



DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors

Mr. Ding Liguo
Chairman

Mr. Zuo Shuowen
Executive Director

Singapore
10 November 2014

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

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

		The Group					
		3 rd Quarter Ended		Increase	9 Months Ended		Increase
		30/09/2014	30/09/2013	(Decrease)	30/09/2014	30/09/2013	(Decrease)
Note		RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Sales	2,544,968	2,859,546	(11.0)	7,447,660	8,707,310	(14.5)
	Cost of sales	(2,316,315)	(2,652,101)	(12.7)	(6,964,929)	(8,265,528)	(15.7)
	Gross Profit	228,653	207,445	10.2	482,731	441,782	9.3
	Other Income	20,016	26,190	(23.6)	61,254	88,171	(30.5)
	Other gains/ (losses)-net	3,561	(70,026)	n.m	2,562	(81,007)	n.m
	Expenses						
	-Distribution and marketing	(22,782)	(3,269)	596.9	(34,978)	(9,592)	264.7
	-Administrative	(85,414)	(103,347)	(17.4)	(226,871)	(223,424)	1.5
	-Finance	(63,078)	(47,867)	31.8	(180,574)	(146,469)	23.3
	Profit before tax	80,956	9,126	787.1	104,124	69,461	49.9
	Income tax expense	(23,752)	(15,478)	53.5	(38,862)	(41,876)	(7.2)
	Net Profit/ (loss)	57,204	(6,352)	n.m	65,262	27,585	136.6
	Profit/ (loss) attributable to:						
	Equity holders of the Company	59,131	(10,688)	n.m	65,291	20,541	217.9
	Non-controlling interest	(1,927)	4,336	n.m	(29)	7,044	n.m
		57,204	(6,352)	n.m	65,262	27,585	136.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net profit/(loss)	57,204	(6,352)	n.m	65,262	27,585	136.6
Other comprehensive (loss)/ income:						
Available-for-sale financial assets-fair value gain/(loss)	1,260	-	100.0	(1,226)	-	(100.0)
Currency translation differences	3,261	(469)	n.m	(1,480)	7,667	n.m
Other comprehensive (loss)/ income for the period, net of tax	4,521	(469)	n.m	(2,706)	7,667	n.m
Total comprehensive (loss)/ income	61,725	(6,821)	n.m	62,556	35,252	77.5
Total comprehensive (loss)/ income attributable to:						
Equity holders of the Company	63,652	(11,157)	n.m	62,585	28,208	121.9
Non-controlling interest	(1,927)	4,336	n.m	(29)	7,044	n.m
	61,725	(6,821)	n.m	62,556	35,252	77.5

nm-not meaningful

Notes:-

1 Other Income

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Government Grant ^(a)	405	11,034	1,214	24,797
Finance lease income	517	6,908	1,935	15,420
Interest income ^(b)	19,094	8,248	58,105	47,954
	<u>20,016</u>	<u>26,190</u>	<u>61,254</u>	<u>88,171</u>

Notes:

- (a) Government grant received in recognition of the Group's technological improvement and environmental enhancement programmes in the PRC.
- (b) Interest earned on bank deposits, held to maturity financial assets, available-for-sale financial assets and entrusted loans to customers.

2 Other (losses)/gains-net

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Gain on disposal of financial assets at fair value through profit and loss	-	-	15	-
Fair value (loss)/gain- financial assets at fair value through profit or loss	-	(14)	23	(135)
Currency translation gain/(loss)-net	(5,283) ^(a)	3,600	3,434	9,162
Fair value gain/(loss) on convertible shares ^(b)	-	15,984	68	(3,559)
Fair value changes on purchase considerable payable	89	(4,336)	(2,471)	(7,044)
Gain on early redemption of convertible shares	-	974	-	7,177
Loss on disposal of property, plant and equipment	(1,930)	(5,857)	(11,082)	(9,733)
Impairment charges on property, plant and equipment ^(d)	-	(86,699)	-	(86,699)
Other ^(c)	10,685	6,322	12,575	9,824
	<u>3,561</u>	<u>(70,026)</u>	<u>2,562</u>	<u>(81,007)</u>

Notes:

- (a) The currency translation loss was mainly due to the revaluation of bank balances denominated in USD, which had weakened against RMB in 3Q2014 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) Impairment charges provided in relation to Xingtai Delong Machinery and Mill Roll Co., Ltd's production facilities

3. Profit/(loss) before taxation includes the following items:-

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortization ^(a)	127,696	109,193	367,343	362,364
Salaries and wages ^(b)	90,916	71,538	277,252	282,244
Operating lease rental	164	90	563	583

Notes:

(a) The increase in depreciation and amortization in 3Q2014 and 9M2014 was in line with the increase in fixed asset investment.

