086	4,007,781	(34.2)	5,847,764	6,419,306	(8.9)
Cost of sales	(2,555,425)	(3,730,601)	(31.5)	(5,613,427)	(6,085,925)	(7.8)
Gross Profit	81,661	277,180	(70.5)	234,337	333,381	(29.7)
Other Income	1 36,130	10,184	254.8	61,981	28,884	114.6
Other losses-net	2 (11,104)	(8,910)	24.6	(10,981)	(1,319)	732.5
-Distribution and marketing	(3,133)	(1,982)	58.1	(6,323)	(3,550)	78.1
-Administrative	(63,874)	(61,068)	4.6	(120,077)	(102,342)	17.3
-Finance	(43,920)	(56,416)	(22.1)	(98,602)	(110,281)	(10.6)
(Loss)/Profit before tax and exceptional items	3 (4,240)	158,988	n.m	60,335	144,773	(58.3)
Exceptional items						
-Negative goodwill	4 -	25,364	(100.0)	-	25,364	(100.0)
(Loss)/Profit before tax	(4,240)	184,352	n.m	60,335	170,137	(64.5)
Income tax expense	5 (9,265)	(9,082)	2.0	(26,398)	(9,160)	188.2
Net (Loss)/Profit	(13,505)	175,270	n.m	33,937	160,977	(78.9)
(Loss)/Profit attributable to:						
Equity holders of the Company	(14,260)	166,173	n.m	31,229	151,880	(79.4)
Non-controlling interest	755	9,097	(91.7)	2,708	9,097	(70.2)
	(13,505)	175,270	n.m	33,937	160,977	(78.9)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net (loss)/ profit	(13,505)	175,270	n.m	33,937	160,977	(78.9)
Other comprehensive income/ (loss):						
Currency translation differences	5,005	2,995	67.1	8,136	(5,465)	n.m
Other comprehensive income/ (loss) for the period, net of tax	5,005	2,995	67.1	8,136	(5,465)	n.m
Total comprehensive (loss)/ income	(8,500)	178,265	n.m	42,073	155,512	(72.9)
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(9,255)	169,168	n.m	39,365	146,415	(73.1)
Non-controlling interest	755	9,097	(91.7)	2,708	9,097	(70.2)
	(8,500)	178,265	n.m	42,073	155,512	(72.9)

nm-not meaningful

Note:

The results of Laiyuan County Aoyu Steel Co., Ltd ("Aoyu Steel") for the three months period ended 31 March 2012 ("1Q2012") were not included in the Group's financial statements for the six-month period ended 30 June 2012 as the Group only obtained control of Aoyu Steel on 1 April 2012.

Notes to the Income Statements

1 Other Income

	The Group			
	2 nd Quarter Ended		Half Year Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RMB'000	RMB'000	RMB'000	RMB'000
Government Grant	11,353	-	13,763	-
Finance lease income	1,602	2,837	8,512	6,043
Interest income ^(a)	23,175	5,316	39,706	20,810
Dividend income	-	2,031	-	2,031
	<u>36,130</u>	<u>10,184</u>	<u>61,981</u>	<u>28,884</u>

Note:

(a) The increase in interest income for the three months period ended 30 June 2013 (“2Q2013”) and six months period ended 30 June 2013 (“1H2013”) was mainly due to the increase in interest income earned on bank deposits, the investment in unit trust and entrusted loans to customers.

2 Other losses-net

	The Group			
	2 nd Quarter Ended		Half Year Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RMB'000	RMB'000	RMB'000	RMB'000
Gain on disposal of financial assets, available- for- sale	-	-	-	59
Fair value (loss)/gain- financial assets at fair value through profit or loss	(111)	(49)	(149)	34
Currency translation gain/(loss)-net ^(a)	6,505	(9,508)	5,562	(2,755)
Fair value gain on convertible bonds	-	-	-	1
Fair value loss on convertible shares ^(b)	(14,921)	(1,610)	(19,543)	(1,531)
Fair value changes on purchase considerable payable	(755)	-	(2,708)	-
Loss on disposal of property, plant and equipment (“PPE”)	(1,979)	(2,511)	(3,876)	(2,845)
Others ^(c)	157	4,768	9,733	5,718
	<u>(11,104)</u>	<u>(8,910)</u>	<u>(10,981)</u>	<u>(1,319)</u>

Notes:

(a) The currency translation gain was mainly due to the revaluation of bank borrowings including letter of credit denominated in USD, which weakened against RMB in 2Q2013 and 1H2013 compared to the previous corresponding period.

