



DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

Statement Pursuant to SGX Listing Rule 705(5) 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 2016 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
8 November 2016

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
Note		30/09/2016	30/09/2015	(Decrease)	30/09/2016	30/09/2015	(Decrease)
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Sales	2,534,172	1,608,615	57.5	7,163,867	5,225,289	37.1
	Cost of sales	(2,153,923)	(1,621,702)	32.8	(6,168,066)	(5,089,332)	21.2
	Gross profit/(loss)	380,249	(13,087)	n.m	995,801	135,957	632.4
	Other Income	12,217	34,117	(64.2)	61,080	79,159	(22.8)
	Other gains/(losses)-net	12,567	(2,489)	n.m	22,696	766	n.m
	Expenses						
	-Distribution and marketing	(21,576)	(14,507)	48.7	(57,147)	(52,724)	8.4
	-Administrative	(68,541)	(73,910)	(7.3)	(219,790)	(205,252)	7.1
	-Finance	(44,471)	(40,288)	10.4	(149,630)	(136,070)	10.0
	Share of loss of an associate	(97)	(46)	110.9	(250)	(169)	47.9
	Profit/(loss) before tax	270,348	(110,210)	n.m	652,760	(178,333)	n.m
	Income tax expense	(39,026)	(1,105)	n.m	(41,574)	(7,648)	443.6
	Net profit/(loss)	231,322	(111,315)	n.m	611,186	(185,981)	n.m
	Profit/(loss) attributable to:						
	Equity holders of the Company	229,290	(107,047)	n.m	609,800	(156,984)	n.m
	Non-controlling interest	2,032	(4,268)	n.m	1,386	(28,997)	n.m
		231,322	(111,315)	n.m	611,186	(185,981)	n.m

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Net profit/(loss)	231,322	(111,315)	n.m	611,186	(185,981)	n.m
	Other comprehensive income/ (loss):						
	Available-for-sale financial assets-fair value gain/(loss)	12,544	(19,644)	n.m	21,660	(12,238)	n.m
	Currency translation differences	3,873	(1,008)	n.m	537	(2,950)	n.m
	Other comprehensive income/ (loss) for the period, net of tax	16,417	(20,652)	n.m	22,197	(15,188)	n.m
	Total comprehensive income/ loss	247,739	(131,967)	n.m	633,383	(201,169)	n.m
	Total comprehensive income/(loss) attributable to:						
	Equity holders of the Company	245,707	(127,699)	n.m	631,997	(172,172)	n.m
	Non-controlling interest	2,032	(4,268)	n.m	1,386	(28,997)	n.m
		247,739	(131,967)	n.m	633,383	(201,169)	n.m

nm-not meaningful

Notes:-

1 Other Income

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RMB'000	RMB'000	RMB'000	RMB'000
Government Grant ^(a)	2,178	13,851	13,787	13,851
Finance lease income	(187)	264	404	1,108
Interest income ^(b)	10,226	20,002	46,889	64,200
	<u>12,217</u>	<u>34,117</u>	<u>61,080</u>	<u>79,159</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	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RMB'000	RMB'000	RMB'000	RMB'000
Fair value loss- financial assets at fair value through profit or loss	(617)	-	(617)	-
Currency translation gain/(loss)-net ^(a)	8,897	(5,291)	28,593	(7,850)
Fair value changes on purchase considerable payable	-	-	-	20,152
(Loss)/gain on disposal of property, plant and equipment	(14)	2,639	(12,820)	(19,567)
Other ^(b)	4,301	163	7,540	8,031
	<u>12,567</u>	<u>(2,489)</u>	<u>22,696</u>	<u>766</u>

Notes:

- (a) The currency translation gain was mainly due to the revaluation of bank balances and intercompany balances denominated in SGD, which strengthened against RMB for the third quarter ended 30 September 2016 ("3Q2016") and for the nine-month period ended 30 September 2016 (9M2016), respectively.
- (b) Others comprised the sale of gas, oxygen, electricity, etc.