(b) The increase in staff costs in 3Q2014 was mainly due to higher headcount related to the setting up of a new subsidiary in Thailand.

4. Income Tax Expense

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Tax expense attributable to profit is made up of:				
Current income tax expense				
-Foreign	27,158	18,332	47,181	48,907
-Singapore	-	121	-	457
Deferred income tax	(3,406)	(2,975)	(8,230)	(7,591)
Under/(over) provision in preceding financial years				
-Current income tax	-	-	(89)	103
	<u>23,752</u>	<u>15,478</u>	<u>38,862</u>	<u>41,876</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		The Company	
		RMB '000		RMB '000	
		As at	As at	As at	As at
		30/09/2014	31/12/2013	30/09/2014	31/12/2013
Current assets					
Cash and cash equivalents		404,021	373,706	34,913	33,913
Bank balances pledged		1,166,667	623,308	-	-
Financial assets, at fair value through profit and loss		-	393	-	393
Held-to-maturity financial assets	1	200,000	300,000	-	-
Trade and other receivables	2	693,008	857,118	25	10
Inventories	3	749,694	869,308	-	-
Other assets	4	640,205	750,417	407	292
Total current assets		3,853,595	3,774,250	35,345	34,608
Non-current assets					
Bank balances pledged		200,000	200,000	-	-
Trade and other receivables	5	50,034	27,382	222,749	229,666
Other assets	4	-	259,914	-	-
Available-for-sale financial assets	6	489,726	214,735	-	-
Investments in subsidiaries		-	-	1,984,916	1,984,916
Investment in a joint venture	7	4,900	-	-	-
Property, plant and equipment		3,211,793	2,841,017	-	81
Intangible assets		14,400	18,720	-	-
Deferred tax assets		13,261	13,804	-	-
Total non-current assets		3,984,114	3,575,572	2,207,665	2,214,663
Total assets		7,837,709	7,349,822	2,243,010	2,249,271
Current liabilities					
Trade and other payables	8	1,651,708	1,562,339	4,033	5,242
Notes payables		1,357,200	383,800	-	-
Borrowings		1,201,483	1,765,889	14	11
Convertible shares		9,818	10,216	9,818	10,216
Purchase consideration payable	9	118,200	115,729	-	-
Total current liabilities		4,338,409	3,837,973	13,865	15,469
Non-current liabilities					
Borrowings		736,587	863,789	16	28
Deferred income tax liabilities		27,013	34,606	-	-
Total non-current liabilities		763,600	898,395	16	28
Total liabilities		5,102,009	4,736,368	13,881	15,497
Net Assets		2,735,700	2,613,454	2,229,129	2,233,774
Capital reserves and non-controlling interests					
Share capital		405,775	405,147	2,111,611	2,110,983
Reserves		2,244,920	2,182,963	117,518	122,791
Equity attributable to owners of the Company		2,650,695	2,588,110	2,229,129	2,233,774
Non-controlling interests		175,390	115,729	-	-
Capital reserve		(90,385)	(90,385)	-	-
Total equity		2,735,700	2,613,454	2,229,129	2,233,774

Notes:

1. Held-to-maturity financial assets

	The Group	
	30/09/2014	31/12/2013
	RMB'000	RMB'000
Bohai International Trust Co.,Ltd	-	100,000
Harvest Capital Management Co., Ltd ¹	200,000	200,000
	<u>200,000</u>	<u>300,000</u>

⁽¹⁾ Investment bears interest at 6.25% per annum.

2. Trade and other receivables - current

	The Group	
	30/09/2014	31/12/2013
	RMB'000	RMB'000
Finance lease receivables	2,595	37,858
Trade receivables ⁽¹⁾	94,509	66,172
Notes receivable	581,532	714,618
Due from an investee company	-	23,470
Due from Lai Yuan Bureau of finance	1,473	-
Due from Shijiazhuang New Century Coal Industrial Group Co., Ltd	12,899	15,000
	<u>693,008</u>	<u>857,118</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	
	30/09/2014	31/12/2013
	RMB'000	RMB'000
Raw materials	440,022	584,564
Work-in-progress	105,890	152,672
Finished goods	171,593	95,628
Production supplies	32,189	36,444
	<u>749,694</u>	<u>869,308</u>

The decrease in inventories was a result of better inventory management.

