



DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 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					Increase (Decrease) %
		4 th Quarter Ended		Increase (Decrease) %	Year Ended		
		31/12/2013 RMB'000	31/12/2012 RMB'000		31/12/2013 RMB'000	31/12/2012 RMB'000	
Sales		2,840,379	3,560,985	(20.2)	11,547,689	13,279,883	(13.0)
Cost of sales		(2,767,892)	(3,299,726)	(16.1)	(11,033,420)	(12,561,920)	(12.2)
Gross Profit		72,487	261,259	(72.3)	514,269	717,963	(28.4)
Other Income	1	(5,932)	27,569	n.m	82,239	86,035	(4.4)
Other gains-net	2	18,014	(52,018)	n.m	(62,993)	(57,273)	10.0
Expenses							
-Distribution and marketing		(3,068)	(3,139)	(0.2)	(12,660)	(9,271)	36.6
-Administrative		(88,626)	(60,961)	45.4	(312,050)	(231,983)	34.5
-Finance		(47,749)	(65,442)	(27.0)	(194,218)	(230,996)	(15.9)
(Loss)/Profit before tax and exceptional items	3	(54,874)	107,268	n.m	14,587	274,475	(94.7)
Exceptional items							
-Negative goodwill	4	-	(5,078)	100.0	-	76,230	(100.0)
(Loss)/Profit before tax		(54,874)	102,190	n.m	14,587	350,705	(95.8)
Income tax credit/(expenses)	5	5,826	(94,030)	n.m	(36,050)	(126,189)	(71.4)
Net (Loss)/Profit		(49,048)	8,160	n.m	(21,463)	224,516	n.m
(Loss)/Profit attributable to:							
Equity holders of the Company		(47,608)	2,674	n.m	(27,067)	204,776	n.m
Non-controlling interest		(1,440)	5,486	n.m	5,604	19,740	(71.6)
		(49,048)	8,160	n.m	(21,463)	224,516	n.m

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net loss/(profit)	(49,048)	8,160	n.m	(21,463)	224,516	n.m
Other comprehensive income:						
Available-for-sale financial assets						
-Fair value loss	(8,869)	-	n.m	(8,869)	-	n.m
Currency translation differences	2,622	1,536	70.7	10,287	(13,369)	n.m
Other comprehensive income for the period, net of tax	(6,247)	1,536	n.m	1,418	(13,369)	n.m
Total comprehensive (loss)/income	(55,295)	9,696	n.m	(20,045)	211,147	n.m
Total comprehensive income/ (loss) attributable to:						
Equity holders of the Company	(54,112)	4,210	n.m	(25,649)	191,407	n.m
Non-controlling interest	(1,183)	5,486	n.m	5,604	19,740	(71.6)
	(55,295)	9,696	n.m	(20,045)	211,147	n.m

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 year ended 31 December 2012 ("FY2012") as the Group only obtained control of Aoyu Steel on 1 April 2012.

Notes:-

1 Other Income

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RMB'000	RMB'000	RMB'000	RMB'000
Government Grant ^(a)	(11,791)	9,941	13,006	18,978
Finance lease income	(7,760)	187	7,660	8,572
Interest income ^(b)	13,619	17,441	61,573	56,454
Dividend income	-	-	-	2,031
	<u>(5,932)</u>	<u>27,569</u>	<u>82,239</u>	<u>86,035</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. A portion of the government grant received was capitalized in 4Q2103.
- (b) The increase in interest income for the year ended 31 December 2013 (“FY2013”) was mainly due to the increase in interest earned on bank deposits, entrusted loans to customers and investment in unit trust.

