



DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 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.**

| | Note | The Group | | | | | Increase (Decrease) % |
|---------------------------------------|------|-------------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
| | | 4 th Quarter Ended | | Increase (Decrease) % | Year Ended | | |
| | | 31/12/2016 RMB'000 | 31/12/2015 RMB'000 | | 31/12/2016 RMB'000 | 31/12/2015 RMB'000 | |
| Sales | | 2,711,113 | 1,727,015 | 57.0 | 9,874,981 | 6,952,304 | 42.0 |
| Cost of sales | | (2,242,682) | (1,841,979) | 21.8 | (8,410,749) | (6,931,311) | 21.3 |
| Gross profit/(loss) | | 468,431 | (114,964) | n.m | 1,464,232 | 20,993 | n.m |
| Other Income | 1 | 27,868 | 6,272 | 344.3 | 88,948 | 85,431 | 4.1 |
| Other losses-net | 2 | (699,528) | (16,275) | n.m | (676,832) | (15,509) | n.m |
| Expenses | | | | | | | |
| -Distribution and marketing | | (19,429) | (16,238) | 19.7 | (76,576) | (68,962) | 11.0 |
| -Administrative | | (40,561) | (61,057) | (33.6) | (260,351) | (266,309) | (2.2) |
| -Finance | | (80,731) | (42,394) | 90.4 | (230,361) | (178,464) | 29.1 |
| Share of loss of an associate company | 3 | (89) | (68) | 30.9 | (339) | (237) | 43.0 |
| (Loss)/profit before tax | 4 | (344,039) | (244,724) | 40.6 | 308,721 | (423,057) | n.m |
| Income tax expenses | 5 | (57,824) | (556) | n.m | (99,398) | (8,204) | n.m |
| Net (loss)/profit | | (401,863) | (245,280) | 63.8 | 209,323 | (431,261) | n.m |
| (Loss)/profit attributable to: | | | | | | | |
| Equity holders of the Company | | (396,770) | (235,861) | 68.2 | 213,030 | (392,845) | n.m |
| Non-controlling interest | | (5,093) | (9,419) | (45.9) | (3,707) | (38,416) | (90.4) |
| | | (401,863) | (245,280) | 63.8 | 209,323 | (431,261) | n.m |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | | | | | |
|---|------------------|------------------|-------------|----------------|------------------|------------|
| Net (loss)/profit | (401,863) | (245,280) | 63.8 | 209,323 | (431,261) | n.m |
| Other comprehensive income/(loss): | | | | | | |
| Available-for-sale financial assets | | | | | | |
| -Fair value loss | 1,134 | (5) | n.m | 22,794 | (12,243) | n.m |
| Currency translation differences | 14,237 | 1,630 | n.m | 14,774 | (1,320) | n.m |
| Other comprehensive income/(loss) for the period, net of tax | 15,371 | 1,625 | n.m | 37,568 | (13,563) | n.m |
| Total comprehensive (loss)/income | (386,492) | (243,655) | 58.6 | 246,891 | (444,824) | n.m |
| Total comprehensive (loss)/income attributable to: | | | | | | |
| Equity holders of the Company | (381,399) | (234,236) | n.m | 250,598 | (406,408) | n.m |
| Non-controlling interest | (5,093) | (9,419) | (45.9) | (3,707) | (38,416) | (90.4) |
| | (386,492) | (243,655) | 58.6 | 246,891 | (444,824) | n.m |

nm-not meaningful

Notes:-

1 Other Income

| | The Group | | | |
|-------------------------------------|-------------------------------|--------------|---------------|---------------|
| | 4 th Quarter Ended | | Year Ended | |
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Government Grant ^(a) | 2,991 | (11,369) | 16,778 | 2,482 |
| Finance lease income ^(b) | (1,148) | 2,767 | (744) | 3,875 |
| Interest income ^(c) | 25,912 | 14,874 | 72,801 | 79,074 |
| Dividend income | 113 | - | 113 | - |
| | <u>27,868</u> | <u>6,272</u> | <u>88,948</u> | <u>85,431</u> |

Notes:

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

2 Other losses-net

| | The Group | | | |
|---|-------------------------------|-----------------|------------------|-----------------|
| | 4 th Quarter Ended | | Year Ended | |
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Fair value gain- financial assets at fair value through profit or loss | (208) | - | (825) | - |
| Currency translation gain/(loss)-net ^(a) | 2,721 | 7,195 | 31,314 | (655) |
| Fair value changes on purchase considerable payable | - | (4,709) | - | 15,443 |
| (Loss)/gain on disposal of property, plant and equipment | (498) | 1,442 | (13,318) | (18,125) |
| (Allowance)/reversal for doubtful debts | (2,903) | 7,500 | (2,903) | 7,500 |
| Allowance for inventories | (37,867) | - | (37,867) | - |
| Impairment charges on property, plant and equipment ^(b) | (600,000) | - | (600,000) | - |
| Property, plant and equipment written off | (20,791) | (27,319) | (20,791) | (27,319) |
| Loss on disposal of a subsidiary | (3,416) | - | (3,416) | - |
| Allowance for impairment charge on available-for-sale financial assets ^(c) | (45,000) | - | (45,000) | - |
| Other ^(d) | 8,434 | (384) | 15,974 | 7,647 |
| | <u>(699,528)</u> | <u>(16,275)</u> | <u>(676,832)</u> | <u>(15,509)</u> |

Notes:

- (a) The currency translation gain was mainly due to the revaluation of bank balances and intercompany balances denominated in USD and SGD, which strengthened against RMB for the fourth quarter ended 31 December 2016 ("4Q2016") and for the year ended 31 December 2016 ("FY2016"), respectively.
- (b) As announced by the Group on 18 January 2017, the PRC government plans to reduce steelmaking capacity in Hebei Province, which may require Aoyu Steel to cease its steelmaking operations. In view of this ongoing development, the Company had engaged an independent external valuer to perform a valuation of Aoyu Steel's property, plant and equipment based on the asset's value in-use. Based on the valuation performed, an impairment charge of RMB600.0 million on Aoyu Steel's production facilities was recognized.

(c) This relates to the Group's investment in Shan Nan De Lian Heng Tong Investment.

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

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

| | The Group | | | |
|--|-------------------------------|------------|------------|------------|
| | 4 th Quarter Ended | | Year Ended | |
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Depreciation and amortization ^(a) | 135,796 | 88,497 | 465,494 | 439,156 |
| Salaries and wages ^(b) | 101,903 | 109,339 | 459,274 | 385,992 |
| Operating lease rental | 87 | 499 | 608 | 767 |

Notes:

(a) The increase in depreciation and amortization in 4Q2016 and FY2016 was due higher capital expenditure incurred.

(b) The increase in staff costs was mainly due to higher provision of staff bonuses for FY2016.

