



DELONG HOLDINGS LIMITED

Statement Pursuant to SGX Listing Rule 705(4) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim consolidated financial results of Delong Holdings Limited for the third quarter ended 30 September 2013 to be false or misleading in any material respect.

On behalf of the Board of Directors

Mr. Ding Liguao
Chairman

Mr. Zuo Shuowen
Executive Director

Singapore
12 November 2013



DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 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.**

| | Note | The Group | | | | | |
|--|------|-------------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
| | | 3 rd Quarter Ended | | Increase (Decrease) % | 9 Months Ended | | Increase (Decrease) % |
| | | 30/09/2013 RMB'000 | 30/09/2012 RMB'000 | | 30/09/2013 RMB'000 | 30/09/2012 RMB'000 | |
| Sales | | 2,859,546 | 3,299,592 | (13.3) | 8,707,310 | 9,718,898 | (10.4) |
| Cost of sales | | (2,652,101) | (3,176,269) | (16.5) | (8,265,528) | (9,262,194) | (10.8) |
| Gross Profit | | 207,445 | 123,323 | 68.2 | 441,782 | 456,704 | (3.3) |
| Other Income | 1 | 26,190 | 21,382 | 22.5 | 88,171 | 50,266 | 75.4 |
| Other (losses)/gains-net | 2 | (70,026) | 4,264 | n.m | (81,007) | 2,945 | n.m |
| Expenses | | | | | | | |
| -Distribution and marketing | | (3,269) | (2,582) | 26.6 | (9,592) | (6,132) | 56.4 |
| -Administrative | | (103,347) | (68,680) | 50.5 | (223,424) | (171,022) | 30.6 |
| -Finance | | (47,867) | (55,273) | (13.4) | (146,469) | (165,554) | (11.5) |
| Profit before tax and exceptional items | 3 | 9,126 | 22,434 | 59.3 | 69,461 | 167,207 | (58.5) |
| Exceptional items | | | | | | | |
| -Negative goodwill | 4 | - | 55,944 | (100.0) | - | 81,308 | (100.0) |
| Profit before tax | | 9,126 | 78,378 | (88.4) | 69,461 | 248,515 | (72.0) |
| Income tax expense | 5 | (15,478) | (22,999) | (32.7) | (41,876) | (32,159) | 30.2 |
| Net (loss)/Profit | | (6,352) | 55,379 | n.m | 27,585 | 216,356 | (87.3) |
| (Loss)/Profit attributable to: | | | | | | | |
| Equity holders of the Company | | (10,688) | 50,222 | n.m | 20,541 | 202,102 | (89.8) |
| Non-controlling interest | | 4,336 | 5,157 | (15.9) | 7,044 | 14,254 | (50.6) |
| | | (6,352) | 55,379 | n.m | 27,585 | 216,356 | (87.3) |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | | | | | |
|--|----------------|----------------|---------------|---------------|-----------------|---------------|
| Net (loss)/profit | (6,352) | 55,379 | n.m | 27,585 | 216,356 | (87.3) |
| Other comprehensive (loss)/ income: | | | | | | |
| Currency translation differences | (469) | (9,441) | (95.0) | 7,667 | (14,906) | n.m |
| Other comprehensive (loss)/ income for the period, net of tax | (469) | (9,441) | (95.0) | 7,667 | (14,906) | n.m |
| Total comprehensive (loss)/ income | (6,821) | 45,938 | n.m | 35,252 | 201,450 | (82.5) |
| Total comprehensive (loss)/ income attributable to: | | | | | | |
| Equity holders of the Company | (11,157) | 40,781 | n.m | 28,208 | 187,487 | (85.0) |
| Non-controlling interest | 4,336 | 5,157 | (15.9) | 7,044 | 13,963 | (49.6) |
| | (6,821) | 45,938 | n.m | 35,252 | 201,450 | (82.5) |

nm-not meaningful

Note:

The financial result of Laiyuan County Aoyu Steel Co., Ltd (“Aoyu Steel”) for the three months period ended 31 March 2012 (“1Q2012”) was not included in the Group’s financial statements for the nine-month period ended 30 September 2012 (“9M2012”) as the Group only obtained control of Aoyu Steel on 1 April 2012.

Notes:-

1 Other Income

| | The Group | | | |
|---------------------------------|-------------------------------|---------------|----------------|---------------|
| | 3 rd Quarter Ended | | 9 Months Ended | |
| | 30/09/2013 | 30/09/2012 | 30/09/2013 | 30/09/2012 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Government Grant ^(a) | 11,034 | 837 | 24,797 | 837 |
| Finance lease income | 6,908 | 2,342 | 15,420 | 8,385 |
| Interest income ^(b) | 8,248 | 18,203 | 47,954 | 39,013 |
| Dividend income | - | - | - | 2,031 |
| | <u>26,190</u> | <u>21,382</u> | <u>88,171</u> | <u>50,266</u> |

Notes:

- (a) This refers to tax free grant received by the Group pursuant to the investment rules and regulations in its operations in PRC.
- (b) The increase in interest income for the nine months ended 30 September 2013 ("9M2013") was mainly due to the increase in interest earned on bank deposits, entrusted loans to customers and investment in unit trust.