2 Other gains-net

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	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	(2)	46	(137)	90
Currency translation gain-net ^(a)	3,528	4,466	12,690	3,038
Fair value gain on convertible bonds ^(b)	-	-	-	1
Fair value (loss)/gain on convertible shares	(33)	679	(3,592)	910
(Loss)/gain on disposal of property, plant and equipment	(308)	3,479	(10,041)	667
Fair value changes on purchase payable consideration	1,440	(19,740)	(5,604)	(19,740)
Gain on early redemption of convertible shares	-	-	7,177	-
Impairment charge on property, plant and equipment ^(d)	16,899	(49,220)	(69,800)	(49,220)
Other ^(c)	(3,510)	8,272	6,314	6,922
	<u>18,014</u>	<u>(52,018)</u>	<u>(62,993)</u>	<u>(57,273)</u>

Notes:

- (a) The currency translation gain was mainly due to the revaluation of bank borrowings including letter of credit denominated in USD, which had weakened against RMB in 4Q2013 and FY2013 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 and prepayments, etc.
- (d) As at 31 December 2013, the Company engaged a professional valuer to carry out an impairment review in respect of the mill roll production facilities at Xingtai Delong Machinery and Mill Roll Co., Ltd (“Xingtai Delong”). Based on the final valuation report, the impairment charges of RMB69.8 million was recognized in FY2013.

3. Profit before taxation includes the following items:-

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortization ^(a)	142,457	135,428	500,501	439,898
Salaries and wages ^(b)	100,015	38,266	382,259	268,196
Operating lease rental	7	293	590	555

Notes:

(a) The increase in depreciation and amortization in FY2013 was mainly due to the consolidation of depreciation expenses of Aoyu Steel in 1Q2013.

(b) The increase in staff costs in FY2013 was mainly due to provision for staff bonuses in 4Q2013, 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 (Credit)/ Expense

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RMB'000	RMB'000	RMB'000	RMB'000
Tax expense attributable to profit is made up of:				
Current income tax expense				
-Singapore	1,452	3,169	1,909	3,169
-Foreign	(4,226)	78,569	44,681	146,191
Deferred income tax liabilities	(3,776)	(4,306)	(11,367)	(6,618)
(Over)/ Under provision in preceding financial years				
-Current income tax	-	(88)	103	(33,239)
-Deferred income tax assets	724	16,686	724	16,686
	<u>(5,826)</u>	<u>94,030</u>	<u>36,050</u>	<u>126,189</u>

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

	Note	The Group RMB '000		The Company RMB '000	
		As at 31/12/2013	As at 31/12/2012	As at 31/12/2013	As at 31/12/2012
ASSETS					
Current Assets					
Cash and cash equivalents		373,706	642,894	33,913	127,984
Bank balances pledged		623,308	307,477	-	-
Financial assets, at fair value through profit and loss		393	521	393	521
Held- to- maturity financial assets	1	300,000	100,000	-	-
Trade and other receivables	2	854,406	1,299,022	10	25
Inventories	3	869,308	758,662	-	-
Other assets	4	701,849	789,050	292	212
Total current assets		3,722,970	3,897,626	34,608	128,742
Non-current assets					
Bank balances pledged		200,000	-	-	-
Trade and other receivables	5	50,852	88,021	229,666	531,654
Other assets		287,724	29,280	-	-
Available-for-sale financial assets	6	214,735	71,300	-	-
Investments in subsidiaries		-	-	1,984,916	1,984,916
Property, plant and equipment		2,841,017	3,097,836	81	109
Intangible assets		18,720	24,480	-	-
Deferred income tax assets		13,804	14,528	-	-
Total non-current assets		3,626,852	3,325,445	2,214,663	2,516,679
Total assets		7,349,822	7,223,071	2,249,271	2,645,421
Current liabilities					
Trade and other payables	7	1,562,339	1,748,505	5,242	9,773
Notes payables		383,800	295,800	-	-
Borrowings		1,765,889	1,973,477	11	157,425
Convertible shares		10,216	60,896	10,216	60,896
Purchase consideration payable	8	115,729	110,125	-	-
Current income tax liabilities		-	69,878	-	-
Total current liabilities		3,837,973	4,258,681	15,469	228,094
Non-current liabilities					
Borrowings		863,789	253,524	28	103,343
Convertible shares		-	60,896	-	60,896
Deferred income tax liabilities		34,606	46,160	-	-
Total non-current liabilities		898,395	360,580	28	164,239
Total liabilities		4,736,368	4,619,261	15,497	392,333
NET ASSETS		2,613,454	2,603,810	2,233,774	2,253,088
CAPITAL AND RESERVE					
Share capital		405,147	405,147	2,110,983	2,110,983
Reserves		2,182,963	2,178,923	122,791	142,105
Equity attributable to owners of the Company		2,588,110	2,584,070	2,233,774	2,253,088
Non-controlling interest		115,729	110,125	-	-
Capital reserves		(90,385)	(90,385)	-	-
Total equity		2,613,454	2,603,810	2,233,774	2,253,088