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

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortization ^(a)	85,058	132,689	327,035	350,659
Salaries and wages ^(b)	107,159	100,906	357,371	276,653
Operating lease rental	262	88	521	268

Notes:

- (a) The decrease in depreciation and amortization in 3Q2016 and 9M2016 was due to certain assets have been fully depreciated.
- (b) The increase in staff costs in 9M2016 was mainly due to an increase in headcount with the commencement of our manufacturing operations in Delong (Thailand), Co Ltd (“Delong Thailand”) in 3Q2015, the Group’s 55%-owned subsidiary, and the increase in provision for staff bonus for the financial year ending 31 December 2016.

4. Income Tax Expense

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RMB'000	RMB'000	RMB'000	RMB'000
Tax expense attributable to profit is made up of:				
Current income tax expense				
-Foreign	38,825	1,342	40,403	8,449
-Singapore	1,209	(9)	2,220	147
Deferred income tax	(1,008)	(228)	(1,080)	(948)
Under provision in preceding financial years				
-Current income tax	-	-	31	-
	<u>39,026</u>	<u>1,105</u>	<u>41,574</u>	<u>7,648</u>

The effective tax rate for 3Q2016 and 9M2016 was lower than the amount obtained by applying the PRC statutory rate of 25% on profit before tax mainly due to losses incurred by some entities within the Group in prior years can be offset against profits earned in the current financial year.

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 30/09/2016	As at 31/12/2015	As at 30/09/2016	As at 31/12/2015
Current assets					
Cash and cash equivalents		758,098	484,864	8,186	13,400
Bank balances pledged		1,555,767	1,231,877	-	-
Held for Trading Investments	1	1,013,013	232,873	-	-
Held-to-maturity financial assets	2	-	200,000	-	-
Trade and other receivables	3	955,048	484,192	223,233	214,923
Inventories	4	598,939	540,113	-	-
Other assets	5	446,193	867,426	170	170
Total current assets		5,327,058	4,041,345	231,589	228,493
Non-current assets					
Bank balances pledged		-	206,000	-	-
Trade and other receivables	6	22,667	23,683	-	-
Other assets	5	-	15,383	-	-
Available-for-sale financial assets	7	233,648	157,539	-	-
Investments in subsidiaries		-	-	1,984,916	1,984,916
Investment in an associate	8	4,090	4,340	-	-
Property, plant and equipment		3,129,034	3,374,392	75	114
Intangible assets		2,880	7,200	-	-
Total non-current assets		3,392,319	3,788,537	1,984,991	1,985,030
Total assets		8,719,377	7,829,882	2,216,580	2,213,523
Current liabilities					
Trade and other payables	9	1,748,960	1,595,934	3,566	4,543
Notes payables		2,123,696	1,654,818	-	-
Borrowings		1,499,266	1,864,361	9	9
Total current liabilities		5,371,922	5,115,113	3,575	4,552
Non-current liabilities					
Borrowings		341,613	341,230	35	42
Deferred income tax liabilities		23,609	24,689	-	-
Total non-current liabilities		365,222	365,919	35	42
Total liabilities		5,737,144	5,481,032	3,610	4,594
Net Assets		2,982,233	2,348,850	2,212,970	2,208,929
Capital reserves and non-controlling interests					
Share capital		406,644	406,644	2,112,480	2,112,480
Reserves		2,519,126	1,887,129	100,490	96,449
Equity attributable to owners of the Company		2,925,770	2,293,773	2,212,970	2,208,929
Non-controlling interests		56,463	55,077	-	-
Total equity		2,982,233	2,348,850	2,212,970	2,208,929

Notes:

1. This mainly relates to cash placed with the financial institutions for a tenor of 7 days. The interest rate on held for trading investments is approximately 3% per annum.

2. Held-to-maturity financial assets

	The Group	
	30/09/2016	31/12/2015
	RMB'000	RMB'000
Harvest Capital Management Co., Ltd	-	200,000
	-	200,000

The interest rate of the held-to-maturity financial asset is 6.55% per annum and matures within 12 months. The held-to-maturity financial asset was redeemed in June 2016.

3. Trade and other receivables - current

	The Group	
	30/09/2016	31/12/2015
	RMB'000	RMB'000
Finance lease receivables	2,947	6,333
Trade receivables ⁽¹⁾	103,404	118,125
Notes receivable ⁽²⁾	848,697	359,734
	955,048	484,192

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

⁽²⁾The increase was in line with higher revenue recorded in 9M2016.