2 Other (losses)/gains-net

| | The Group | | | |
|---|-------------------------------|--------------|----------------------|--------------|
| | 3 rd Quarter Ended | | 9 Months Ended | |
| | 30/09/2013 | 30/09/2012 | 30/09/2013 | 30/09/2012 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Gain on disposal of financial assets at fair value through profit and loss | - | - | - | 59 |
| Fair value (loss)/gain- financial assets at fair value through profit or loss | (14) | 10 | (135) | 44 |
| Currency translation gain/(loss)-net | 3,600 ^(a) | 1,327 | 9,162 ^(a) | (1,428) |
| Fair value gain on convertible bonds ^(b) | - | - | - | 1 |
| Fair value gain/(loss) on convertible shares ^(b) | 15,984 | 1,762 | (3,559) | 231 |
| Fair value changes on purchase considerable payable | (4,336) | - | (7,044) | - |
| Gain on early redemption of convertible shares | 974 | - | 7,177 | - |
| (Loss)/gain on disposal of property, plant and equipment | (5,857) | 33 | (9,733) | (2,812) |
| Impairment charges on property, plant and equipment ^(d) | (86,699) | - | (86,699) | - |
| Other ^(c) | 6,322 | 1,132 | 9,824 | 6,850 |
| | <u>(70,026)</u> | <u>4,264</u> | <u>(81,007)</u> | <u>2,945</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 3Q2013 and 9M2013 compared to the previous corresponding period.
- (b) The gain/(loss) was mainly due to the quarterly revaluation of derivatives embedded in the convertible shares
- (c) Others comprised of sale of gas, oxygen, electricity, etc.

(d) As at 30 September 2013, Xingtai Delong Machinery and Mill Roll Co., Ltd (“Xingtai Delong”) had not achieved the budgeted level of financial performance for the financial year ending 31 December 2013. This was mainly due to intense competition in the mill roll industry which continue to erode its profit margins and growth, and operating conditions are expected to remain so in the future. As such, the Group carried out an impairment review in respect of the mill roll production facilities at Xingtai Delong and refreshed the parameters and assumptions used in the value-in-use calculation that was prepared at 31 December 2012. Based on the refreshed value-in-use calculation, impairment charges of RMB86.7 million on Xingtai Delong’s property, plant and equipment was recognized during the current quarter ended 30 September 2013.

3. (Loss)/profit before taxation includes the following items:-

| | The Group | | | |
|--|-------------------------------|------------|----------------|------------|
| | 3 rd Quarter Ended | | 9 Months Ended | |
| | 30/09/2013 | 30/09/2012 | 30/09/2013 | 30/09/2012 |
| | RMB’000 | RMB’000 | RMB’000 | RMB’000 |
| Depreciation and amortization ^(a) | 109,193 | 109,595 | 362,364 | 306,907 |
| Salaries and wages ^(b) | 71,538 | 81,998 | 282,244 | 229,930 |
| Operating lease rental | 90 | 81 | 583 | 262 |

Notes:

- (a) The increase in depreciation and amortization in 9M2013 was mainly due to the consolidation of depreciation expenses of Aoyu Steel in 1Q2013.
- (b) The increase in staff costs in 9M2013 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 relates to provisional negative goodwill arising from the acquisition of Aoyu Steel.

5. Income Tax Expense

| | The Group | | | |
|---|-------------------------------|---------------|----------------|---------------|
| | 3 rd Quarter Ended | | 9 Months Ended | |
| | 30/09/2013 | 30/09/2012 | 30/09/2013 | 30/09/2012 |
| | RMB’000 | RMB’000 | RMB’000 | RMB’000 |
| Tax expense attributable to profit is made up of: | | | | |
| Current income tax expense | | | | |
| -Foreign | 18,332 | 25,940 | 48,907 | 67,622 |
| -Singapore | 121 | | 457 | |
| Deferred income tax | (2,975) | (2,941) | (7,591) | (2,312) |
| Under/(over) provision in preceding financial years | | | | |
| -Current income tax | - | - | 103 | (33,151) |
| | <u>15,478</u> | <u>22,999</u> | <u>41,876</u> | <u>32,159</u> |