(b) The loss was mainly due to the change in fair value on the convertible shares arising from the early redemption as well as the quarterly revaluation of derivatives embedded in the convertible shares

(c) Others comprised of sale of gas, oxygen, electricity, etc.

3. Profit before taxation includes the following items:-

	The Group			
	2 nd Quarter Ended		Half Year Ended	
	30/06/2013 RMB'000	30/06/2012 RMB'000	30/06/2013 RMB'000	30/06/2012 RMB'000
Depreciation and amortization ^(a)	118,342	107,337	253,171	197,312
Staff costs ^(b)	96,365	99,827	210,706	147,932
Operating lease rental	245	90	493	181

Notes:

(a) The increase in depreciation and amortization in 1H2013 was mainly due to the consolidation of depreciation expenses of Aoyu Steel in 1Q2013.

(b) The increase in staff costs in 1H2013 was mainly due to higher personnel expenses resulting from increased headcount, higher employee salaries as well as the consolidation of staff costs of Aoyu Steel in 1Q2013.

4. Exceptional items

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

5. Income Tax Expense

	The Group			
	2 nd Quarter Ended		Half Year Ended	
	30/06/2013 RMB'000	30/06/2012 RMB'000	30/06/2013 RMB'000	30/06/2012 RMB'000
Tax expense is made up of:				
- Provision on the profit for the financial year				
Current income tax				
-Foreign	10,752	42,217	30,575	41,682
-Singapore	336	-	336	-
Deferred income tax	(1,966)	-	(4,616)	629
Adjustments in respect of the preceding financial years				
-Current income tax	143	(33,135)	103	(33,151)
	<u>9,265</u>	<u>9,082</u>	<u>26,398</u>	<u>9,160</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 30/06/2013	As at 31/12/2012	As at 30/06/2013	As at 31/12/2012
Current assets					
Cash and cash equivalents		510,580	642,894	40,484	127,984
Bank balances pledged		493,458	307,477	-	-
Financial assets, at fair value through profit and loss		387	521	387	521
Held-to-maturity financial assets	1	300,000	100,000	-	-
Trade and other receivables	2	1,187,745	1,299,022	170	25
Inventories	3	656,388	758,662	-	-
Other assets	4	528,276	789,050	260	212
Total current assets		3,676,834	3,897,626	41,301	128,742
Non-current assets					
Trade and other receivables	5	80,722	88,021	513,912	531,654
Other assets	4	28,790	29,280	-	-
Available-for-sale financial assets	6	135,000	71,300	-	-
Investments in subsidiaries		-	-	1,984,916	1,984,916
Property, plant and equipment		3,039,893	3,097,836	95	109
Intangible assets		21,600	24,480	-	-
Deferred income tax assets		13,592	14,528	-	-
Total non-current assets		3,319,597	3,325,445	2,498,923	2,516,679
Total assets		6,996,431	7,223,071	2,540,224	2,645,421
Current liabilities					
Trade and other payables	7	1,161,832	1,748,505	2,830	9,773
Notes payables		520,850	295,800	-	-
Borrowings		2,161,460	1,973,477	155,399	157,425
Convertible shares		31,173	60,896	31,173	60,896
Purchase consideration payable	8	112,833	110,125	-	-
Current income tax liabilities		26,093	69,878	-	-
Total current liabilities		4,014,241	4,258,681	189,402	228,094
Non-current liabilities					
Borrowings		264,526	253,524	102,007	103,343
Convertible shares		31,173	60,896	31,173	60,896
Deferred income tax liabilities		40,608	46,160	-	-
Total non-current liabilities		336,307	360,580	133,180	164,239
Total liabilities		4,350,548	4,619,261	322,582	392,333
Net Assets		2,645,883	2,603,810	2,217,642	2,253,088
Capital reserves and non-controlling interests					
Share capital		405,147	405,147	2,110,983	2,110,983
Reserves		2,218,288	2,178,923	106,659	142,105
Equity attributable to owners of the Company		2,623,435	2,584,070	2,217,642	2,253,088
Non-controlling interests		112,833	110,125	-	-
Capital reserve		(90,385)	(90,385)	-	-
Total equity		2,645,883	2,603,810	2,217,642	2,253,088

Notes:

1. Held-to-maturity financial assets

	The Group	
	30/06/2013	31/12/2012
	RMB'000	RMB'000
Bohai International Trust Co.,Ltd ¹	100,000	100,000
Harvest Capital Management Co., Ltd ²	200,000	-
	<u>300,000</u>	<u>100,000</u>

(1) The unit trust bears an interest rate of 8.1% per annum and is due on 12 September 2013.