Notes:

1. Held-to-maturity financial assets

	The Group	
	31/12/2013	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 7.2% per annum and is due in July 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	
	31/12/2013	31/12/2012
	RMB'000	RMB'000
Finance lease receivables	37,858	81,192
Trade receivables ⁽¹⁾	67,534	79,639
Notes receivable	714,618	1,113,191
Due from Shijiazhuang New Century Coal Industrial Group Co., Ltd	34,396	25,000
	<u>854,406</u>	<u>1,299,022</u>

⁽¹⁾After taking into account of the allowance for doubtful debts for trade receivables which were overdue for over 360 days.

3. Inventories

	The Group	
	31/12/2013	31/12/2012
	RMB'000	RMB'000
Raw materials	584,564	479,224
Work-in-progress	152,672	87,288
Finished goods	95,628	85,741
Production supplies	36,444	106,409
	<u>869,308</u>	<u>758,662</u>

4. Other assets

	The Group	
	31/12/2013	31/12/2012
	RMB'000	RMB'000
Deposits	208	233
Prepayments ⁽¹⁾	721,745	463,190
Entrusted loan to third parties	125,000	145,000
VAT and Tax recoverable	106,877	106,492
Prepaid rent	29,800	31,790
Others	5,943	71,625
	<u>989,573</u>	<u>818,330</u>

Analysed as:

Current	701,849	789,050
Non-current	287,724	29,280
	<u>989,573</u>	<u>818,330</u>

⁽¹⁾After taking into consideration of the allowance made in relation to the prepayments to contractors including Xi'an Xiagu Dongli Joint Stock Company and Hebei Hongda Environmental Engineering Co., Ltd.

5. Trade and other receivables – non-current

	The Group	
	31/12/2013	31/12/2012
	RMB'000	RMB'000
Finance lease receivables	25,909	53,682
Due from an investee company	23,470	23,470
Due from Shijiazhuang New Century Coal Industrial Group Co., Ltd	-	9,396
Due from Lai Yuan Bureau of Finance	1,473	1,473
	<u>50,852</u>	<u>88,021</u>

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
1.6% equity interest in Hengshe Mining Investments Ltd	51,571	-
Harvest Fund Management Co., Ltd ¹	19,664	1,300
Shan Nan De Lian Heng Tong Investment ²	83,500	-
	<u>214,735</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	607,324	746,705
VAT and other taxes payable	26,946	96,905
Payable to contractors for construction-in-progress	36,501	39,501
Advances from customers ⁽¹⁾	636,406	532,772
Other accrual for operating expenses	-	4,996
Accrual for interest expense	15,347	7,027
Accrual for staff cost	50,706	37,820
Deposits from staff and workers	-	75
Due to directors (non-trade)	-	2,468
Deferred income	23,035	8,512
Rental from customers	12,841	13,196
Due to non-controlling interest	-	147,235
Other payables	162,816	111,293
	<u>1,571,922</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 31/12/2013	As at 31/12/2012
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
1,056,136	719,969	800,200	1,234,173

Amount repayable after one year

As at 31/12/2013	As at 31/12/2012
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
598,859	264,930	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 RMB1,790,991,000 (2012: RMB 818,604,200) were guaranteed by third parties. Borrowings amounting to RMB394,000,000 (2012:RMB1,124,586,394) were guaranteed by related parties.

As at 31 December 2013, guarantees given to banks by the Group in respect of third parties' borrowings amounted to approximately RMB421,479,400.