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

| | Note | The Group RMB '000 | | The Company RMB '000 | |
|---|------|-----------------------|---------------------|-------------------------|---------------------|
| | | As at 30/09/2013 | As at 31/12/2012 | As at 30/09/2013 | As at 31/12/2012 |
| Current assets | | | | | |
| Cash and cash equivalents | | 1,256,616 | 642,894 | 39,228 | 127,984 |
| Bank balances pledged | | 359,974 | 307,477 | - | - |
| Financial assets, at fair value through profit and loss | | 400 | 521 | 399 | 521 |
| Held-to-maturity financial assets | 1 | 300,000 | 100,000 | - | - |
| Trade and other receivables | 2 | 789,086 | 1,299,022 | 25 | 25 |
| Inventories | 3 | 794,636 | 758,662 | - | - |
| Other assets | 4 | 624,265 | 789,050 | 274 | 212 |
| Total current assets | | 4,124,977 | 3,897,626 | 39,926 | 128,742 |
| Non-current assets | | | | | |
| Trade and other receivables | 5 | 68,654 | 88,021 | 493,578 | 531,654 |
| Other assets | 4 | 28,308 | 29,280 | - | - |
| Available-for-sale financial assets | 6 | 252,300 | 71,300 | - | - |
| Investments in subsidiaries | | - | - | 1,984,916 | 1,984,916 |
| Property, plant and equipment | | 2,883,334 | 3,097,836 | 88 | 109 |
| Intangible assets | | 20,160 | 24,480 | - | - |
| Deferred income tax assets | | 13,124 | 14,528 | - | - |
| Total non-current assets | | 3,265,880 | 3,325,445 | 2,478,582 | 2,516,679 |
| Total assets | | 7,390,857 | 7,223,071 | 2,518,508 | 2,645,421 |
| Current liabilities | | | | | |
| Trade and other payables | 7 | 1,196,311 | 1,748,505 | 5,654 | 9,773 |
| Notes payables | | 219,503 | 295,800 | - | - |
| Borrowings | | 2,179,673 | 1,973,477 | 154,808 | 157,425 |
| Convertible shares | | 10,616 | 60,896 | 10,616 | 60,896 |
| Purchase consideration payable | 8 | 117,169 | 110,125 | - | - |
| Current income tax liabilities | | 48,793 | 69,878 | - | - |
| Total current liabilities | | 3,772,065 | 4,258,681 | 171,078 | 228,094 |
| Non-current liabilities | | | | | |
| Borrowings | | 930,545 | 253,524 | 101,616 | 103,343 |
| Convertible shares | | 10,616 | 60,896 | 10,616 | 60,896 |
| Deferred income tax liabilities | | 38,569 | 46,160 | - | - |
| Total non-current liabilities | | 979,730 | 360,580 | 112,232 | 164,239 |
| Total liabilities | | 4,751,795 | 4,619,261 | 283,310 | 392,333 |
| Net Assets | | 2,639,062 | 2,603,810 | 2,235,198 | 2,253,088 |
| Capital reserves and non-controlling interests | | | | | |
| Share capital | | 405,147 | 405,147 | 2,110,983 | 2,110,983 |
| Reserves | | 2,207,131 | 2,178,923 | 124,215 | 142,105 |
| Equity attributable to owners of the Company | | 2,612,278 | 2,584,070 | 2,235,198 | 2,253,088 |
| Non-controlling interests | | 117,169 | 110,125 | - | - |
| Capital reserve | | (90,385) | (90,385) | - | - |
| Total equity | | 2,639,062 | 2,603,810 | 2,235,198 | 2,253,088 |

Notes:

1. Held-to-maturity financial assets

| | The Group | |
|--|----------------|----------------|
| | 30/09/2013 | 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 2014.

⁽²⁾ Investment in Harvest Capital Management Co., Ltd bears an interest rate of approximately 6.25% per annum.

2. Trade and other receivables - current

| | The Group | |
|--|----------------|------------------|
| | 30/09/2013 | 31/12/2012 |
| | RMB'000 | RMB'000 |
| Finance lease receivables | 59,359 | 81,192 |
| Trade receivables ⁽¹⁾ | 57,080 | 79,639 |
| Notes receivable | 651,150 | 1,113,191 |
| Due from Shijiazhuang New Century Coal Industrial Group Co., Ltd | 21,497 | 25,000 |
| | <u>789,086</u> | <u>1,299,022</u> |

⁽¹⁾After taking into account of the allowance for doubtful debts of RMB13.6 million for mill roll subsidiary's trade receivables which were overdue for over 360 days.

Following the recommendation by its newly appointed General Manager, the Group has implemented a new credit control policy in 3Q2013, whereby the Group will make an allowance for trade receivable that are overdue for over 360 days.