4. Inventories

	The Group	
	30/09/2016	31/12/2015
	RMB'000	RMB'000
Raw materials	329,453	315,623
Work-in-progress	59,954	68,096
Finished goods	117,720	77,920
Production supplies	91,812	78,474
	598,939	540,113

The increase in inventories was primarily due to the consolidation of inventories of Delong Thailand.

5. Other assets

	The Group	
	30/09/2016	31/12/2015
	RMB'000	RMB'000
Deposits for offices	9,740	9,112
Prepayments ^(a)	240,913	532,220
Entrusted loan to third parties	85,000	80,000
VAT and tax recoverable	19,878	109,028
Municipal Land Resources Authority, Xingtai ^(b)	-	108,626
Others	90,662	43,823
	<u>446,193</u>	<u>882,809</u>
Analysed as:		
Current	446,193	867,426
Non-current	-	15,383
	<u>446,193</u>	<u>882,809</u>

(a) Prepayments relate to advance payments made to suppliers for the purchase of raw materials, and deposits for the purchase of plant and machinery in relation to our production facilities in the PRC and Thailand.

(b) This relates to a refundable deposit made to the Municipal Land Resources Authority of Xingtai, Hebei Province, in relation to the purchase of land use right for our premises at Delong Steel Limited (the "Purchase"). The official land certificate in relation to the Purchase was obtained in July 2016 and the deposit was refunded in 3Q2016.

6. Trade and other receivables – non-current

	The Group	
	30/09/2016	31/12/2015
	RMB'000	RMB'000
Finance lease receivables	-	1,016
Due from an investee company	22,667	22,667
	<u>22,667</u>	<u>23,683</u>

7. Available-for-sale financial assets

	The Group	
	30/09/2016	31/12/2015
	RMB'000	RMB'000
10% equity interest in Hebei Zhongmei Xuyang Coking Co., Ltd	10,000	10,000
1.6% equity interest in Hengshi Mining Investments Ltd	59,002	37,343
Shan Nan De Lian Heng Tong Investment Harvest Fund Management Co., Ltd ¹	83,500	83,500
	80,966	26,696
	<u>233,468</u>	<u>157,539</u>

Note:-

¹The interest rate of the available-for-sale financial assets ranges from 1.3% to 3.00% per annum.

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

9. Trade and other payables

	The Group	
	30/09/2016 RMB'000	31/12/2015 RMB'000
Trade payables to third parties	474,552	656,176
Letters of credit	93,266	113,532
VAT and other taxes payable	43,078	3,642
Payable to contractors for construction-in-progress	-	29,000
Advances from customers ⁽¹⁾	643,719	503,291
Other accrual for operating expenses	180,568	7,457
Accrual for interest expense	11,333	4,128
Accrual for staff cost	112,686	36,816
Due to directors (non-trade)	1,554	2,006
Deferred government grant	59,277	61,077
Deposit from customers	1,189	1,189
Other payables	127,738	177,620
	<u>1,748,960</u>	<u>1,595,934</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.

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 30/09/2016	As at 31/12/2015
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
583,199	916,067	634,121	1,230,240

Amount repayable after one year

As at 30/09/2016	As at 31/12/2015
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
200,390	141,223	100,288	240,942