4. Income Tax Expense

| | The Group | | | |
|---|-------------------------------|------------|---------------|--------------|
| | 4 th Quarter Ended | | Year Ended | |
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Tax expense attributable to profit is made up of: | | | | |
| Current income tax expense | | | | |
| -Foreign | 57,414 | 4,202 | 97,817 | 12,651 |
| -Singapore | 465 | 758 | 2,685 | 905 |
| Deferred income tax | (360) | (360) | (1,440) | (1,308) |
| Under/(over) provision in preceding financial years | | | | |
| -Current income tax | 305 | (4,044) | 336 | (4,044) |
| | <u>57,824</u> | <u>556</u> | <u>99,398</u> | <u>8,204</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 31/12/2016 | As at 31/12/2015 | As at 31/12/2016 | As at 31/12/2015 |
| Current assets | | | | | |
| Cash and cash equivalents | | 966,932 | 484,864 | 7,585 | 13,400 |
| Bank balances pledged | | 1,571,779 | 1,231,877 | - | - |
| Held for Trading Investments | 1 | 725,943 | 232,873 | - | - |
| Held-to-maturity financial assets | 2 | 371,050 | 200,000 | - | - |
| Trade and other receivables | 3 | 570,020 | 484,192 | 220,270 | 214,923 |
| Inventories | 4 | 552,518 | 540,113 | - | - |
| Other assets | 5 | 649,399 | 867,426 | 88 | 170 |
| Total current assets | | 5,407,641 | 4,041,345 | 227,943 | 228,493 |
| Non-current assets | | | | | |
| Bank balances pledged | | - | 206,000 | - | - |
| Trade and other receivables | 6 | - | 1,016 | - | - |
| Other assets | 5 | 22,667 | 38,050 | - | - |
| Available-for-sale financial assets | 7 | 203,988 | 157,539 | - | - |
| Investments in subsidiaries | | - | - | 1,984,916 | 1,984,916 |
| Investment in an associate | 8 | 4,001 | 4,340 | - | - |
| Property, plant and equipment | | 2,229,273 | 3,374,392 | 63 | 114 |
| Deferred tax assets | | 6,508 | - | - | - |
| Intangible assets | | 1,440 | 7,200 | - | - |
| Total non-current assets | | 2,467,877 | 3,788,537 | 1,984,979 | 1,985,030 |
| Total assets | | 7,875,518 | 7,829,882 | 2,212,922 | 2,213,523 |
| Current liabilities | | | | | |
| Trade and other payables | 9 | 1,442,102 | 1,595,934 | 5,280 | 4,543 |
| Notes payables | | 2,288,711 | 1,654,818 | - | - |
| Borrowings | | 1,332,300 | 1,864,361 | 10 | 9 |
| Income tax liabilities | | 39,879 | - | - | - |
| Total current liabilities | | 5,102,992 | 5,115,113 | 5,290 | 4,552 |
| Non-current liabilities | | | | | |
| Borrowings | | 204,906 | 341,230 | 32 | 42 |
| Deferred income tax liabilities | | 23,249 | 24,689 | - | - |
| Total non-current liabilities | | 228,155 | 365,919 | 32 | 42 |
| Total liabilities | | 5,331,147 | 5,481,032 | 5,322 | 4,594 |
| Net Assets | | 2,544,371 | 2,348,850 | 2,207,600 | 2,208,929 |
| Capital reserves and non-controlling interests | | | | | |
| Share capital | | 406,644 | 406,644 | 2,112,480 | 2,112,480 |
| Reserves | | 2,137,727 | 1,887,129 | 95,120 | 96,449 |
| Equity attributable to owners of the Company | | 2,544,371 | 2,293,773 | 2,207,600 | 2,208,929 |
| Non-controlling interests | | - | 55,077 | - | - |
| Total equity | | 2,544,371 | 2,348,850 | 2,207,600 | 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.

Included in the held for trading investments is the Group's investment in EC World Reit. During the period under review, the Group acquired 2,350,000 shares in EC World Reit, which the CEO of the EC World Reit is our Company's independent director, Mr Lai Hock Meng.

2. Held-to-maturity financial assets

| | The Group | |
|-------------------------------------|----------------|----------------|
| | 31/12/2016 | 31/12/2015 |
| | RMB'000 | RMB'000 |
| Bohai International Trust Co., Ltd | 200,000 | - |
| Harvest Capital Management Co., Ltd | - | 200,000 |
| Others | 171,050 | - |
| | <u>371,050</u> | <u>200,000</u> |

The interest rate of the held-to-maturity financial asset ranges from 1.1% to 7.0% per annum and matures within 12 months.

3. Trade and other receivables - current

| | The Group | |
|----------------------------------|----------------|----------------|
| | 31/12/2016 | 31/12/2015 |
| | RMB'000 | RMB'000 |
| Finance lease receivables | 1,256 | 6,333 |
| Trade receivables ⁽¹⁾ | 135,280 | 118,125 |
| Notes receivable ⁽²⁾ | 433,484 | 359,734 |
| | <u>570,020</u> | <u>484,192</u> |

⁽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 FY2016.

4. Inventories

| | The Group | |
|---------------------|----------------|----------------|
| | 31/12/2016 | 31/12/2015 |
| | RMB'000 | RMB'000 |
| Raw materials | 368,290 | 315,623 |
| Work-in-progress | 133,192 | 68,096 |
| Finished goods | 45,200 | 77,920 |
| Production supplies | 5,836 | 78,474 |
| | <u>552,518</u> | <u>540,113</u> |

The increase in inventories was primarily due to higher raw materials prices in 4Q2016.