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

	Note	The Group			
		4 th Quarter Ended		Year Ended	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
		RMB '000	RMB '000	RMB '000	RMB '000
Cash flows from operating activities:					
(Loss)/profit after income tax		(49,048)	8,160	(21,463)	224,516
Adjustments for:					
Depreciation		142,457	135,428	500,501	439,898
Impairment charge on property, plant and equipment		(16,899)	49,220	69,800	49,220
Amortisation of intangible asset		1,440	1,883	5,760	4,320
Allowance for doubtful debts		4,610	-	33,060	-
Negative goodwill arising from acquisition of a subsidiary		-	5,078	-	(76,230)
Loss on disposal of property, plant and equipment		75,261	5,536	84,994	8,348
Gain on early redemption of convertible shares		-	-	(7,177)	-
Fair value loss on investment held in trading		2	(46)	137	(90)
Gain on disposal of investment held in trading		-	-	-	(59)
Gain on change in fair value of convertible bonds		-	-	-	(1)
Gain on change in fair value convertible shares		33	(679)	3,592	(910)
Exchange (gain)/loss on convertible shares		(455)	(1,147)	(3,988)	5,708
Fair value changes on purchase considerable payable		(1,440)	19,740	5,604	19,740
(Reversal) Allowance for inventories		(21,132)	20,298	(21,132)	20,298
Dividend income		-	-	-	(2,031)
Interest income		(13,619)	(17,441)	(61,573)	(56,454)
Interest expense		47,749	65,442	194,218	230,996
Income tax expense		(5,826)	94,030	36,050	126,189
Unrealised currency translation (gain)/loss		8,575	(79)	12,387	(10,845)
		220,756	377,263	852,233	758,097
Operating cash flow before working capital changes		171,708	385,423	830,770	982,613
Bank balances pledged		(463,334)	183,109	(515,831)	406,175
Receivables		(398,980)	140,353	277,212	(712,124)
Inventories		(53,540)	(21,382)	(89,514)	629,258
Payables		542,308	(461,591)	(97,896)	(327,953)
		(373,546)	(159,511)	(426,029)	(4,644)
Cash generated from/ (used in) operating activities		(201,838)	225,912	404,741	977,969
Income tax paid		(24,159)	(14,611)	(91,175)	(85,952)
Net cash generated from/(used in) operating activities		(225,997)	211,301	313,566	892,017
Cash flows from investing activities:					
Purchases of property, plant and equipment		(162,355)	(98,984)	(398,736)	(154,094)
Proceeds on disposal of property, plant and equipment		-	-	248	-
Proceeds on disposal of investment held in trading & AFS		28,696	-	10,000	285
Purchases of held to maturity financial assets & AFS		-	(51,300)	(362,304)	(151,300)
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		13,619	17,441	61,573	56,454
Net cash used in investing activities		(120,040)	(132,843)	(689,219)	(516,017)
Cash flows from financing activities:					
Proceeds from borrowings		1,202,468	1,571,219	3,935,752	4,068,969
Repayments of borrowings		(1,683,008)	(1,585,599)	(3,533,076)	(4,446,744)
Repayment of convertible bonds		(6,811)	-	(106,638)	(155,300)
Interest paid		(47,425)	(62,068)	(187,476)	(214,076)
Net cash (used in)/ generated from financing activities		(534,776)	(76,448)	108,562	(747,151)
Net increase/(decrease) in cash and cash equivalents		(880,813)	2,010	(267,091)	(371,151)
Cash and cash equivalents at beginning of the period		1,256,616	643,408	642,894	1,016,569
Effect of currency translation on cash and cash equivalents		(2,097)	(2,524)	(2,097)	(2,524)
Cash and cash equivalents at end of the period		373,706	642,894	373,706	642,894

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Group	Share capital RMB '000	Capital reserve RMB'000	Fair value reserve RMB'000	Translation reserve RMB '000	Statutory reserve RMB '000	Retained earnings RMB '000	Total RMB '000	Capital reserve RMB '000	Non-controlling interest RMB '000	Total equity 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
Adjustment in respect of prior years	-	-	-	-	-	25,583	25,583	-	-	25,583
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	1,863,405	2,658,273	(90,385)	112,078	2,679,966
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	1,849,145	2,649,018	(90,385)	112,833	2,671,466
Total comprehensive in (loss)/income for the period	-	-	-	(469)	-	(10,688)	(11,157)	-	4,336	(6,821)
Balance as at 30 September 2013	405,147	249,218	-	3,967	141,072	1,838,457	2,637,861	(90,385)	117,169	2,664,645
Total comprehensive (loss)/income for the period	-	-	(8,869)	2,620	-	(47,608)	(53,857)	-	(1,440)	(55,297)
Recognition the expiration of put option in respect of the convertible shares	-	4,106	-	-	-	-	4,106	-	-	4,106
Balance as at 31 December 2013	405,147	253,324	(8,869)	6,587	141,072	1,790,849	2,588,110	(90,385)	115,729	2,613,454