3. Inventories

| | The Group | |
|---------------------|----------------|----------------|
| | 30/09/2013 | 31/12/2012 |
| | RMB'000 | RMB'000 |
| Raw materials | 509,042 | 479,224 |
| Work-in-progress | 155,529 | 87,288 |
| Finished goods | 69,853 | 85,741 |
| Production supplies | 60,212 | 106,409 |
| | <u>794,636</u> | <u>758,662</u> |

4. Other assets

| | The Group | |
|---------------------------------|------------|------------|
| | 30/09/2013 | 31/12/2012 |
| | RMB'000 | RMB'000 |
| Deposits | 216 | 233 |
| Prepayments ⁽¹⁾ | 385,097 | 463,190 |
| Entrusted loan to third parties | 125,000 | 145,000 |
| VAT and Tax recoverable | 82,178 | 106,492 |
| Prepaid rent | 30,298 | 31,790 |
| Others | 29,784 | 71,625 |
| | 652,573 | 818,330 |

Analysed as:

| | | |
|-------------|---------|---------|
| Current | 624,265 | 789,050 |
| Non-current | 28,308 | 29,280 |
| | 652,573 | 818,330 |

Update on the Prepayments subsequent to the Company's announcement dated 11 April 2013, 29 April 2013 and 7 August 2013

⁽¹⁾After taking into consideration of the allowance made in relation to the prepayments to Xi'an Xiagu Dongli Joint Stock Company (the "**XXDJ Prepayment**") and Hebei Hongda Environmental Engineering Co., Ltd (the "**HHEE Prepayment**") of RMB10.45 million and RMB 4.4 million, respectively.

In view of the existing contract between XXDJ and the Company, which will be expiring in April 2015, and based on the Group's current and latest capital expenditure forecast, the Group might not utilise the XXDJ Prepayment for the purchase of furnace parts for its current facilities over the next 18 months. Accordingly, the Group has adopted a prudent approach and made an allowance of RMB10.45 million during the current quarter.

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. As such, the Group has made an allowance on the HHEE Prepayment in 3Q2013.

5. Trade and other receivables – non-current

| | The Group | |
|--|------------|------------|
| | 30/09/2013 | 31/12/2012 |
| | RMB'000 | RMB'000 |
| Finance lease receivables | 30,812 | 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 |
| | 68,654 | 88,021 |

6. Available-for-sale financial assets

| | The Group | |
|---|-----------------------|-----------------------|
| | 30/09/2013 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 | 48,800 | 1,300 |
| Bank of Communication Fund Management ¹ | 60,000 | - |
| Shan Nan De Lian Heng Tong Investment ² | 83,500 | - |
| | <u>252,300</u> | <u>71,300</u> |

Note:-

¹Investment bears an interest rate of 4.5% per annum and has no fixed maturity.

²Please refer to the announcements dated 12 August 2013 and 22 August 2013 for details.

7. Trade and other payables

| | The Group | |
|---|-----------------------|-----------------------|
| | 30/09/2013 RMB'000 | 31/12/2012 RMB'000 |
| Trade payables to: | | |
| - Third parties | 509,264 | 746,705 |
| VAT and other taxes payable | - | 96,905 |
| Payable to contractors for construction-in-progress | 36,201 | 39,501 |
| Advances from customers ⁽¹⁾ | 521,411 | 532,772 |
| Other accrual for operating expenses | 13,040 | 4,996 |
| Accrual for interest expense | - | 7,027 |
| Accrual for staff cost | 32,051 | 37,820 |
| Deposits from staff and workers | - | 75 |
| Due to directors (non-trade) | 1,788 | 2,468 |
| Deferred income | 7,263 | 8,512 |
| Rental from customers | 14,931 | 13,196 |
| Due to non-controlling interest | - | 147,235 |
| Other payables | 60,362 | 111,293 |
| | <u>1,196,311</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 30/09/2013 | As at 31/12/2012 |
|------------------|------------------|

| Secured RMB'000 | Unsecured RMB'000 | Secured RMB'000 | Unsecured RMB'000 |
|--------------------|----------------------|--------------------|----------------------|
| 1,353,881 | 836,408 | 800,200 | 1,234,173 |

Amount repayable after one year

| | |
|------------------|------------------|
| As at 30/09/2013 | As at 31/12/2012 |
|------------------|------------------|

| Secured RMB'000 | Unsecured RMB'000 | Secured RMB'000 | Unsecured RMB'000 |
|--------------------|----------------------|--------------------|----------------------|
| 615,616 | 325,545 | 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 RMB235,000,000 (2012: RMB 818,604,200) were guaranteed by third parties. Borrowings amounting to RMB1,213,206,000 (2012:RMB1,124,586,394) were jointly guaranteed by related parties and third parties.

As at 30 September 2013, guarantees given to banks by the Group in respect of third parties' borrowings amounted to approximately RMB359,484,100.