Details of any collateral

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

As at 30 September 2016, the Group's bank borrowings of approximately RMB925.7 million (2015: RMB 1,102.8 million) were guaranteed by third parties. In return, the Group has provided guarantees to banks for borrowings of these third parties amounted to approximately RMB228.0 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	
		30/09/2016	30/09/2015	30/09/2016	30/09/2015
		RMB '000	RMB '000	RMB '000	RMB '000
Cash flows from operating activities:					
Profit/(loss) after income tax		231,322	(111,315)	611,186	(185,981)
Adjustments for:					
Depreciation		83,618	131,249	322,715	346,339
Amortisation of intangible asset		1,440	1,440	4,320	4,320
Loss/(gain) on disposal of property, plant and equipment		14	(2,639)	12,820	19,567
Fair value loss on financial assets, fair value through profit or loss		617	-	617	-
Fair value changes on purchase considerable payable		-	-	-	(20,152)
Share of loss of an associate company		97	46	250	169
Interest income		(10,226)	(20,002)	(46,889)	(64,200)
Interest expense		44,471	40,288	149,630	136,070
Income tax expense		39,026	1,105	41,574	7,648
Unrealised currency translation (gain)/loss		(1,867)	11,891	(20,631)	17,207
		157,190	163,378	464,406	446,968
Operating cash flow before working capital changes		388,512	52,063	1,075,592	260,987
Bank balances pledged		71,918	(246,425)	(117,890)	129,625
Receivables		10,193	29,821	(33,224)	(33,366)
Inventories		(1,422)	(118,356)	(58,826)	(23,930)
Payables		175,975	(219)	171,626	(136,886)
		256,664	(335,179)	(38,314)	(64,557)
Cash generated from /(used in) operating activities		645,176	(283,116)	1,037,278	196,430
Income tax paid		(39,386)	(1,333)	(42,654)	(8,596)
Net cash generated from /(used in) operating activities		605,790	(284,449)	994,624	187,834
Cash flows from investing activities:					
Payments for property, plant and equipment		-	(68,654)	(87,607)	(367,107)
Proceeds from disposal of property, plant and equipment		-	-	-	-
Proceeds from disposal of held to maturity financial assets		-	-	200,000	-
Proceeds from disposal of available-for-sale financial assets		-	52,201	-	109,287
Purchase of available-for-sale financial assets		(4,944)	-	(55,066)	-
Purchase of held-for –trading investments		(452,968)	-	(780,140)	-
Acquisition of the Balance Equity		-	-	-	(93,362)
Capital contribution by non-controlling interest		-	-	-	8,615
Interest received		10,226	20,002	46,889	64,200
Net cash (used in) /generated from investing activities		(447,686)	3,549	(675,924)	(278,367)
Cash flows from financing activities:					
Proceeds from borrowings		561,521	240,178	2,202,548	1,302,206
Repayment of borrowings		(662,173)	(249,961)	(2,098,384)	(1,455,867)
Interest paid		(44,471)	(40,288)	(149,630)	(136,070)
Net cash used in financing activities		(145,123)	(50,071)	(45,466)	(289,731)
Net increase/(decrease) in cash and cash equivalents		12,981	(330,971)	273,234	(380,264)
Cash and cash equivalents at beginning of the period		745,117	886,328	484,864	935,621
Cash and cash equivalents at end of the period		758,098	555,357	758,098	555,357

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 2016	406,644	261,613	(23,098)	8,650	141,072	1,498,892	2,293,773	-	55,077	2,348,850
Total comprehensive (loss)/income for the period	-	-	(10,065)	(4,471)	-	95,710	81,174	-	(1,033)	80,141
Balance as at 31 March 2016	406,644	261,613	(33,163)	4,179	141,072	1,594,602	2,374,947	-	54,044	2,428,991
Total comprehensive income for the period	-	-	19,181	1,135	-	284,800	305,116	-	387	305,503
Balance as at 30 June 2016	406,644	261,613	(13,982)	5,314	141,072	1,879,402	2,680,063	-	54,431	2,734,494
Total comprehensive income for the period	-	-	12,544	3,873	-	229,290	245,707	-	2,032	247,739
Balance as at 30 September 2016	406,644	261,613	(1,438)	9,187	141,072	2,108,692	2,925,770	-	56,463	2,982,233

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 2015	406,644	249,218	(10,855)	6,101	141,072	1,891,737	2,683,917	(90,385)	195,433	2,788,965
Total comprehensive (loss)/income for the period	-	-	(3,303)	7,821	-	(82,317)	(77,799)	-	(17,189)	(94,988)
Balance as at 31 March 2015	406,644	249,218	(14,158)	13,922	141,072	1,809,420	2,606,118	(90,385)	178,244	2,693,977
Total comprehensive income/(loss) for the period	-	-	10,709	(9,763)	-	32,380	33,326	-	(7,540)	25,786
Acquisition of the remaining 20% stake in Aoyu Steel	-	2,977	-	-	-	-	2,977	90,385	(93,362)	-
Balance as at 30 June 2015	406,644	252,195	(3,449)	4,159	141,072	1,841,800	2,642,421	-	77,342	2,719,763
Total comprehensive loss for the period	-	-	(19,644)	(1,008)	-	(107,047)	(127,699)	-	(4,268)	(131,967)
Balance as at 30 September 2015	406,644	252,195	(23,093)	3,151	141,072	1,734,753	2,514,722	-	73,074	2,587,796