<u>The Group</u>	Share capital	Capital reserve	Translation reserve	Statutory reserve	Retained earnings	Total	Capital reserve	Non-controlling interest	Total equity
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2012	404,361	249,218	9,669	141,072	1,598,557	2,402,877	-	-	2,402,877
Adjustment in respect of prior years	-	-	-	-	(11,000)	(11,000)	-	-	(11,000)
Total comprehensive loss for the period	-	-	(8,460)	-	(14,293)	(22,753)	-	-	(22,753)
Balance as at 31 March 2012	404,361	249,218	1,209	141,072	1,573,264	2,369,124	-	-	2,369,124
Acquisition of a subsidiary	-	-	-	-	-	-	-	71,328	71,328
Purchase consideration payable	-	-	-	-	-	-	-	-	(71,328)
Total comprehensive income for the period	-	-	2,995	-	166,173	169,168	-	9,097	178,265
Balance as at 30 June 2012	404,361	177,890	4,204	141,072	1,739,437	2,538,292	-	80,425	2,547,389
Total comprehensive income for the period	-	-	(9,440)	-	50,222	40,782	-	5,157	45,939
Balance as at 30 September 2012	404,361	177,890	(5,236)	141,072	1,789,659	2,579,074	-	85,582	2,593,328
Issue of shares pursuant to exercise of convertible bonds	786	-	-	-	-	786	-	-	786
Acquisition of a subsidiary	-	-	-	-	-	-	-	19,057	19,057
Purchase consideration payable	-	-	-	-	-	-	(19,057)	-	(19,057)
Total comprehensive income/(loss) for the period	-	-	1,536	-	2,674	4,210	-	5,486	9,696
Balance as at 31 December 2012	405,147	177,890	(3,700)	141,072	1,792,333	2,584,070	(19,057)	110,125	2,603,810

The Company	Share capital RMB '000	Capital reserve RMB '000	Retained earnings RMB '000	Total 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
Recognition the expiration of put option in respect to the convertible shares	-	4,106	-	4,106
Total comprehensive income for the period	-	-	(5,530)	(5,530)
Balance as at 31 December 2013	2,110,983	253,324	(130,533)	2,233,774

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

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

Changes in the Share Capital of the Company for 4th Quarter Ended	31/12/2013	31/12/2012
Number of ordinary shares as at 1 October	550,437,849	550,437,849
Shares arising from conversion of convertible shares	-	-
Number of ordinary shares as at 31 December	550,437,849	550,437,849

Convertible Shares as at	31/12/2013	31/12/2012
Number of shares that maybe issued on conversion of all outstanding convertible shares	3,362,945	29,369,004

Subsequent to the FY2013, one of the converted ordinary shares holders exercised its right to convert 281,146 converted ordinary shares into 281,146 ordinary shares of the Company.

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			
	4 th Quarter Ended		Year Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RMB'000	RMB'000	RMB'000	RMB'000
Net (loss)/profit for the period	(47,608)	2,674	(27,067)	204,776
Basic (loss)/earnings per share (in RMB)	(0.09)	0.01	(0.05)	0.37
Diluted (loss)/earnings per share (in RMB)	(0.09)	0.01	(0.05)	0.37
Weighted average no. of shares outstanding for basic earnings per share ('000)	550,437	550,355	550,437	550,207
Weighted average no. of shares outstanding for diluted earnings per share ('000)	550,437	579,724	550,437	579,526

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 and convertible bonds.