(2) Investment in Harvest Capital Management Co., Ltd bears an interest rate of approximately 6.25% per annum. Please refer to the Company's announcement dated 14 May 2013 for further details.

2. Trade and other receivables - current

	The Group	
	30/06/2013	31/12/2012
	RMB'000	RMB'000
Finance lease receivables	75,785	81,192
Trade receivables ⁽¹⁾	78,455	79,639
Notes receivable	1,012,008	1,113,191
Due from Shijiazhuang New Century Coal Industrial Group Co., Ltd	21,497	25,000
	<u>1,187,745</u>	<u>1,299,022</u>

(1) Of the Group's trade receivables as at 30 June 2013 of RMB78.5 million, RMB70.6 million were trade receivables of Mill Roll subsidiary and out of which RMB28.9 million was overdue for over 180 days. No provision for doubtful debts was provided as at 30 June 2013 as there has not been a significant change in credit quality of the debtors and the amounts are still considered recoverable.

The Company will continue to follow up with the relevant customers for repayment. If the Company is of the view that the collectability of the Mill Roll Trade Receivables is doubtful, it will make allowance for doubtful debts on a case by case basis, depending on the creditworthiness of the customer. The debts may also be written off if the Company is of the view that the customer is no longer able to service the debts.

3. Inventories

	The Group	
	30/06/2013	31/12/2012
	RMB'000	RMB'000
Raw materials	411,455	479,224
Work-in-progress	50,535	87,288
Finished goods	79,600	85,741
Production supplies	114,798	106,409
	<u>656,388</u>	<u>758,662</u>

4. Other assets

	The Group	
	30/06/2013	31/12/2012
	RMB'000	RMB'000
Deposits	216	233
Prepayments ⁽¹⁾	256,026	463,190
Entrusted loan to third parties	145,000	145,000
VAT and Tax recoverable	77,390	106,492
Prepaid rent	30,780	31,790
Others	47,654	71,625
	<u>557,066</u>	<u>818,330</u>

Analysed as:

Current	528,276	789,050
Non-current	28,790	29,280
	<u>557,066</u>	<u>818,330</u>

Note:-

- (1) Included in the Group's prepayments are amounts paid to Xi'an Xiagu Dongli Joint Stock Company (西安陕鼓动力股份有限公司) (the "XXDJ Prepayment") and Hebei Hongda Environmental Engineering Co., Ltd (河北宏达环境工程有限公司) (the "HHEE Prepayment") of RMB10.45 million and RMB 4.4million, respectively (collectively the "Prepayments").

Update on the Prepayments subsequent to the Company's announcement dated 11 April 2013 and 29 April 2013

As at the date of this announcement, Delong Steel Limited has not utilized the XXDJ Prepayment for the purchase of equipment parts.

In relation to the HHEE Prepayment, the Company and HHEE have yet to agree on the amount of the prepayment which may be retained as relevant compensation and the amount to be refunded to the Company. Management will continue to negotiate with HHEE and make necessary impairment to such prepayment in the event that the refunds for the prepayments are not made to the Company.

5. Trade and other receivables – non-current

	The Group	
	30/06/2013	31/12/2012
	RMB'000	RMB'000
Finance lease receivables	42,880	53,682
Due from an investee company	23,470	23,470
Due from Shijiazhuang New Century Coal Industrial Group Co., Ltd	12,899	9,396
Due from Lai Yuan Bureau of Finance	1,473	1,473
	<u>80,722</u>	<u>88,021</u>

6. Available-for-sale financial assets

	The Group	
	30/06/2013 RMB'000	31/12/2012 RMB'000
10% equity interest in Hebei Zhongmei Xuyang coking Co., Ltd	10,000	10,000
7.94% equity interest in Tianjin United Mercantile Exchange Co., Ltd	-	10,000
2.7% equity interest in Guo Kai Rui Ming (Beijing) Investment Fund Co., Ltd	50,000	50,000
Harvest Fund Management Co., Ltd ¹	75,000	1,300
	<u>135,000</u>	<u>71,300</u>

Note:-

¹Investment in Harvest Fund Management Co Ltd bears an interest rate of 4.5% per annum and has no fixed maturity.