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

<u>The Company</u>	Share capital	Capital reserve	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2016	2,112,480	249,218	(152,769)	2,208,929
Total comprehensive income for the period	-	-	4,703	4,703
Balance as at 31 March 2016	2,112,480	249,218	(148,066)	2,213,632
Total comprehensive income for the period	-	-	2,410	2,410
Balance as at 30 June 2016	2,112,480	249,218	(145,656)	2,216,042
Total comprehensive loss for the period	-	-	(3,072)	(3,072)
Balance as at 30 September 2016	2,112,480	249,218	(148,728)	2,212,970

<u>The Company</u>	Share capital	Capital reserve	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2015	2,112,480	249,218	(140,920)	2,220,778
Total comprehensive loss for the period	-	-	(8,934)	(8,934)
Balance as at 31 March 2015	2,112,480	249,218	(149,854)	2,211,844
Total comprehensive income for the period	-	-	1,404	1,404
Balance as at 30 June 2015	2,112,480	249,218	(148,450)	2,213,248
Total comprehensive loss for the period	-	-	(6,838)	(6,838)
Balance as at 30 September 2015	2,112,480	249,218	(155,288)	2,206,410

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	30/09/2016	30/09/2015
Number of ordinary shares as at 1 July	110,182,709	550,913,635
Shares arising from conversion of convertible shares	-	-
Number of ordinary shares as at 30 September	110,182,709	550,913,635

On 29 February 2016, the Company completed a share consolidation exercise to consolidate every five ordinary shares in the capital of the Company held by shareholders into one consolidated share, so as to comply with the Minimum Trading Price as implemented by the SGX-ST as an additional continuing listing requirement. The issued capital of the Company as at 30 September 2016 comprised 110,182,709 consolidated shares, after disregarding any fractions of consolidated shares arising from the share consolidation exercise.

There were no outstanding convertibles as at 30 September 2016.

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 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not Applicable

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividend

	The Group			
	2 nd Quarter Ended		Half Year Ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit/(loss) attributable to equity holders of the Company	229,290	(107,047)	609,800	(156,984)
Basic earnings/(losses) per share (in RMB)	2.08	(0.19)	5.53	(0.28)
Diluted earnings/(losses) per share (in RMB)	2.08	(0.19)	5.53	(0.28)

Explanatory Notes:

Basic earnings/(losses) per share is calculated based on the weighted average number of shares in issue of 110,182,709 (post consolidation) for both periods.

There is no difference between the basis and diluted earnings per share.

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	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
Net Asset Value per share (RMB)	26.55	20.82	20.08	20.05

Net asset value per share for the Group and Company is calculated based on 110,182,709 ordinary shares (post share consolidation) for both periods.

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 2016**

3Q2016 vs 3Q2015

Revenue

Group revenue increased by RMB925.6 million or 57.5% from RMB1,608.6 million in 3Q2015 to RMB2,534.2 million in 3Q2016. The increase in revenue was principally attributed to a significant increase in average selling prices and sales volume of hot rolled coil ("HRC") driven by increased infrastructure and construction activities in the PRC in 3Q2016.

The increase was also due to maiden contributions from Delong (Thailand) Co., Ltd ("Delong Thailand") the Group's 55% owned subsidiary, Delong Thailand contributed 7.7% to the Group's revenue in 3Q2016. Delong Thailand commenced the sales of its first batch of HRC in September 2015 and is progressively ramping up its production capacity.

In 3Q2016, the Group sold 1,017,115 tonnes of HRC and 80 tonnes of steel billets as compared to 902,037 tonnes of HRC and 745 tonnes of steel billets in 3Q2015. Overall sales quantity increased by 114,413 tonnes or 12.7%.

Cost of sales

Total cost of sales increased by RMB532.2 million or 32.8%, from RMB1,621.7 million in 3Q2015 to RMB2,153.9 million in 3Q2016. The increase was primarily due to higher sales volume as mentioned above and higher raw material prices for steel production amid strong demand from steel mills in 3Q2016 as compared to the previous corresponding period.

Gross profit

Gross profit was RMB380.2 million in 3Q2016 compared to the gross loss of RMB13.1 million in 3Q2015.