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 | | | |
|--|------|-------------------------------|------------------|------------------|------------------|
| | | 3 rd Quarter Ended | | 9 Months Ended | |
| | | 30/09/2013 | 30/09/2012 | 30/09/2013 | 30/09/2012 |
| | | RMB '000 | RMB '000 | RMB '000 | RMB '000 |
| Cash flows from operating activities: | | | | | |
| (Loss)/ profit after income tax | | (6,352) | 55,379 | 27,585 | 216,356 |
| Adjustments for: | | | | | |
| Depreciation | | 107,753 | 108,613 | 358,044 | 304,470 |
| Amortisation of intangible asset | | 1,440 | 982 | 4,320 | 2,437 |
| Impairment charges on property, plant and equipment | | 86,699 | - | 86,699 | - |
| Allowance for doubtful debts | | 28,450 | - | 28,450 | - |
| Negative goodwill arising from acquisition of a subsidiary | | - | (55,944) | - | (81,308) |
| Loss/(gain) on disposal of property, plant and equipment | | 5,857 | (33) | 9,733 | 2,812 |
| Gain on early redemption of convertible shares | | (974) | - | (7,177) | - |
| Fair value loss/(gain) on financial assets, fair value through profit or loss | | 14 | (10) | 135 | (44) |
| Gain on disposal of financial assets, fair value through profit or loss | | - | - | - | (59) |
| Fair value gain on convertible bonds | | - | - | - | (1) |
| Fair value (gain)/loss on convertible shares | | (15,984) | (1,762) | 3,559 | (231) |
| Exchange loss/(gain) on convertible shares | | 654 | 4,014 | (3,533) | 6,855 |
| Fair value changes on purchase considerable payable | | 4,336 | - | 7,044 | - |
| Dividend income | | - | - | - | (2,031) |
| Interest income | | (8,248) | (18,203) | (47,954) | (39,013) |
| Interest expense | | 47,867 | 55,273 | 146,469 | 165,554 |
| Income tax expense | | 15,478 | 22,999 | 41,876 | 32,159 |
| Unrealised currency translation (gain)/loss | | (10,543) | (6,465) | 3,812 | (10,766) |
| Operating cash flow before working capital changes | | 256,447 | 164,843 | 659,062 | 597,190 |
| Bank balances pledged | | 133,484 | 372,660 | (52,497) | 223,067 |
| Receivables | | 208,580 | (351,005) | 666,609 | (852,477) |
| Inventories | | (138,248) | 258,524 | (35,974) | 650,640 |
| Payables | | (188,676) | 252,576 | (628,489) | 133,638 |
| | | 15,140 | 532,755 | (50,351) | 154,868 |
| Cash generated from operating activities | | 271,587 | 697,598 | 608,711 | 752,058 |
| Income tax refund/(paid) | | 5,651 | (15,562) | (69,148) | (71,342) |
| Net cash generated from operating activities | | 277,238 | 682,036 | 539,563 | 680,716 |
| Cash flows from investing activities: | | | | | |
| Payments for property, plant and equipment | | (39,905) | (55,110) | (236,381) | (55,110) |
| Proceeds from disposal of financial assets, fair value through profit and loss | | - | - | - | 285 |
| Proceeds from disposal of property, plant and equipment | | - | - | 248 | - |
| Proceeds from disposal of available-for-sale financial assets("AFS") | | - | - | 10,000 | - |
| Purchase of held to maturity financial assets and AFS | | (117,300) | (100,000) | (391,000) | (100,000) |
| Acquisition of a subsidiary, net of cash acquired | | - | - | - | (272,093) |
| Disposal of a subsidiary, net of cash disposed of | | - | - | - | 2,700 |
| Dividend received | | - | - | - | 2,031 |
| Interest received | | 8,248 | 18,203 | 47,954 | 39,013 |
| Net cash used in investing activities | | (148,957) | (136,907) | (569,179) | (383,174) |
| Cash flows from financing activities: | | | | | |
| Proceeds from borrowings | | 1,314,746 | 743,535 | 2,733,284 | 2,497,750 |
| Repayment of borrowings | | (630,513) | (1,011,029) | (1,850,068) | (2,861,145) |
| Repayment of convertible bonds | | (19,953) | - | (99,827) | (155,300) |
| Interest paid | | (46,525) | (51,906) | (140,051) | (152,008) |
| Net cash generated from/(used in) financing activities | | 617,755 | (319,400) | 643,338 | (670,703) |
| Net increase/(decrease) in cash and cash equivalents | | 746,036 | 225,729 | 613,722 | (373,161) |
| Cash and cash equivalents at beginning of the period | | 510,580 | 417,679 | 642,894 | 1,016,569 |
| Cash and cash equivalents at end of the period | | 1,256,616 | 643,408 | 1,256,616 | 643,408 |