7. Trade and other payables

	The Group	
	30/06/2013 RMB'000	31/12/2012 RMB'000
Trade payables to:		
- Third parties	534,828	746,705
VAT and other taxes payable	-	96,905
Payable to contractors for construction-in-progress	35,265	39,501
Advances from customers ⁽¹⁾	487,238	532,772
Other accrual for operating expenses	15,340	4,996
Accrual for interest expense	-	7,027
Accrual for staff cost	29,348	37,820
Deposits from staff and workers	-	75
Due to directors (non-trade)	1,174	2,468
Deferred income	7,679	8,512
Rental from customers	12,394	13,196
Due to non-controlling interest	-	147,235
Other payables	38,566	111,293
	<u>1,161,832</u>	<u>1,748,505</u>

Note:

¹ 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.

8. 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 30/06/2013	As at 31/12/2012
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Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
1,068,267	1,124,366	800,200	1,234,173

Amount repayable after one year

As at 30/06/2013	As at 31/12/2012
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Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
252,007	43,692	229,842	84,578

Details of any collateral

The Group's borrowings are secured by certain property, plant and equipment of the Group.

Borrowings amounting to RMB741,630,000 (2012: RMB 818,604,200) were guaranteed by third parties. Borrowings amounting to RMB1,093,636,000 (2012:RMB1,124,586,394) were guaranteed by related parties.

As at 30 June 2013, guarantees given to banks by the Group in respect of third parties' borrowings amounted to approximately RMB474,418,600.

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			
		2 nd Quarter Ended		Half Year Ended	
		30/06/2013	30/06/2012	30/06/2013	30/06/2012
		RMB '000	RMB '000	RMB '000	RMB '000
Cash flows from operating activities:					
(Loss)/Profit after income tax		(13,505)	175,270	33,937	160,977
Adjustments for:					
Depreciation		116,902	105,882	250,291	195,857
Amortisation of intangible asset		1,440	1,455	2,880	1,455
Negative goodwill arising from acquisition of a subsidiary		-	(25,364)	-	(25,364)
Loss on disposal of property, plant and equipment		1,979	2,511	3,876	2,845
Fair value loss on financial assets, fair value through profit or loss		111	49	149	(34)
Gain on disposal of financial assets, fair value through profit or loss		-	-	-	(59)
Fair value gain on convertible bonds		-	-	-	(1)
Fair value loss on convertible shares		14,921	1,610	19,543	1,531
Exchange loss on convertible shares		(1,919)	(492)	(4,187)	2,841
Fair value changes on purchase considerable payable		755	-	2,708	-
Dividend income		-	(2,031)	-	(2,031)
Interest income		(23,175)	(5,316)	(39,706)	(20,810)
Interest expense		43,920	56,416	98,602	110,281
Income tax expense		9,265	9,082	26,398	9,160
Unrealised currency translation (gain)/loss		2,468	4,047	8,124	(4,301)
Operating cash flow before working capital changes		153,162	323,119	402,615	432,347
Bank balances pledged		19,094	(80,012)	(185,981)	(149,593)
Receivables		(275,023)	(297,456)	458,029	(501,472)
Inventories		53,007	370,961	102,274	392,116
Payables		232,174	(282,035)	(439,013)	(118,938)
		29,252	(288,542)	(64,691)	(377,887)
Cash used in operating activities		182,414	34,577	337,924	54,460
Income tax paid		(17,917)	(54,598)	(74,799)	(55,780)
Net cash provided by/(used in) operating activities		164,497	(20,021)	263,125	(1,320)
Cash flows from investing activities:					
Payments for property, plant and equipment		(93,503)	-	(196,476)	-
Purchase of available-for-sale financial assets		(200,000)	-	(273,700)	-
Proceeds from disposal of property, plant and equipment		248	-	248	285
Proceeds from disposal of available-for-sale financial assets		29,200	-	9,200	-
Acquisition of a subsidiary, net of cash acquired		-	(272,093)	-	(272,093)
Disposal of a subsidiary, net of cash disposed of		-	2,700	-	2,700
Dividend received		-	2,031	-	2,031
Interest received		23,175	5,316	39,706	20,810
Net cash used in investing activities		(240,880)	(262,046)	(421,022)	(246,267)
Cash flows from financing activities:					
Proceeds from borrowings		383,521	415,464	1,418,538	1,754,215
Repayment of borrowings		(348,423)	(545,857)	(1,219,555)	(1,850,116)
Repayment of convertible bonds		-	(155,300)	-	(155,300)
Redemption of convertible shares		(79,874)	-	(79,874)	-
Interest paid		(42,260)	(53,359)	(93,526)	(100,102)
Net cash (used in)/provided by financing activities		(87,036)	(339,052)	25,583	(351,303)
Net decrease in cash and cash equivalents		(163,419)	(621,119)	(132,314)	(598,890)
Cash and cash equivalents at beginning of the period		673,999	1,038,798	642,894	1,016,569
Cash and cash equivalents at end of the period		510,580	417,679	510,580	417,679