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

	The Group		The Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net Asset Value per share (RMB)	4.70	4.56	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 31 December 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.**

(a) Review of income statement of the Group

4Q2013 vs 4Q2012

Revenue

In 4Q2013, Group revenue decreased by RMB720.6 million or 20.2%, from RMB3,561.0 million in 4Q2012, to RMB2,840.4 million. The decrease was mainly attributed to a decrease in volume of steel billets and hot-rolled coils ("HRC") sold and decrease in average selling prices of products sold due to intense competition in the steel industry and weak operating environment in the PRC

In 4Q2013, the Group sold 662,124 tonnes of HRC and 269,168 tonnes of steel billets, compared to 729,739 tonnes of HRC and 302,748 tonnes of steel billets in 4Q2012. Overall sales quantity decreased by 101,195 tonnes or 9.8%.

Cost of sales

Total cost of sales decreased by RMB531.8 million or 16.1%, from RMB3,299.7 million in 4Q2012, to RMB2,767.9 million in 4Q2013. The decrease was in line with the decrease in volume of HRC and steel billets sold and lower raw material prices for steel production in 4Q2013.

Gross profit

Gross profit decreased by RMB188.8 million, from RMB261.3 million in 4Q2012, to RMB72.5 million in 4Q2013.

Gross profit margin decreased by 4.7 percentage points, from 7.3% in 4Q2012, to 2.6% in 4Q2013. The decrease was primarily due to the decrease in average selling prices of products sold, which outpaced the decrease in raw material prices in 4Q2013.

Distribution and marketing expenses

Distribution and marketing expenses remained relatively constant at RMB3.1 million in 4Q2013 and 4Q2012, respectively. Distribution and marketing expenses were primarily incurred to promote mill roll products in view of intense competition in the steel industry.

Administrative expenses

Administrative expenses increased by RMB27.6 million from RMB61.0 million in 4Q2012 to RMB88.6 million in 4Q2013. The increase was primarily due to provision for staff bonuses for FY2013 as well as allowance for prepayments provided during the period under review.

Finance expenses

Finance expenses decreased by RMB17.7 million, from RMB65.4 million in 4Q2012, to RMB47.7 million in 4Q2013. 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 bondholders during the period under review.

Net (loss)/profit

As a result of the decrease in sales of steel billets and hot-rolled coils in 4Q2013 and lower average selling prices of products sold, the Group reported a net loss of RMB49.0 million. For 4Q2012, the Group reported a net profit of RMB8.2 million.

FY2013 vs FY2012

Revenue

Group revenue decreased by RMB1,732.3 million or 13.0%, from RMB13,279.9 million in FY2012, to RMB11,547.7 million in FY2013. Despite having consolidated RMB768.9 million of revenue from Aoyu Steel for 1Q2013, overall FY2013 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 FY2013 compared to the previous corresponding period. The increase was also due to lower trading volume of iron ore in FY2013.

In FY2013, the Group sold 2,706,298 tonnes of HRC and 975,116 tonnes of steel billets as compared to 2,731,814 tonnes of HRC and 928,422 tonnes of steel billets in FY2012. Overall sales volume increased by 21,178 tonnes after having consolidated 285,900 tonnes of steel billets from Aoyu Steel in 1Q2013.

Cost of sales

Total cost of sales decreased by RMB1,528.5 million or 12.2%, from RMB12,561.9 million in FY2012, to RMB11,033.4 million in FY2013, 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, a decrease in the prices of raw materials as well as lower trading activities of iron ore in FY2013 compared to the previous corresponding year.

Gross profit

Gross profit decreased by RMB203.7 million or 28.4%, from RMB718.0 million in FY2012, to RMB514.3 million in FY2013.

Gross profit margin decreased by 0.9 percentage point, from 5.4% in FY2012 to 4.5% in FY2013. The decrease was primarily due to the decrease in average selling prices of products, which outpaced the decrease in raw material prices. The decrease was also due to lower production output during the maintenance period of the Group's blast furnace in 2Q2013, which resulted in the increase in average cost of sales per tonne.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB3.4 million, from RMB9.3 million in FY2012, to RMB12.7 million in FY2013. The increase in distribution and marketing expenses were primarily due to higher promotion expenses, transportation costs and higher employee salaries in FY2013.

Administrative expenses

Administrative expenses increased by RMB80.1 million, from RMB232.0 million in FY2012, to RMB312.1 million in FY2013. The increase was primarily due to the allowance of RMB33.1 million provided on the trade receivables which were overdue over 360 days and prepayments to contractors. The increase was also due to higher payroll related expenses, travelling, sewage and environment impact assessment fee, office related expenses coupled with a consolidated RMB6.2 million in administrative expenses from Aoyu Steel in 1Q2013.