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 |
| Total comprehensive in (loss)/income for the period | - | - | (469) | - | (10,688) | (11,157) | - | 4,336 | (6,821) |
| Balance as at 30 Sept 2013 | 405,147 | 249,218 | 3,967 | 141,072 | 1,812,874 | 2,612,278 | (90,385) | 117,169 | 2,639,062 |

| The Group | Share capital | Capital reserve | Translation reserve | Statutory reserve | Retained earnings | Total | Non-controlling interest | Total equity |
|--|----------------------|------------------------|----------------------------|--------------------------|--------------------------|--------------|---------------------------------|---------------------|
| | 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 | - | - | - | - | - | - | 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 | 1,750,437 | 2,477,964 | 80,425 | 2,558,389 |
| Total comprehensive (loss)/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 | 1,800,659 | 2,518,746 | 85,582 | 2,604,328 |

| 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 |
| Total comprehensive income for the period | - | - | 17,556 | 17,556 |
| Balance as at 30 September 2013 | 2,110,983 | 249,218 | (125,003) | 2,235,198 |

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 |

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

| Changes in the Share Capital of the Company for 3rd Quarter Ended | 30/09/2013 | 30/09/2012 |
|---|-------------|-------------|
| Number of ordinary shares as at 1 July | 550,437,849 | 550,156,703 |
| Shares arising from conversion of convertible shares | - | - |
| Number of ordinary shares as at 30 September | 550,437,849 | 550,156,703 |

| Convertible Shares as at | 30/09/2013 | 30/09/2012 |
|---|------------|------------|
| Number of shares that may be issued on conversion of all outstanding convertible shares | 4,887,624 | 29,650,150 |

The Company redeemed 4,801,119 convertible shares in 3Q2013.

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 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 | | | |
|---|-------------------------------|-------------|----------------|-------------|
| | 3 rd Quarter Ended | | 9 Months Ended | |
| | 30/09/2013 | 30/09/2012 | 30/09/2013 | 30/09/2012 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Net (loss)/profit for the period | (10,688) | 50,222 | 20,541 | 202,102 |
| Basic (losses)/earnings per share (in RMB) | (0.02) | 0.09 | 0.04 | 0.37 |
| Diluted (losses)/earnings per share (in RMB) | (0.02) | 0.09 | 0.04 | 0.37 |
| 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 | 555,325,473 | 579,806,853 | 555,325,473 | 579,806,853 |

Explanatory Notes:

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

Diluted (losses)/earnings per share is calculated based on the weighted average number of shares in issue during the period under review after adjusting to include the dilutive effect of all dilutive potential ordinary shares, e.g., convertible shares and convertible bonds.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

| | The Group | | The Company | |
|---------------------------------|------------|------------|-------------|------------|
| | 30/09/2013 | 31/12/2012 | 30/09/2013 | 31/12/2012 |
| Net Asset Value per share (RMB) | 4.75 | 4.69 | 4.06 | 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 September 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) **Review of income statement of the Group**

3Q2013 vs 3Q2012

Revenue

In 3Q2013, Group's revenue decreased by RMB440.1 million or 13.3%, from RMB3,299.6 million in 3Q2012, to RMB2,859.5 million. The decrease was mainly attributed to a decrease in volume of steel billets sold as a result of the maintenance programme carried out at two blast furnaces, despite a marginal increase in average selling prices of products sold due to increased steel demand driven by construction and infrastructure sectors during the period under review.

The decrease was also due to lower trading volume of iron ore in 3Q2013.

The maintenance exercise which commenced in May 2013 to enhance the safety and technical features of the furnaces was fully completed in July 2013.

In 3Q2012, the Group sold 663,868 tonnes of hot rolled coil ("HRC") and 237,894 tonnes of steel billets as compared to 663,243 tonnes of HRC and 289,148 tonnes of steel billets in 3Q2012. Overall sales quantity decreased by 50,629 tonnes or 5.3%.

Cost of sales

Total cost of sales decreased by RMB524.2 million or 16.5%, from RMB3,176.3 million in 3Q2012, to RMB2,652.1 million in 3Q2013. The decrease was in line with the decrease in volume of steel billets sold, lower raw material prices for steel production in 3Q2013 as well as lower trading activity of iron ore compared to the previous corresponding period.

Gross profit

Gross profit increased by RMB84.1 million, from RMB123.3 million in 3Q2012, to RMB207.4 million in 3Q2013.

Gross profit margin increased by 3.6 percentage points, from 3.7% in 2Q2013, to 7.3% in 3Q2013. The increase was primarily due to the decrease in raw material prices coupled with a marginal increase in the average selling prices of products sold in 3Q2013.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB0.7 million, from RMB2.6 million in 3Q2012, to RMB3.3 million in 3Q2013. 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 RMB34.6 million from RMB68.7 million in 3Q2012 to RMB103.3 million in 3Q2013. The increase was primarily due to the allowance of RMB28.5 million provided on mill roll subsidiary's trade receivables which were overdue over 360 days and the XXDJ and HHEE prepayments during the period under review.

Finance expenses

Finance expenses decreased by RMB7.4 million, from RMB55.3 million in 3Q2012, to RMB47.9 million in 3Q2013. 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

In 3Q2013, after taking into account taxation and non-controlling interest, the Group reported a net loss of RMB10.7 million as compared to a net profit of RMB50.2 million in 3Q2012. The net loss was mainly due to impairment charges of RMB86.7 million in respect of the mill roll production facilities as well as the allowance of RMB28.5 million for the trade receivables and prepayments in 3Q2013.