5. Other assets

| | The Group | |
|--|----------------|----------------|
| | 31/12/2016 | 31/12/2015 |
| | RMB'000 | RMB'000 |
| Deposits for offices | 65 | 9,112 |
| Prepayments ^(a) | 239,701 | 532,220 |
| Entrusted loan to third parties | 107,667 | 102,667 |
| VAT and tax recoverable | 52,318 | 109,028 |
| Municipal Land Resources Authority, Xingtai ^(b) | - | 108,626 |
| Amount due from Delong Thailand ^(c) | 176,107 | - |
| Sale Consideration on disposal of Delong Thailand ^(c) | 75,795 | - |
| Others | 20,413 | 43,823 |
| | <u>672,066</u> | <u>905,476</u> |
| Analysed as: | | |
| Current | 649,399 | 867,426 |
| Non-current | 22,667 | 38,050 |
| | <u>672,066</u> | <u>905,476</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 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.
- (c) Subsequent to the financial year end, the Company's wholly owned subsidiary, Delong Steel Singapore Projects Pte Ltd (DSL Singapore) entered into the sale and purchase agreement with the Thai Minority Shareholders of Delong (Thailand) Co., Ltd for the disposal of the its 55% shareholding in Delong Thailand (the "Proposed Disposal") for an aggregate consideration of THB385,000,000 (the "Sale Consideration"). At the same time, DSL Singapore also entered into a settlement agreement with Delong Thailand, pursuant to which Delong Thailand shall fully settle the shareholder loan of US\$25.2 million owing to DSL Singapore (the "Shareholder Loan") upon completion of the Proposed Disposal. The Sale Consideration and the Shareholder Loan were fully received on 3 February 2017.

6. Trade and other receivables – non-current

| | The Group | |
|---------------------------|------------|--------------|
| | 31/12/2016 | 31/12/2015 |
| | RMB'000 | RMB'000 |
| Finance lease receivables | - | 1,016 |
| | <u>-</u> | <u>1,016</u> |

7. Available-for-sale financial assets

| | The Group | |
|--|-----------------------|-----------------------|
| | 31/12/2016 RMB'000 | 31/12/2015 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 | 60,136 | 37,343 |
| Shan Nan De Lian Heng Tong Investment ⁽¹⁾ | 38,500 | 83,500 |
| Qingdao Kutesmart Co., Ltd ⁽²⁾ | 60,000 | - |
| CEG Ventures I, L.P. ⁽¹⁾ | 20,352 | - |
| Others ⁽³⁾ | 15,000 | 26,696 |
| | <u>203,988</u> | <u>157,539</u> |

Note:-

¹ After taking into the allowance for impairment of RMB45.0 million. Please refer to note 2- other losses on page 3 for details.

² Please refer to the Company's announcement dated 23 August 2016 and 2 September 2016 for further details.

³ The 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 | |
|---|-----------------------|-----------------------|
| | 31/12/2016 RMB'000 | 31/12/2015 RMB'000 |
| Trade payables to third parties | 351,214 | 656,176 |
| Letters of credit | 146,253 | 113,532 |
| VAT and other taxes payable | 75,678 | 3,642 |
| Payable to contractors for construction-in-progress | 128,913 | 29,000 |
| Advances from customers ⁽¹⁾ | 439,208 | 503,291 |
| Other accrual for operating expenses | 14,697 | 7,457 |
| Accrual for interest expense | 19,616 | 4,128 |
| Accrual for staff cost | 109,203 | 36,816 |
| Due to directors (non-trade) | 2,138 | 2,006 |
| Deferred Income | 17,848 | 23,388 |
| Deferred government grant | 44,507 | 37,689 |
| Deposit from customers | 819 | 1,189 |
| Other payables | 92,008 | 177,620 |
| | <u>1,442,102</u> | <u>1,595,934</u> |

Notes:

¹ Advances 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 31/12/2016 | As at 31/12/2015 |
|------------------|------------------|

| Secured RMB'000 | Unsecured RMB'000 | Secured RMB'000 | Unsecured RMB'000 |
|--------------------|----------------------|--------------------|----------------------|
| 691,010 | 641,290 | 634,121 | 1,230,240 |

Amount repayable after one year

| | |
|------------------|------------------|
| As at 31/12/2016 | As at 31/12/2015 |
|------------------|------------------|