4. Other assets

	The Group	
	30/09/2014	31/12/2013
	RMB'000	RMB'000
Deposits	323	208
Prepayments	360,465	721,745
Entrusted loan to third parties	125,000	125,000
VAT and Tax recoverable	78,589	111,285
Others	75,828	52,093
	<u>640,205</u>	<u>1,010,331</u>
Analysed as:		
Current	640,205	750,417
Non-current	-	259,914
	<u>640,205</u>	<u>1,010,331</u>

Prepayments relate to deposits and advance payments made to suppliers for the purchase of raw materials. These prepayments are to be offset against the purchases when the goods are received by the Group.

5. Trade and other receivables – non-current

	The Group	
	30/09/2014	31/12/2013
	RMB'000	RMB'000
Finance lease receivables	27,367	25,909
Due from an investee company	22,667	-
Due from Lai Yuan Bureau of Finance	-	1,473
	<u>50,034</u>	<u>27,382</u>

6. Available-for-sale financial assets

	The Group	
	30/09/2014	31/12/2013
	RMB'000	RMB'000
10% equity interest in Hebei Zhongmei Xuyang Coking Co., Ltd	10,000	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 Hengshi Mining Investments Ltd	50,346	51,571
Harvest Fund Management Co., Ltd ¹	109,290	19,664
Huaxia Fund Management Co., Ltd ²	186,590	-
Shan Nan De Lian Heng Tong Investment	83,500	83,500
	<u>489,726</u>	<u>214,735</u>

Note:-

^{1 & 2} Investments bear interest at 4.5% to 6.63% per annum and have no fixed maturity periods.

7. This refers to the Company's 49% equity stake in Xingtai Xilan Zhongde Natural Gas Sales Co., Ltd.

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

	The Group	
	30/09/2014 RMB'000	31/12/2013 RMB'000
Trade payables to:		
- Third parties	879,144	607,324
VAT and other taxes payable	10,989	27,216
Payable to contractors for construction-in-progress	43,334	36,501
Advances from customers ⁽¹⁾	393,312	636,406
Other accrual for operating expenses	53,570	19,950
Accrual for interest expense	4,835	25,619
Accrual for staff cost	48,982	50,435
Due to directors (non-trade)	1,867	2,341
Deferred income	5,597	6,846
Deferred government grant	14,976	16,189
Rental from customers	12,000	12,841
Other payables	183,102	120,671
	<u>1,651,708</u>	<u>1,562,339</u>

Notes:

¹Advances from customers represent prepayments made by customers. These advance payments are to be offset against the purchases when the goods are collected by the customers.

9. 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 30/09/2014	As at 31/12/2013
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
807,483	403,818	1,056,136	719,969

Amount repayable after one year

As at 30/09/2014	As at 31/12/2013
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
511,641	224,946	200,000	663,789

Details of any collateral

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

As at 30 September 2014, the Group's bank borrowings of approximately RMB754.0 million (2013: RMB 1,134.0 million) were guaranteed by third parties. In return, the Group has provided guarantees to banks for borrowings of these third parties amounted to approximately RMB563.7 million.