Gross profit margin was 15.0% in 3Q2016, primarily due to the increase in average selling prices of products sold which significantly outpaced the increase in prices of raw materials in 3Q2016 as compared to the previous corresponding period.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB7.1 million, from RMB14.5 million in 3Q2015, to RMB21.6 million in 3Q2016. The increase in distribution and marketing expenses was primarily due to higher transportation costs associated with the delivery of HRC products in the PRC, in line with the higher sales volume recorded in 3Q2016.

Administrative expenses

Administrative expenses decreased by RMB5.4 million, from RMB73.9 million in 3Q2015 to RMB68.5 million in 3Q2016, primarily due to the overall decrease in general administrative expenses as a result of the Group's cost cutting measures.

Finance expenses

Finance expenses increased by RMB4.2 million from RMB40.3 million in 3Q2015 to RMB44.5 million in 3Q2016. The increase was mainly due to the increase in bank borrowings (including notes payables) drawdown for working capital purposes in 3Q2016 as 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 RMB229.3 million in 3Q2016, a reversal from a net loss of RMB107.0 million in 3Q2015. The net profit margin was 9.1% in 3Q2016.

9M2016 vs 9M2015

Revenue

Group revenue increased by RMB1,938.6 million or 37.1%, from RMB5,225.3 million in 9M2015, to RMB7,163.9 million in 9M2016. The increase in revenue was principally attributed to a significant increase in volume of HRC sold amid tighter supplies following production cuts in the PRC in 2015 and restocking by customers, and the increase in average selling prices of HRC sold.

The increase was also due to maiden contributions from Delong (Thailand) Co., Ltd (“Delong Thailand”), the Group’s 55% owned subsidiary, Delong Thailand contributed 7.5% to the Group’s revenue in 9M2016.

In 9M2015, the Group sold 3,053,708 tonnes of HRC and 426 tonnes of steel billets as compared to 2,490,854 tonnes of HRC and 1,096 tonnes of steel billets in 9M2015. Overall sales volume decreased by 562,184 tonnes or 22.6%.

Cost of sales

Total cost of sales increased by RMB1,078.8 million or 21.2%, from RMB5,089.3 million in 9M2015 to RMB6,168.1 million in 9M2016. The increase was primarily due to higher sales volume mentioned above, despite lower raw materials prices for production amid rising iron ore supplies in 9M2016 as compared to the previous corresponding period.

Gross profit

Gross profit increased by RMB859.8 million or 632.4%, from RMB136.0 million in 9M2015, to RMB995.8 million in 9M2016.

Gross profit margin increased by 11.3 percentage points, from 2.6% in 9M2015 to 13.9% in 9M2016. The increase was primarily due to the increase in average selling prices of products sold coupled with the decrease in in raw materials prices in 9M2016.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB4.4 million, from RMB52.7 million in 9M2015, to RMB57.1 million in 9M2016. The increase in distribution and marketing expenses was primarily due to higher transportation costs associated with the delivery of HRC products to customers in the PRC as compared to the previous corresponding period.

Administrative expenses

Administrative expenses increased by RMB14.5 million, from RMB205.3 million in 9M2015, to RMB219.8 million in 9M2016. The increase in administrative expenses was primarily due to higher sewage and environmental impact assessment fee incurred in 9M2016 to comply with the increasingly stringent environmental regulations, and the increase in provision for staff bonus in 9M2016.

Finance expenses

Finance expenses increased by RMB13.5 million, from RMB136.1 million in 9M2015, to RMB149.6 million in 9M2016. The increase was mainly due to the increase in bank borrowings drawdown for working capital purposes in 9M2016 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 RMB609.8 million in 9M2016, a reversal from a net loss of RMB157.0 million in 9M2015. The net profit margin was 8.5% in 9M2016

(b) **Review of balance sheet of the Group as at 30 September 2016**

Current assets

Current assets increased by RMB1,285.8 million, from RMB4,041.3 million as at 31 December 2015 to RMB5,327.1 million as at 30 September 2016, primarily due to the increase in the purchase of held for trading investments, an increase in notes receivable which was in line with higher revenue recorded in 9M2016, and higher bank balances pledged as security for the issuance of notes payables during the period under review.

Current liabilities

Current liabilities increased by RMB256.8 million, from RMB5,115.1 million as at 31 December 2015 to RMB5,371.9 million as at 30 September 2016, primarily due to the increase in notes payables issued for the payments to creditors and an overall increase in trade and other payables. The increase was partially offset by the repayments of bank borrowings during the period under review.