Excluding the one-off charges as mentioned above, the Group's net profit attributable to shareholders would have been RMB 104.5 million, representing a net profit margin of 3.7% in 3Q2013. The increase in net profit margin was due to higher operating profit margin in 3Q2013.

9M2013 vs 9M2012**Revenue**

Group revenue decreased by RMB1,011.6 million or 10.4%, from RMB9,718.9 million in 9M2012, to RMB8,707.3 million in 9M2013. Despite having consolidated RMB768.9 million of revenue from Aoyu Steel for 1Q2013, overall 9M2013 revenue was lower resulting from the maintenance programme carried out at two blast furnaces in May-July 2013 as well as overall lower average selling prices of products sold in 9M2013 compared to the previous corresponding period, despite the increase in quantity of products sold.

The increase was also due to lower trading volume of iron ore in 9M2013.

In 9M2013, the Group sold 2,044,173 tonnes of HRC and 706,288 tonnes of steel billets as compared to 2,002,075 tonnes of HRC and 625,674 tonnes of steel billets in 9M2012. Overall sales volume increased by 122,712 tonnes or 4.7% .

Cost of sales

Total cost of sales decreased by RMB996.7 million or 10.8%, from RMB9,262.2 million in 9M2012, to RMB8,265.5 million in 9M2013, despite having included RMB715.4 million of costs of sales in Aoyu Steel for 1Q2013. This was mainly attributable to lower steel billets sold during the period of the maintenance, decrease in the prices of raw materials as well as lower trading activities of iron ore in 9M2013 compared to the previous corresponding period.

Gross profit

Gross profit decreased by RMB14.9 million or 3.3%, from RMB456.7 million in 9M2012, to RMB441.8 million in 9M2013.

Gross profit margin increased by 0.4 percentage point, from 4.7% in 9M2012 to 5.1% in 9M2013. The increase was primarily due to the decrease in raw material prices, which outpaced the decrease in average selling prices of products.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB3.5 million, from RMB6.1 million in 9M2012, to RMB9.6 million in 9M2013. The increase in distribution and marketing expenses was primarily due to higher promotion expenses, transportation costs and higher employee salaries in 9M2013.

Administrative expenses

Administrative expenses increased by RMB52.4 million, from RMB171.0 million in 9M2012, to RMB223.4 million in 9M2013. The increase was primarily due to the allowance of RMB28.5 million provided on the mill roll subsidiary's trade receivables which were overdue over 360 days and the XXDJ and HHEE prepayments. The increase was also 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 RMB19.1 million, from RMB165.6 million in 9M2012, to RMB146.5 million in 9M2013. The decrease was primarily due to lower interest expense incurred on bills discounting and the decrease in interest expense accrued on convertible shares following the partial redemption of convertible shares from certain bondholders during the period under review.

Net profit

In 9M2013, after taking into account taxation and non-controlling interest, the Group's net profit attributable to shareholders decreased by RMB181.6 million from RMB202.1 million in 9M2012 to RMB20.5 million in 9M2013. This was mainly due to the impairment charges of RMB86.7 million in respect of the mill roll production facilities as well as the allowance of RMB28.5 million for the trade receivables and prepayments in 3Q2013.

Excluding the one-off charges as mentioned above, the Group's net profit attributable to shareholders would have been RMB 135.7 million, representing a net profit margin of 1.6% in 9M2013.

(b) Review of balance sheet of the Group as at 30 September 2013

Current assets

Current assets increased by RMB212.4 million from RMB3,897.6 million as at 31 December 2012 to RMB4,125.0 million as at 30 September 2013. The increase was primarily due to the increase in cash and cash equivalent, held-to-maturity financial assets and bank balances pledged with banks as security for borrowings.

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

The increase in cash and cash equivalent was due to the increase in bank borrowings drawn down for working capital purposes. 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.

Current liabilities

Current liabilities decreased by RMB486.6 million from RMB4,258.7 million as at 31 December 2012 to RMB3,772.1 million as at 30 September 2013 primarily due to overall decrease in trade and other payables as well as decreased usage of notes payable for payment to creditors and suppliers during the period under review.

The decrease was partially offset by the increase in bank borrowings drawn down for working capital purposes.

Working capital

The Group had positive working capital position of RMB352.9 million as at 30 September 2013. The Group's positive working capital position was mainly due to the drawn down of long-term bank loans for working capital purposes during the period under review.

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 RMB214.5 million, from RMB3,097.8 million as at 31 December 2012 to RMB2,883.3 million as at 30 September 2013, primarily due to depreciation and impairment 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 desulfurisation system as well as the capitalisation of the maintenance programme costs incurred during the period under review.