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	
		30/09/2014	30/09/2013	30/09/2014	30/09/2013
		RMB '000	RMB '000	RMB '000	RMB '000
Cash flows from operating activities:					
Profit/(loss) after income tax		57,204	(6,352)	65,262	27,585
Adjustments for:					
Depreciation		126,256	107,753	363,023	358,044
Amortisation of intangible asset		1,440	1,440	4,320	4,320
Impairment charges on property, plant and equipment		-	86,699	-	86,699
Allowance for doubtful debts		-	28,450	-	28,450
Loss on disposal of property, plant and equipment		1,930	5,857	11,082	9,733
Gain on early redemption of convertible shares		-	(974)	-	(7,177)
Fair value loss/(gain) on financial assets, fair value through profit or loss		-	14	(23)	135
Gain on disposal of financial assets, fair value through profit or loss		-	-	(15)	-
Fair value (gain)/loss on convertible shares		-	(15,984)	(68)	3,559
Exchange loss/(gain) on convertible shares		(314)	654	(759)	(3,533)
Fair value changes on purchase considerable payable		(89)	4,336	2,471	7,044
Interest income		(19,094)	(8,248)	(58,105)	(47,954)
Interest expense		63,078	47,867	180,574	146,469
Income tax expense		23,752	15,478	38,862	41,876
Unrealised currency translation (gain)/loss		(7,287)	(10,543)	(1,192)	3,812
Operating cash flow before working capital changes		246,876	256,447	605,432	659,062
Bank balances pledged		(466,003)	133,484	(543,359)	(52,497)
Receivables		296,249	208,580	511,584	666,609
Inventories		(143,367)	(138,248)	119,614	(35,974)
Payables		780,515	(188,676)	1,062,767	(628,489)
		467,394	15,140	1,150,606	(50,351)
Cash generated from operating activities		714,270	271,587	1,756,038	608,711
Income tax refund/(paid)		1,912	5,651	(45,912)	(69,148)
Net cash generated from operating activities		716,182	277,238	1,710,126	539,563
Cash flows from investing activities:					
Payments for property, plant and equipment		(247,074)	(39,905)	(745,402)	(236,381)
Proceeds from disposal of financial assets, fair value through profit and loss		-	-	442	-
Proceeds from disposal of property, plant and equipment		-	-	225	248
Proceeds from disposal of available-for-sale financial assets("AFS")		100,000	-	100,000	10,000
Purchase of held to maturity financial assets and AFS		(205,629)	(117,300)	(276,217)	(391,000)
Investment in a joint venture		-	-	(4,900)	-
Capital contribution by non-controlling interest		-	-	59,690	-
Interest received		19,094	8,248	58,105	47,954
Net cash used in investing activities		(333,609)	(148,957)	(808,057)	(569,179)
Cash flows from financing activities:					
Proceeds from borrowings		134,534	1,314,746	691,237	2,733,284
Repayment of borrowings		(649,298)	(630,513)	(1,382,845)	(1,850,068)
Repayment of convertible bonds		-	(19,953)	-	(99,827)
Interest paid		(62,942)	(46,525)	(180,146)	(140,051)
Net cash (used in)/generated from financing activities		(577,706)	617,755	(871,754)	643,338
Net (decrease)/ increase in cash and cash equivalents		(195,133)	746,036	30,315	613,722
Cash and cash equivalents at beginning of the period		599,154	510,580	373,706	642,894
Cash and cash equivalents at end of the period		404,021	1,256,616	404,021	1,256,616

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

The Group	Share capital	Capital reserve	Fair value reserve	Translation reserve	Statutory reserve	Retained earnings	Total	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	RMB '000
Balance as at 1 January 2014	405,147	253,324	(8,869)	6,587	141,072	1,790,849	2,588,110	(90,385)	115,729	2,613,454
Issue of shares pursuant to exercise of convertible shares	628	(628)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	3,384	(4,589)	-	(65,025)	(66,230)	-	(1,284)	(67,514)
Balance as at 31 March 2014	405,775	252,696	(5,485)	1,998	141,072	1,725,824	2,521,880	(90,385)	114,445	2,545,940
Total comprehensive income/(loss) for the period	-	-	(5,870)	(152)	-	71,185	65,163	-	3,182	68,345
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	59,690	59,690
Balance as at 30 June 2014	405,775	252,696	(11,355)	1,846	141,072	1,797,009	2,587,043	(90,385)	177,317	2,673,975
Total comprehensive income/(loss) for the period	-	-	1,260	3,261	-	59,131	63,652	-	(1,927)	61,725
Balance as at 30 September 2014	405,775	252,696	(10,095)	5,107	141,072	1,856,140	2,650,695	(90,385)	175,390	2,735,700

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

<u>The Company</u>	Share capital	Capital reserve	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2014	2,110,983	253,324	(130,533)	2,233,774
Issue of shares pursuant to exercise of convertible shares	628	(628)	-	-
Total comprehensive income for the period	-	-	3,485	3,485
Balance as at 31 March 2014	2,111,611	252,696	(127,048)	2,237,259
Total comprehensive loss for the period	-	-	(544)	(544)
Balance as at 30 June 2014	2,111,611	252,696	(127,592)	2,236,715
Total comprehensive loss for the period	-	-	(7,586)	(7,586)
Balance as at 30 September 2014	2,111,611	252,696	(135,178)	2,229,129

<u>The Company</u>	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

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	30/09/2014	30/09/2013
Number of ordinary shares as at 1 July	550,718,995	550,437,849
Shares arising from conversion of convertible shares	-	-
Number of ordinary shares as at 30 September	550,718,995	550,437,849

Convertible Shares as at	30/09/2014	30/09/2013
Number of shares that may be issued on conversion of all outstanding convertible shares	3,081,799	4,887,624

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 2013.