Working capital

The negative working capital position was RMB44.8 million as at 30 September 2016. 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 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 RMB245.4 million, from RMB3,374.4 million as at 31 December 2015 to RMB3,129.0 million as at 30 September 2016. The decrease was primarily due to depreciation charges for the period under review.

The decrease was partially offset by the capital expenditure incurred for on-going technological and environmental enhancement programmes to the production facilities in the PRC.

Non-Current liabilities

Non-current liabilities decreased by RMB0.7 million, from RMB365.9 million as at 31 December 2015 to RMB365.2 million as at 30 September 2016, primarily due to the classification of deferred tax liabilities to income tax charges for the period under review.

(c) Review of cash flow statement of the Group

3Q2016 vs 3Q2015

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes increased by RMB336.4 million, from RMB52.1 million in 3Q2015 to RMB388.5 million in 3Q2016, primarily due to the increase in operating profit. Due to better working capital management, cash from operating activities increased by RMB928.3 million from a negative position RMB283.1 million in 3Q2015 to a positive position RMB645.2 million in 3Q2016.

Net Cash Used in Investing Activities

Net cash used in investing activities was RMB447.7 million in 3Q2016. This comprised principally the payments for the purchase of held for trading investments and available-for-sale financial assets, and partially offset by the proceeds from the interest received from banks.

Net Cash Used in Financing Activities

Net cash used in financing activities was RMB145.1 million in 3Q2016. This was mainly attributable to the drawdown of bank borrowing of RMB561.5 million for working capital purposes, loan principal and interest repayments of RMB706.6 million.

9M2016 vs 9M2015

Net Cash Used In Operating Activities

Operating cashflow before working capital changes increased by RMB814.6 million, from RMB261.0 million in 9M2015 to RMB1,075.6 million in 9M2016, primarily due to the increase in operating profit. After taking into consideration cash used for working capital purposes, net cash from operating activities increased by RMB806.8 million from RMB187.8 million in 9M2015, to RMB994.6 million in 9M2016.

Net Cash Used in Investing Activities

Net cash used in investing activities was RMB675.9 million in 9M2016. This comprised principally the progress payments for on-going technical enhancements to the upgrade production facilities in the PRC and payments for the purchases of available-for-sale financial assets and held for trading investments.

The decrease was partially offset by the proceeds from the disposal 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 RMB45.5 million in 9M2016. This was mainly attributable to the drawdown of bank borrowings of RMB2,202.5 million, loan principal and interest repayments of RMB2,248.0 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 issued a profit guidance on 27 October 2016 that the Company would report a significant rise in net profit for the three months ended 30 September 2016 as compared to the same period last year.

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 Group's business grew in the first nine months of 2016, mainly due to industry-wide output cuts and higher steel demand arising from increased infrastructure and construction activities in the PRC.

While the PRC Government's stimulus measures to boost infrastructure, residential construction and auto manufacturing have supported steel demand, concerns remain over the sustainability of the rebound as well as a competitive business environment, given the persistent production glut.

In view of the current positive market environment for steel production, the Group has decided to postpone the scheduled maintenance of one of its blast furnaces. The Group confirms that the operation of the blast furnace remains stable and believes that the furnace can continue to function within safety parameters during this period.

Industrial pollution in the PRC and the ongoing haze issue continue to be key factors that will lead to restrictive government policy that will affect the steel industry in terms of production and steel transportation. 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 recycling of waste resource.

Following a strategic review undertaken by the Board, the Group had in late August 2016 announced a diversification of its core business to include investing in quoted and/or unquoted securities, as well as the provision of seed and mezzanine capital to private companies with growth potential. Initial investments proposed by the Group include an e-commerce apparel and clothing company and two private equity funds. The abovementioned diversification and investments are subject to the approval of shareholders at an EGM to be convened on 16 November 2016.

The Board and Management will also continue to explore and evaluate earnings-accretive acquisitions and/or investments for the long-term benefit of shareholders.

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 2016.

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 2016.

18. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the form set out in Appendix 7.7) under Rule 720(1).**

Undertakings under Rule 720(1) Appendix 7.7 have been obtained from all directors and executive officers.

BY ORDER OF THE BOARD

Ding Liguó
Executive Chairman