Finance expenses

Finance expenses decreased by RMB36.8 million, from RMB231.0 million in FY2012, to RMB194.2 million in FY2013. 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 year under review.

Net profit

In FY2013, after taking into account taxation and non-controlling interest, the Group reported a net loss of RMB27.1 million compared to a net profit of RMB204.8 million in FY2012. This was mainly due to lower operating profit, the impairment charges of RMB69.8 million in respect of the mill roll production facilities and the allowance of RMB33.1 million for the trade receivables and prepayments to contractors provided in FY2013.

b) Review of balance sheet of the Group as at 31 December 2013

Current assets

Current assets decreased by RMB174.6 million from RMB3,897.6 million as at 31 December 2012 to RMB3,723.0 million as at 31 December 2013. The decrease was primarily due to the reclassification of RMB287.7 million in prepayments and entrusted loan to third parties from current assets to non-current assets. The decrease was partially offset by the increase in held-to-maturity financial assets, inventories, bank balances pledged with banks as security for borrowings and advance payments made to suppliers for the purchase of raw materials.

The increase in inventories was to the increased purchase of raw materials as at year end as no mining activities are carried out during the winter season. The decrease in notes receivables was in line with lower revenue in FY2013.

Current liabilities

Current liabilities decreased by RMB420.7 million from RMB4,258.7 million as at 31 December 2012 to RMB3,838.0 million as at 31 December 2013 primarily due to overall decrease in trade and other payables as well as repayment of the bank borrowings during the year under review.

Working capital

The Group had negative working capital position of RMB115.0 million as at 31 December 2013. The Group's negative working capital was mainly due to the reclassification of RMB287.7 million in prepayments and entrusted loan to third parties from current assets to non-current assets.

Excluding the reclassification as mentioned above, the Group would have been in positive working capital position of RMB172.7 million as at 31 December 2013.

The Group has satisfactorily maintained its credit facilities with financial institutions in PRC during the year 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 RMB256.8 million, from RMB3,097.8 million as at 31 December 2012 to RMB2,841.0 million as at 31 December 2013, primarily due to depreciation and impairment charges provided on the property, plant and equipment for the year 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 technical enhancements to upgrade production facilities in Aoyu Steel.

Non-Current liabilities

Non-current liabilities increased by RMB537.8 million, from RMB360.6 million as at 31 December 2012 to RMB898.4 million as at 31 December 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

4Q2013 vs 4Q2012

Net Cash Generated Used In Operating Activities

Operating cashflow before working capital changes decreased by RMB213.7 million, from RMB385.4 million in 4Q2012 to RMB171.7 million in 4Q2013. The decrease was due primarily to the decrease in operating profit.

Net cash used in operating activities was RMB226.0 million in 4Q2013, attributable mainly to the increase in bank balances pledged with banks as security for borrowings as well as the increase in prepayments made to suppliers for the purchase of raw materials in 4Q2013. The increase was partially offset by the increase in advances from customers.

Net Cash Used in Investing Activities

Net cash used in investing activities was RMB120.0 million in 4Q2013. This was mainly attributable to the capital expenditure incurred for the technical enhancements to upgrade production facilities in Aoyu Steel, and partially offset by interest earned on bank deposits, entrusted loan to customer and proceeds from disposal of financial assets available for sale.

Net Cash Used In Financing Activities

Net cash used in financing activities increased by RMB458.4 million from RMB76.4 million in FY2012 to RMB534.8 million in 4Q2013. This was mainly attributable to the drawdown of short-term loans of RMB1,202.5 million for working capital, loan principal and interest repayments of RMB1,730.4 million as well as the redemption of convertible bonds of RMB6.8 million during the period under review.

FY2013 vs FY2012

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes decreased by RMB151.8 million from RMB982.6 million in FY2012 to RMB830.8 million in FY2013. The decrease was primarily due to the decrease in operating profit.