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	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 2013	405,147	249,218	(3,700)	141,072	1,792,333	2,584,070	(90,385)	110,125	2,603,810
Total comprehensive income for the period	-	-	3,131	-	45,489	48,620	-	1,953	50,573
Balance as at 31 March 2013	405,147	249,218	(569)	141,072	1,837,822	2,632,690	(90,385)	112,078	2,654,383
Total comprehensive income/(loss) for the period	-	-	5,005	-	(14,260)	(9,255)	-	755	(8,500)
Balance as at 30 June 2013	405,147	249,218	4,436	141,072	1,823,562	2,623,435	(90,385)	112,833	2,645,883

The Group	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
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	1,584,264	2,380,124	-	-	2,380,124
Acquisition of a subsidiary	-	-	-	-	-	-	-	77,669	77,669
Purchase consideration payable	-	-	-	-	-	-	(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	249,218	4,204	141,072	1,750,437	2,549,292	(71,328)	86,766	2,564,730

The Company

	Share capital	Capital reserve	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2013	2,110,983	249,218	(107,113)	2,253,088
Total comprehensive loss for the period	-	-	(12,714)	(12,714)
Balance as at 31 March 2013	2,110,983	249,218	(119,827)	2,240,374
Total comprehensive loss for the period	-	-	(22,732)	(22,732)
Balance as at 30 June 2013	2,110,983	249,218	(142,559)	2,217,642

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

- 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 2nd Quarter Ended	30/06/2013	30/06/2012
Number of ordinary shares as at 1 April	550,437,849	550,156,703
Shares arising from conversion of convertible shares	-	-
Number of ordinary shares as at 30 June	550,437,849	550,156,703

Convertible Shares as at	30/06/2013	30/06/2012
Number of shares that may be issued on conversion of all outstanding convertible shares	9,688,743	29,650,150

The Company redeemed 19,680,261 convertible shares from certain convertible share holders during the period under review.

- 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 2012.

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			
	2 nd Quarter Ended		Half Year Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RMB'000	RMB'000	RMB'000	RMB'000
Net (loss)/ profit attributable to equity holders of the Company	(14,260)	166,173	31,229	151,880
Basic (loss)/earnings per share (in RMB)	(0.03)	0.30	0.06	0.28
Diluted (loss)/earnings per share (in RMB)	(0.03)	0.29	0.06	0.28
Weighted average no. of shares outstanding for basic earnings per share	550,437,849	550,156,703	550,437,849	550,156,703
Weighted average no. of shares outstanding for diluted earnings per share	560,126,592	579,806,853	560,126,592	579,806,853

Explanatory Notes:

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

Diluted (loss)/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.

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	
	30/06/2013	31/12/2012	30/06/2013	31/12/2012
Net Asset Value per share (RMB)	4.77	4.69	4.03	4.09

Net asset value per share for the Group and Company is calculated based on 550,437,849 ordinary shares in issue as at 30 June 2013 and 31 December 2012 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) Financial Review for second quarter and six months ended 30 June 2013

2Q2013 vs 2Q2012

Revenue

In 2Q2013, Group revenue decreased by RMB1,370.7 million or 34.2%, from RMB4,007.8 million in 2Q2012, to RMB2,637.1 million. The decrease was principally attributed to a decrease in volume of steel billets sold as the Group's 80%-owned subsidiary, Aoyu Steel, carried out major maintenance on two blast furnaces sequentially during the period under review as well as a significant decrease in average selling prices of Hot Rolled Coils ("HRC") and steel billets due to intense competition in the steel industry in the PRC in 2Q2013, compared to the previous corresponding period.