| Secured RMB'000 | Unsecured RMB'000 | Secured RMB'000 | Unsecured RMB'000 |
|--------------------|----------------------|--------------------|----------------------|
| 95,940 | 108,966 | 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 31 December 2016, the Group's bank borrowings of approximately RMB1,028.0 million (2015: RMB 1,102.8 million) were guaranteed by third parties. The Group has also provided guarantees to banks for borrowings of third parties amounted to approximately RMB410.0 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 | | | |
|--|------|-------------------------------|------------|-------------|-------------|
| | | 4 th Quarter Ended | | Year Ended | |
| | | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| | | RMB '000 | RMB '000 | RMB '000 | RMB '000 |
| Cash flows from operating activities: | | | | | |
| (Loss)/profit after income tax | | (401,863) | (245,280) | 209,323 | (431,261) |
| Adjustments for: | | | | | |
| Depreciation | | 134,356 | 87,057 | 459,735 | 433,396 |
| Amortisation of intangible asset | | 1,440 | 1,440 | 5,760 | 5,760 |
| (Reversal)/allowance for doubtful debts | | 2,903 | (7,500) | 2,903 | (7,500) |
| (Gain)/loss on disposal of property, plant and equipment | | 498 | (1,442) | 13,318 | 18,125 |
| Property, plant and equipment written off | | 20,791 | 27,319 | 20,791 | 27,319 |
| Impairment charges on property, plant and equipment | | 600,000 | - | 600,000 | - |
| Fair value gain on financial assets, fair value through profit or loss | | 208 | - | 825 | - |
| Fair value changes on purchase considerable payable | | - | 4,709 | - | (15,443) |
| Allowance for impairment for available-for-sale financial assets | | 45,000 | - | 45,000 | - |
| Share of loss of an associate company | | 89 | 68 | 339 | 237 |
| Loss on disposal of subsidiary | | 3,416 | - | 3,416 | - |
| Allowance for inventories | | 37,867 | 6,055 | 37,867 | 6,055 |
| Interest income | | (25,912) | (14,874) | (72,801) | (79,074) |
| Interest expense | | 80,731 | 42,394 | 230,361 | 178,464 |
| Income tax expense | | 57,824 | 556 | 99,398 | 8,204 |
| Unrealised currency translation (gain)/loss | | (21,116) | (8,943) | (41,746) | 8,264 |
| | | 938,095 | 136,839 | 1,405,166 | 583,807 |
| Operating cash flow before working capital changes | | 536,232 | (108,441) | 1,614,489 | 152,546 |
| Bank balances pledged | | (16,012) | (39,390) | (133,902) | 90,235 |
| Receivables | | 200,219 | (209,462) | 166,995 | (242,828) |
| Inventories | | (64,663) | 133,647 | (123,489) | 109,717 |
| Payables | | (106,943) | 230,525 | 93,683 | 93,639 |
| | | 12,601 | 115,320 | 3,287 | 50,763 |
| Cash generated from operating activities | | 548,833 | 6,879 | 1,617,776 | 203,309 |
| Income tax credit/(paid) | | (24,813) | 943 | (67,467) | (7,653) |
| Net cash generated from operating activities | | 524,020 | 7,822 | 1,550,309 | 195,656 |
| Cash flows from investing activities: | | | | | |
| Purchases of property, plant and equipment | | (26,175) | (231,713) | (145,447) | (598,820) |
| Proceeds on disposal of property, plant and equipment | | 3,021 | 108,271 | 3,021 | 108,271 |
| Proceeds/(purchases) of investments held for trading | | 300,941 | (232,873) | (479,199) | (232,873) |
| (Purchases)/proceeds of available-for-sale financial assets | | (28,285) | (12,128) | (83,351) | 97,159 |
| (Purchases)/proceeds of held-to maturity financial assets | | (371,050) | 100,000 | (171,050) | 100,000 |
| Acquisition of Balance Equity | | - | - | - | (93,362) |
| Disposal of subsidiary | | (25,475) | - | (25,475) | - |
| Capital contribution by non-controlling interest | | - | - | - | 8,615 |
| Interest received | | 25,912 | 14,874 | 72,801 | 79,074 |
| Net cash used in investing activities | | (121,111) | (253,569) | (828,700) | (531,936) |
| Cash flows from financing activities: | | | | | |
| Proceeds from borrowings | | 698,541 | 825,379 | 2,901,089 | 2,127,585 |
| Repayments of borrowings | | (836,669) | (608,644) | (2,935,053) | (2,064,511) |
| Interest paid | | (80,731) | (42,394) | (230,361) | (178,464) |
| Net cash (used in)/generated from financing activities | | (218,859) | 174,341 | (264,325) | (115,390) |
| Net increase/(decrease) in cash and cash equivalents | | 184,050 | (71,406) | 457,284 | (451,670) |
| Cash and cash equivalents at beginning of the period | | 758,098 | 555,357 | 484,864 | 935,621 |
| Effect of currency translation on cash and cash equivalents | | 24,784 | 913 | 24,784 | 913 |
| Cash and cash equivalents at end of the period | | 966,932 | 484,864 | 966,932 | 484,864 |