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	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit/(loss) for the period	59,131	(10,688)	65,291	20,541
Basic earnings/(losses) per share (in RMB)	0.11	(0.02)	0.12	0.04
Diluted earnings/(losses) per share (in RMB)	0.11	(0.02)	0.12	0.04
Weighted average no. of shares outstanding for basic earnings per share	550,718,995	550,437,849	550,650,650	550,437,849
Weighted average no. of shares outstanding for diluted earnings per share	553,800,794	555,325,473	553,732,449	555,325,473

Explanatory Notes:

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

Diluted earnings/(losses) 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	
	30/09/2014	31/12/2013	30/09/2014	31/12/2013
Net Asset Value per share (RMB)	4.81	4.70	4.05	4.06

Net asset value per share for the Group and Company is calculated based on 550,718,995 and 550,437,849 ordinary shares in issue as at 30 September 2014 and 31 December 2013, respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

(a) **Financial Review for the third quarter and nine-month ended 30 September 2014**

3Q2014 vs 3Q2013

Revenue

Group revenue decreased by RMB314.5 million or 11.0% from RMB2,859.5 million in 3Q2013 to RMB2,545.0 million in 3Q2014. The decrease in revenue was principally attributed to a significant decrease in the average selling prices of Hot Rolled Coils ("HRC") and lower sales volume in 3Q2014. This was mainly due to the continued weak operating environment and intense competition in the steel industry in PRC in 3Q2014 as compared to the previous corresponding period.

In 3Q2014, the Group sold 867,937 tonnes of HRC and 71 tonnes of steel billets as compared to 663,868 tonnes of HRC and 237,894 tonnes of steel billets in 3Q2013. Overall sales quantity decreased by 33,754 tonnes or 3.7%.

Following the completion of the 8-month technical enhancement at Aoyu Steel in May 2014, which equipped Aoyu Steel with HRC manufacturing facilities, external sales of steel billets have been substantially reduced as steel billets manufactured have been channeled internally to manufacture HRC.

Cost of sales

Total cost of sales decreased by RMB335.8 million or 12.7%, from RMB2,652.1 million in 3Q2013 to RMB2,316.3 million in 3Q2014. The decrease was primarily due to a significant decrease in prices of raw materials and lower sales volume in 3Q2014 compared to the previous corresponding period.

Gross profit

Gross profit increased by RMB21.3 million, from RMB207.4 million in 3Q2013, to RMB228.7 million in 3Q2014.

Gross profit margin increased by 1.7 percentage points, from 7.3% in 3Q2013, to 9.0% in 3Q2014. The increase was primarily due to the decrease in prices of raw materials, which significantly outpaced the decrease in average selling prices of products sold in 3Q2014.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB19.5 million, from RMB3.3 million in 3Q2013, to RMB22.8 million in 3Q2014. The increase was primarily due to an increase in transportation costs incurred in 3Q2014 as compared to the previous corresponding period. In view of the intense competition in the steel industry, the Group started product delivery to certain customers.

Administrative expenses

Excluding the one-off expenses (i.e., allowance for doubtful debts) of RMB28.5 million provided in 3Q2013, administrative expenses increased by RMB10.6 million, from RMB74.8 million in 3Q2013 to RMB85.4 million in 3Q2014. The increase in administrative expenses was primarily due to higher sewage and environmental impact assessment fee in 3Q2014 as well as pre-operating expenses incurred for a new set up in Thailand.

Finance expenses

Finance expenses increased by RMB15.2 million, from RMB47.9 million in 3Q2013, to RMB63.1 million in 3Q2014. The increase was mainly due to the increase in bank borrowings drawdown for working capital purposes and the increase in interest rates on bank borrowings in 3Q2014 compared to the previous corresponding period.

Net profit

As a result of higher operating profit and after taking into account taxation and non-controlling interest, the Group reported a net profit of RMB59.1 million in 3Q2014, reversing from a net loss of RMB10.7 million in 3Q2013. The net profit margin was 2.2% in 3Q2014.