The decrease in trading volume of iron ore also contributed to the decrease in revenue in 2Q2013.

In 2Q2013, the Group sold 693,873 tonnes of HRC and 182,832 tonnes of steel billets as compared to 690,571 tonnes of HRC and 330,185 tonnes of steel billets in 2Q2012. Overall sales quantity decreased by 144,051 tonnes or 14.1%.

Cost of sales

Total cost of sales decreased by RMB1175.2 million or 31.5%, from RMB3,730.6 million in 2Q2012, to RMB2,555.4 million in 2Q2013. The decrease was in line with the decrease in volume of steel billets sold, lower raw material prices for steel production in 2Q2013 as well as lower trading activity of iron ore compared to the previous corresponding period.

Gross profit

Gross profit decreased by RMB195.5 million, from RMB277.2 million in 2Q2012, to RMB81.7 million in 2Q2013.

Gross profit margin decreased by 3.8 percentage points, from 6.9% in 2Q2012, to 3.1% in 2Q2013. The decrease was primarily due to the decrease in average selling prices of products sold, which outpaced the decrease in raw material prices in 2Q2013. The decrease was also due to lower production output during the maintenance period of the Group's blast furnaces in 2Q2013, which resulted in the increase in average cost of sales per tonne.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB1.1 million, from RMB2.0 million in 2Q2012, to 3.1 million in 2Q2013. The increase in distribution and marketing expenses was primarily due to higher marketing expenses incurred to promote mill roll products in view of intense competition in the steel industry.

Administrative expenses

Administrative expenses increased by RMB2.8 million, from RMB61.1 million in 2Q2012, to RMB63.9 million in 2Q2013. The increase was primarily due to higher personnel expenses resulting from increase employee salaries and social security contributions. The increase was partially offset by lower legal and professional fee incurred on the Company's M&A projects in 2Q2013 compared to the previous corresponding period.

Finance expenses

Finance expenses decreased by RMB12.5 million, from RMB56.4 million in 2Q2012, to RMB43.9 million in 2Q2013. The decrease was primarily due to lower interest expense incurred on bills discounting and the decrease in interest expense accrued on the convertible shares after the Group partially redeemed the convertible shares from certain convertible share holders during the period under review.

Net (Loss)/Profit

As a result of the decrease in sales of steel billets in 2Q2013 and lower average selling prices of products sold, the Group posted a net loss of RMB13.5 million in 2Q2013 compared to a net profit of RMB175.3 million in 2Q2012.

1H2013 vs 1H2012**Revenue**

Group revenue decreased by RMB571.5 million or 8.9%, from RMB6,419.3 million in 1H2012, to RMB5,847.8 million in 1H2013. Despite having consolidated RMB768.9 million of revenue in Aoyu Steel for 1Q2013, overall 1H2013 revenue was lower resulting from the maintenance programme carried out at the two blast furnaces in 2Q2013 as well as overall lower average selling prices of products in 1H2013 compared to the previous corresponding period, despite the increase in quantity of products sold.

The decrease was also due to lower trading volume of iron ore in 1H2013.

In 1H2013, the Group sold 1,380,305 tonnes of HRC and 469,332 tonnes of steel billets as compared to 1,338,832 tonnes of HRC and 336,526 tonnes of steel billets in 1H2012 which did not take into account sale of billets by Aoyu Steel in 1Q2012. The Group took control of Aoyu Steel from 1 April 2012.

Cost of sales

Total cost of sales decreased by RMB472.5 million or 7.8%, from RMB6,085.9 million in 1H2012, to RMB5,613.4 million in 1H2013, despite having included RMB715.4 million of costs of sales in Aoyu Steel for 1Q2013. This was principally attributable to the maintenance programme carried out at the two blast furnaces in 2Q2013, decrease in the prices of raw materials as well as lower trading activities of iron ore in 1H2013 compared to the previous corresponding period.