Net cash generated from operating activities decreased by RMB578.4 million from RMB892.0 million in FY2012 to RMB313.6 million in FY2013, attributable mainly to the increase in inventories and bank balances pledged with banks as security for borrowings. This was partially offset by the decrease in notes receivable in FY2013.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB689.2 million in FY2013. This was mainly due to the capital expenditure incurred for the construction of slag powder processing system, 132m² sintering machine flue gas desulfurisation system as well as the technical enhancements to upgrade production facilities in Aoyu Steel and Delong Steel. The Group also invested RMB362.3 million in financial assets held to maturity and available-for-sale during the year under review.

The cash used in investing activities was partially offset by interest received on bank deposits and entrusted loan and the proceeds from the disposal of financial assets available- for- sale during the year under review.

Net Cash Generated From Financing Activities

Net cash generated from financing activities was RMB108.6 million in FY2013. This was mainly attributable to the drawdown of short-term loans of RMB3,935.8 million for working capital, loan principal and interest repayments of RMB3,720.6 million as well as the redemption of convertible bonds of RMB106.6 million during the year 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 20 February 2014 that the Company would report a net loss for the three month ended 31 December 2013 and consequentially, for the full year ended 31 December 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 slowdown in China's economic growth and the Government's efforts to reduce air pollution caused by industrial activities are key concerns for local steel players in 2014. The recent haze issue will also adversely affect the steel industry in terms of production and steel transportation.

To address the environmental and overcapacity concerns, the State Council had declared in 2013 that it is blocking approvals for new projects and will be stepping-up environmental, safety and energy standards to eliminate old capacity. For Hebei Province, the Government has established a target of reducing steel capacity by 60 million tons by 2017.⁽¹⁾

In view of the above, the business environment is likely to remain challenging, which will inevitably affect Delong's operational performance and add to margin pressures.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(C) Date payable and Book Closure Date

N.A.

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

The Board of Directors of the Company does not recommend that a dividend be paid for the year ended 31 December 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.

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

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

31 December 2013	<u>Manufacturing</u> RMB'000	<u>Other</u> RMB'000	<u>Total</u> RMB'000
REVENUE			
Sales	15,170,416	-	15,170,416
Inter-segment sales	(3,622,727)	-	(3,622,727)
Sales to external parties	<u>11,547,689</u>	<u>-</u>	<u>11,547,689</u>
Adjusted EBITDA*	765,716	11,577	777,293
Depreciation and amortisation	(506,164)	(97)	(506,261)
Impairment loss for property, plant and equipment	(69,800)	-	(69,800)
Unallocated:			
Finance expense			(194,218)
Gain on early redemption of convertible shares			7,177
Loss on change in fair value of convertible shares			(3,592)
Currency exchange gain on convertible shares			3,988
Profit before income tax			<u>14,587</u>
Total assets	<u>7,022,991</u>	<u>326,831</u>	<u>7,349,822</u>
Total assets includes:			
Additions to property, plant and equipment	398,736	-	398,736
Total liabilities	<u>4,692,930</u>	<u>43,438</u>	<u>4,736,368</u>

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

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

By Geographical Segmentation - FY2013 and FY2012

The Group's operations are mainly carried out in the PRC. No other country has contributed more than 10% of the Group's consolidated sales and assets. Sales are based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to Section 8.

15. A breakdown of Sales

	FY2013	FY2012	Increase/ (Decrease)
	RMB'000	RMB'000	%
Sales reported for first half year	5,847,764	6,419,306	8.9
Profit after exceptional items, non-controlling interest and tax reported for the first half year	33,937	160,977	(78.9)
Sales reported for second half year	5,699,925	6,860,577	(16.9)
Profit/(loss) after exceptional items, non-controlling interest and tax reported for the second half year	(55,400)	63,539	n.m

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

N.A

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

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

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

18. Interested person transactions

No interested person transactions mandate has been obtained.

Aggregate value of interested person transactions entered from 1 January 2013 to 31 December 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	
	FY2013 RMB'000	FY2012 RMB'000	FY2013 RMB'000	FY2012 RMB'000
<u>Sales Transactions</u> *Hebei Delong Modern Special Tube Manufacturing Co., Ltd ("Hebei Delong")	-	652	-	-

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

BY ORDER OF THE BOARD

Ding Liguó
Executive Chairman