9M2014 vs 9M2013**Revenue**

Group revenue decreased by RMB1,259.6 million or 14.5%, from RMB8,707.3 million in 9M2013, to RMB7,447.7 million in 9M2014. The decrease in revenue was principally attributed to lower sales volume arising from weaker demand of HRC and steel billets and a decrease in the average selling prices of products sold in 9M2014 compared to the previous corresponding period.

In 9M2014, the Group sold 2,074,830 tonnes of HRC and 441,000 tonnes of steel billets as compared to 2,044,173 tonnes of HRC and 706,288 tonnes of steel billets in 9M2013. Overall sales volume decreased by 234,631 tonnes or 8.5%.

Cost of sales

Total cost of sales decreased by RMB1300.6 million or 15.7%, from RMB8,265.5 million in 9M2013 to RMB6,964.9 million in 9M2014. The decrease was in line with lower volume of products sold as well as a significant decrease in raw materials prices in 9M2014 compared to the previous corresponding period.

Gross profit

Gross profit increased by RMB40.9 million or 9.3%, from RMB441.8 million in 9M2013, to RMB482.7 million in 9M2014.

The gross profit margin increased by 1.4 percentage points, from 5.1% in 9M2013 to 6.5% in 9M2014. The improvement in gross profit margin despite an erosion in the selling prices of HRC was primarily due to better pricing of raw materials.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB25.4 million, from RMB9.6 million in 9M2013, to RMB35.0 million in 9M2014. The increase was primarily due to the increase in transportation costs incurred in 9M2014 as compared to the previous corresponding period.

Administrative expenses

Excluding the one-off expenses (i.e., allowance for doubtful debts) of RMB28.5 million provided in 9M2013, administrative expenses increased by RMB32.0 million, from RMB194.9 million in 9M2013, to RMB226.9 million in 9M2014. The increase was primarily due to higher sewage and environmental impact assessment fee incurred in 9M2014.

Finance expenses

Finance expenses increased by RMB34.1 million, from RMB146.5 million in 9M2013, to RMB180.6 million in 9M2014. The increase was mainly due to the increase in bank borrowings drawdown for working capital purposes and the increase in interest rates on bank borrowings in 9M2014 compared to the previous corresponding period.

Net profit

In 9M2014, after taking into account taxation and non-controlling interest, the Group's net profit attributable to shareholders increased by RMB44.8 million from RMB20.5 million in 9M2013 to RMB65.3 million in 9M2014. The increase was due to higher operating profit in 9M2014.

(b) Review of balance sheet of the Group as at 30 September 2014

Current assets

Current assets increased by RMB79.3 million, from RMB3,774.3 million as at 31 December 2013 to RMB3,853.6 million as at 30 September 2014. The increase was primarily attributable to the increase in bank balances pledged for the issuance of notes payable during the period under review.

The increase was partially offset by a decrease in advance payments made to suppliers for the purchase of raw materials due to volatility in raw materials prices, a decrease in inventories as a result of better inventory management and the decrease in notes receivables which was in line with overall lower revenue in 9M2014.

Current liabilities

Current liabilities increased by RMB500.4 million, from RMB3,838.0 million as at 31 December 2013 to RMB4,338.4 million as at 30 September 2014, primarily due to an increase in notes payables for payment to creditors and suppliers. The increase was partially offset by the repayment of bank borrowings during the period under review.

The increase in notes payables was mainly due to the Group's adoption of a more cost effective model of issuing notes payables for payments to suppliers at a lower financing cost instead of issuing letters of credit to suppliers. Notes payable normally have longer payment terms as compared to trade payables.

Working capital

The Group had a negative working capital position of RMB484.8 million as at 30 September 2014. The Group's negative working capital position was mainly due to the use of short-term bank loans to finance its capital expenditure and working capital purposes.

Although the Group was in a negative working capital position, it was able to service all of its debt obligations primarily through cash generated from operations.

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

Non-current assets – Property, plant and equipment

Property, plant and equipment increased by RMB370.8 million, from RMB2,841.0 million as at 31 December 2013 to RMB3,211.8 million as at 30 September 2014. The increase was primarily due to the technological and environmental enhancement programmes at Aoyu Steel and Delong Steel as well as the construction in progress in relation to a new plant in Delong (Thailand) Co., Ltd, the Group's 55% -owned subsidiary incorporated in January 2014.