Non-Current liabilities

Non-current liabilities increased by RMB619.1 million, from RMB360.6 million as at 31 December 2012 to RMB979.7 million as at 30 September 2013, primarily due to the increase in long term bank borrowings drawn down for working capital purposes.

(c) Review of cash flow statement of the Group

3Q2013 vs 3Q2012

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes increased by RMB91.6 million, from RMB164.8 million in 3Q2012, to RMB256.4 million in 3Q2013. The increase was primarily due to the increase in operating profit. Net cash from operating activities decreased by RMB404.8 million from RMB682.0 million in 3Q2012 to RMB277.2 million in 3Q2013, attributable mainly to the increase in inventories and bank balances pledged with banks as security for bank borrowings as well as the increase in payments to creditors and suppliers during the period under review. This was partially offset by the decrease in notes receivable.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB149.0 million in 3Q2013. This comprised the investment in Shan Nan Delian Heng Tong of RMB83.5 million and Bank of Communication of RMB60.0 million, partially offset by the decrease in investment in Harvest Fund Management Co., Ltd of RMB26.2 million. The increase was also due to progress payments for technical enhancements to upgrade production facilities in Aoyu Steel during the period under review.

Net Cash Used In Financing Activities

Net cash generated from financing activities was RMB617.8 million in 3Q2013. This was mainly attributable to the drawdown of short-term loans of RMB1314.7 million for working capital, loan principal and interest repayments of RMB677.0 million as well as the redemption of the convertible shares of RMB20.0 million during the period under review.

9M2013 vs 9M2012

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes increased by RMB61.9 million, from RMB597.2 million in 9M2012, to RMB659.1 million in 9M2013, attributable mainly to the increase in operating profit. Cash from operating activities decreased by RMB143.4 million, from RMB752.1 million in 9M2012, to RMB608.7 million in 9M2013, attributable mainly to the increase in bank balances pledged and payments to creditors and suppliers during the period under review, partially offset by the decrease in notes receivable and advance payments made to the suppliers.

After taking into account of the cash used for working capital and income tax paid of RMB69.1 million, the net cash inflow from operating activities was RMB539.6 million in 9M2013.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB569.2 million in 9M2013. This comprised principally the investment in Shan Nan Delian Heng Tong of RMB83.5 million, Bank of Communication of RMB60.0 million, Harvest Capital Management Co., Ltd of RMB200.0 million and Harvest Fund Management Co., Ltd of RMB47.5 million.

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

Net Cash Generated From Financing Activities

Net cash generated from financing activities was RMB643.3 million in 9M2013. This was mainly attributable to the drawdown of short-term loans of RMB2,733.3 million for working capital, loan principal and interest repayments of RMB1,990.1 million as well as the redemption of convertible shares of RMB99.8 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 issued a profit guidance on 5 November 2013 that the Company would report a net loss for the three month period ended 30 September 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

In October 2013, the State Council unveiled a new plan that is aimed at resolving the issues surrounding China's steel industry. To address overcapacity issues, the Government will be blocking approvals for new projects; and will be stepping-up environmental, safety and energy standards to eliminate old capacity. Further, the new plan will also seek to absorb overcapacity by stimulating domestic demand as well as offering tax incentives to encourage manufacturers to move production overseas.¹

In view of the recent developments and persistently weak operating environment, the Group expects the outlook for the PRC steel industry to remain very challenging. This may inevitably affect the Group's operational performance and add to margin pressures.

While production at the Group's 80%-owned subsidiary, Laiyuan County Aoyu Steel Co., Ltd ("Aoyu Steel") was affected by a major maintenance exercise that extended into the third quarter. Aoyu Steel has since resumed normal operations in August 2013. Further, to be in line with the industry's rising

¹ <http://www.reuters.com/article/2013/10/15/us-china-overcapacity-idUSBRE99E05620131015>

environmental standards, enhance waste-gas recovery and expand the Group's product line, the Group had in October 2013 commenced an 8-month technological enhancement programme at Aoyu Steel, which will equip the steel-making plant with hot-rolled coil ("HRC") manufacturing capabilities. The technological enhancement programme includes the construction of a 132 sq m sintering machine, 50,000 m³ gas tank and a 650 mm rolling line.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(C) Date payable and Book Closure Date

N.A.

12. If no dividend has been declared/recommended, a statement to that effect

The Board of Directors of the Company does not recommend that a dividend be paid for the third quarter 30 September 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 September 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 | |
|---|--|-------------------|--|-------------------|
| | 9M2013 RMB'000 | 9M2012 RMB'000 | 9M2013 RMB'000 | 9M2012 RMB'000 |
| | | | | |
| <u>Sales Transactions</u> *Hebei Delong Modern Special Tube Manufacturing Co., Ltd | - | 1,071 | - | - |

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

BY ORDER OF THE BOARD

Ding Liguu
Executive Chairman