Gross profit

Gross profit decreased by RMB99.1 million or 29.7%, from RMB333.4 million in 1H2012, to RMB234.3 million in 1H2013.

Gross profit margin decreased by 1.2 percentage point, from 5.2% in 1H2012 to 4.0% in 1H2013. The decrease was primarily due to the decrease in average selling prices of products, which outpaced the decrease in raw material prices.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB2.7 million, from RMB3.6 million in 1H2012, to RMB6.3 million in 1H2013. The increase in distribution and marketing expenses was primarily due to higher promotion expenses, transportation costs and higher employee salaries in 1H2013.

Administrative expenses

Administrative expenses increased by RMB17.8 million, from RMB102.3 million in 1H2012, to RMB120.1 million in 1H2013. The increase was primarily due to higher payroll related expenses, travelling, office related expenses coupled with a consolidated RMB6.2 million in administrative expenses from Aoyu Steel in 1Q2013.

Finance expenses

Finance expenses decreased by RMB11.7 million, from RMB110.3 million in 1HQ2012, to RMB98.6 million in 1H2013. The decrease was primarily due to lower interest expense incurred on bills discounting, lower interest rates on borrowings, and the decrease in interest expense accrued on convertible shares after the Group partially redeemed the convertible shares from certain shareholders during the period under review.

Net profit

After taking into account taxation and non-controlling interest, the Group's net profit attributable to shareholders decreased by RMB120.7 million or 79.4%, from RMB151.9 million in 1H2012, to RMB31.2 million in 1H2013. The decrease was due to lower operating profit in 1H2013.

Net profit margin decreased by 1.9 percentage points, from 2.5% in 1H2012, to 0.6% in 1H2013.

(b) Review of balance sheet of the Group as at 30 June 2013**Current assets**

Current assets decreased by RMB220.8 million from RMB3,897.6 million as at 31 December 2012 to RMB3,676.8 million as at 30 June 2013. The decrease was primarily due to the decrease in cash and cash equivalent, inventories, notes receivable and advance payments made to suppliers for the purchase of raw materials.

The decrease in notes receivables was due to transfer of some of the notes receivable to suppliers in payment for purchases made during the period under review. The decrease in inventories was a result of better inventory management, whereas the decrease in advance payments was due to volatility in the iron ore market therefore reducing advance payments made to suppliers during the period under review.

The decrease was partially offset by the increase in bank balances pledged with banks as security for borrowings including notes payable and letters of credit.

Current liabilities

Current liabilities decreased by RMB244.5 million from RMB4,258.7 million as at 31 December 2012 to RMB4,014.2 million as at 30 June 2013 primarily due to overall decrease in trade and other payables.

The decrease was partially offset by the increase in bank borrowings drawn down for working capital purposes as well as increased usage of notes payable for payment to creditors and suppliers during the period under review.

The increase in notes payable was mainly due to the Group's adoption of a more cost effective model of issuing notes payable for payments to suppliers at a lower financing cost instead of issuing letters of credit to suppliers.

Working capital

The negative working capital position was RMB337.4 million as at 30 June 2013. 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 decreased by RMB57.9 million, from RMB3,097.8 million as at 31 December 2012 to RMB3,039.9 million as at 30 June 2013, primarily due to depreciation charges provided on the property, plant and equipment for the period under review. The decrease was partially offset by the increase in the capital expenditure incurred for the construction of slag powder processing system, 132m² sintering machine flue gas desulfurization system as well as technical enhancements to upgrade production facilities in Delong Steel Limited and Aoyu Steel.

Non-Current liabilities

Non-current liabilities decreased by RMB24.3 million, from RMB360.6 million as at 31 December 2012 to RMB336.3 million as at 30 June 2013, primarily due to the early redemption of the convertible shares during the period under review.

(c) Review of cash flow statement of the Group

2Q2013 vs 2Q2012

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes decreased by RMB169.9 million, from RMB323.1 million in 2Q2012, to RMB153.2 million in 2Q2013, attributable mainly to the decrease in operating profit. Net cash used in working capital decreased by RMB317.8 million in 2Q2013, attributable mainly to the decrease in bank balances pledged and the increase in notes payable.