The increase was partially offset by depreciation charges provided on the property, plant and equipment for the period under review.

Non-Current liabilities

Non-current liabilities decreased by RMB134.8 million, from RMB898.4 million as at 31 December 2013 to RMB763.6 million as at 30 September 2014, primarily due to the repayment of long term borrowings during the period under review.

(c) Review of cash flow statement of the Group

3Q2014 vs 3Q2013

Net Cash Generated From Operating Activities

Cash generated from operating activities after working capital changes increased by RMB442.7 million, from RMB271.6 million in 3Q2013 to RMB714.3 million in 3Q2014, attributable to the increase in notes payables to finance payments to creditors and suppliers. The increase was partially offset by the increase in bank balances pledged.

After taking into account of the net cash provided by working capital and income tax refund of RMB1.9 million, the net cash inflow from operating activities was RMB716.2 million in 3Q2014.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB333.6 million in 3Q2014. This comprised principally payments for the technological and environmental enhancement programs at Aoyu Steel and Delong Steel as well as the construction in progress in relation to a new plant at Delong (Thailand) Co., Ltd, the Group's 55%-owned subsidiary incorporated in January 2014. The Group also invested RMB205.6 million in available-for-sale financial assets during the period under review.

This was partially offset by the proceeds from the sale of held- to-maturity financial assets and interest received from the banks.

Net Cash Used In Financing Activities

Net cash used in financing activities was RM577.7 million in 3Q2014. This was mainly attributable to the drawdown of short-term loans of RMB134.5 million for working capital, loan principal and interest repayments of RMB712.2 million.

9M2014 vs 9M2013

Net Cash Generated From Operating Activities

Cash generated from operating activities after working capital changes increased by RMB1,147.3 million, from RMB608.7 million in 9M2013, to RMB1,756.0 million in 9M2014, attributable mainly to the increase in notes payables. The increase was partially offset by the increase in bank balances pledged for the issuance of notes payables.

After taking into account of the net cash used for working capital and income tax paid of RMB45.9 million, the net cash inflow from operating activities was RMB1,710.1 million in 9M2014.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB808.1 million in 9M2014. This comprised principally payments for the technological and environmental enhancement programmes at Aoyu Steel and Delong Steel as well as the construction in progress in relation to a new plant at Delong (Thailand) Co., Ltd, the Group's 55%-owned subsidiary incorporated in January 2014. The Group also invested RMB276.2 million in available-for-sale financial assets during the period under review.

This was partially offset by the capital injection by non-controlling interest in Delong (Thailand) Co., Ltd, the proceeds from the sale of held- to-maturity financial assets and interest received from the banks.

Net Cash Generated From Financing Activities

Net cash used in financing activities was RMB871.8 million in 9M2014. This was mainly attributable to the drawdown of short-term loans of RMB691.2 million for working capital, loan principal and interest repayments of RMB1,563.0 million.

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

The Company had not previously made any prospect statements to its shareholders.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period for the next 12 months

The PRC saw slower GDP growth of 7.3% in the third quarter of 2014, down from 7.5% in the preceding quarter. According to the National Bureau of Statistics, factory activity fell to a five-month low in October, with the benchmark Purchasing Managers' Index (PMI) falling to 50.8 points in October, echoing concerns of sluggish growth in the PRC.

On the industry front, in spite of the PRC government's continuing efforts to curb overcapacity, total crude steel output continues to grow, increasing year-on-year to a record 618 million tonnes for the January to September 2014 period. The persisting oversupply situation and stagnant demand in turn contributed to further softening of steel prices. According to data from the China Iron and Steel Association, the average rolled steel price dropped to the lowest level since January 2003.

In view of the prevailing weaknesses in the market, sluggish domestic demand and overcapacity, the Board is of the view that the operating environment in the PRC will remain challenging. Such concerns are exacerbated by mounting environmental concerns over pollution caused by industrial activities in the PRC.

To be in line with the industry's rising environmental standards, the Group has continually invested in technological upgrades and enhancements to reduce emission, improve energy efficiency and waste resource utilization.

In view of the above, the Group expects the market outlook 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 third quarter 30 September 2014.

**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

There were no interested person transactions for the nine-month ended 30 September 2014.

BY ORDER OF THE BOARD

Ding Liguo
Executive Chairman