After taking into account of the net cash used for working capital and income tax paid of RMB17.9 million, the net cash inflow from operating activities was RMB164.5 million in 2Q2013.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB240.9 million in 2Q2013. This comprised principally the investment of RMB200.0 million in Harvest Capital Management Co., Ltd and progress payments for technical enhancements to upgrade production facilities in Delong Steel Limited and Aoyu Steel during the period under review.

Net Cash Used In Financing Activities

Net cash used in financing activities was RMB87.1 million in 2Q2013. This was mainly attributable to the drawdown of short-term loans of RMB383.5 million for working capital, loan principal and interest repayments of RMB390.7 million as well as the redemption of convertible shares of RMB79.9 million during the period under review.

1H2013 vs 1H2012

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes decreased by RMB29.7 million, from RMB432.3 million in 1HQ2012, to RMB402.6 million in 1H2013, attributable mainly to the decrease in operating profit. Cash used in working capital decreased by RMB313.2 million, from RMB377.9 million in 1H2012, to RMB64.7 million in 1H2013, attributable mainly to the decrease in notes receivable and advance payments made to the suppliers, partially offset by the increase in bank balances pledged and the decrease in payables.

After taking into account of the net cash used for working capital and income tax paid of RMB74.8 million, the net cash inflow from operating activities was RMB263.1 million in 1H2013

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB421.0 million in 1H2013 after the Group invested RMB73.7 million in Harvest Fund Management Co., Ltd and RMB200.0 million in Harvest Capital Management Co., Ltd, respectively, during the period under review.

The Group also made progress payments for the construction of slag powder processing system, 132m² sintering machine flue gas desulfurization system and technical enhancements to upgrade production facilities in Delong Steel Limited and Aoyu Steel.

Net Cash Used In Financing Activities

Net cash generated from financing activities was RMB25.5 million in 1H2013. This was mainly attributable to the drawdown of short-term loans of RMB1,418.5 million for working capital, loan principal and interest repayments of RMB1,313.1 million as well as the redemption of convertible shares of RMB79.9 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

On 19 April 2013, the Group issued an announcement that the Group's 80%-owned subsidiary, Laiyuan County Aoyu Steel Co., Ltd, would be carrying out major maintenance on two blast furnaces sequentially to enhance the safety and technical features of the furnaces, and the maintenance exercise was expected to reduce the Group's revenue in 2Q 2013 by approximately RMB420 million.

The maintenance was fully completed in July 2013. Accordingly, the maintenance is expected to further reduce the Group's production capacity in 3Q2013 by 57,000 tonnes and revenue by approximately RMB153.0 million.

The Company had issued profit guidance on 30 July 2013 that the Company would report a net loss for the three month period ended 30 June 2013.

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

The outlook for the steel industry is expected to remain challenging in the near-term due to slowing demand growth and excess capacity in the PRC steel industry.

Nonetheless, the Group will continue to focus its efforts on research and development to improve operational efficiency; enhance product quality and to maximize the use of resources such as selling residual steel slag, a by-product formed during steel production, for use in construction activities. The Group will also continue to manage its costs prudently.

As a socially responsible enterprise and to ensure sustainable development, over the years, the Group has continually invested in technological upgrades and enhancements to reduce emission (e.g. sintering machine flue gas desulphurisation system), improve energy efficiency (e.g. investment in converting waste heat for power generation) and waste resource utilisation (e.g. slag powder processing for use as a construction material). These initiatives are yielding positive results and will continue to contribute cost savings for the Group in the long run.

While productivity at the Group's 80%-owned subsidiary, Laiyuan County Aoyu Steel Co., Ltd was affected by a major maintenance exercise, which commenced in 2Q2013 and completed in July 2013, the Group is optimistic of continuing contributions from this subsidiary.

Moving forward, it remains Delong's strategy to explore and evaluate acquisitions to boost the Group's production capabilities.

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 second quarter 30 June 2013.

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.**

N.A

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

17. **Interested person transactions**

No interested person transactions mandate has been obtained.

Aggregate value of interested person transactions entered from 1 January 2013 to 30 June 2013.

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	
	1H2013 RMB'000	1H2012 RMB'000	1H2013 RMB'000	1H2012 RMB'000
<u>Sales Transactions</u> *Hebei Delong Modern Special Tube Manufacturing Co., Ltd	-	321	-	-

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

BY ORDER OF THE BOARD

Ding Liguo
Executive Chairman