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 |
| Total comprehensive income for the period | - | - | - | - | - | (396,770) | (396,770) | - | (5,093) | (401,863) |
| Loss for the period | | | | | | | | | | |
| Other comprehensive income | | | 1,134 | 2,309 | - | - | 3,443 | - | 3,907 | 7,350 |
| Effect of disposal of subsidiary | - | - | - | 11,928 | - | - | 11,928 | | (55,277) | (43,349) |
| Balance as at 31 December 2016 | 406,644 | 261,613 | (304) | 23,424 | 141,072 | 1,711,922 | 2,544,371 | - | - | 2,544,371 |

| 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 |
| Total comprehensive (loss)/income for the period | - | - | (5) | 1,630 | - | (235,861) | (234,236) | - | (9,419) | (243,655) |
| Discount arising from acquisition of Balance equity | - | 9,418 | - | - | - | - | 9,418 | - | (4,709) | 4,709 |
| MI's portion of Delong Thailand | - | - | - | 3,869 | - | - | 3,869 | - | (3,869) | - |
| Balance as at 31 December 2015 | 406,644 | 261,613 | (23,098) | 8,650 | 141,072 | 1,498,892 | 2,293,773 | - | 55,077 | 2,348,850 |

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 |
| Total comprehensive loss for the period | - | - | (5,370) | (5,370) |
| Balance as at 31 December 2016 | 2,112,480 | 249,218 | (154,098) | 2,207,600 |

| <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 |
| Total comprehensive loss for the period | - | - | 2,519 | 2,519 |
| Balance as at 31 December 2015 | 2,112,480 | 249,218 | (152,769) | 2,208,929 |

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 | 31/12/2016 | 30/09/2015 |
|---|-------------------|-------------------|
| Number of ordinary shares as at 1 September | 110,182,709 | 550,913,635 |
| Shares arising from conversion of convertible shares | - | - |
| Number of ordinary shares as at 31 December | 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 31 December 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 31 December 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 | | | |
|---|-------------------------------|------------|------------|------------|
| | 4 th Quarter Ended | | Year Ended | |
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Net (loss)/profit attributable to equity holders of the Company | (396,770) | (235,861) | 213,030 | (392,845) |
| Basic (losses)/earnings per share (in RMB) | (3.60) | (0.43) | 1.93 | (0.71) |
| Diluted (losses)/earnings per share (in RMB) | (3.60) | (0.43) | 1.93 | (0.71) |

Explanatory Notes:

Basic (losses)/earnings 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 | |
|---------------------------------|------------|------------|-------------|------------|
| | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| Net Asset Value per share (RMB) | 23.09 | 20.82 | 20.04 | 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.**

(a) Financial Review for the fourth quarter and year ended 31 December 2016

4Q2016 vs 4Q2015

Revenue

Group revenue increased by RMB984.1 million or 57.0% from RMB1,727.0 million in 4Q2015 to RMB2,711.1 million in 4Q2016. The increase in revenue was principally attributed to a significant increase in average selling prices of HRC driven by strong demand from steel traders in anticipation of higher steel prices in 2017 amid increased infrastructure and construction activities in the PRC.

In 4Q2016, the Group sold 865,455 tonnes of HRC and 30 tonnes of steel billets as compared to 900,987 tonnes of HRC in 4Q2015. Overall sales quantity decreased by 35,502 tonnes or 3.9%. The decrease in volume of HRC sold was due to the maintenance programme carried out at one of its three blast furnaces during the period under review.

Cost of sales

Total cost of sales increased by RMB400.7 million or 21.8%, from RMB1,842.0 million in 4Q2015 to RMB2,242.7 million in 4Q2016. The increase was primarily due to higher raw material prices for steel production amid strong demand from steel mills in 4Q2016 as compared to the previous corresponding period.

Gross profit

Gross profit was RMB468.4 million in 4Q2016 compared to the gross loss of RMB115.0 million in 4Q2015.

Gross profit margin was 17.3% in 4Q2016, primarily due to the increase in average selling prices of products sold which significantly outpaced the increase in prices of raw materials in 4Q2016 as compared to the previous corresponding period.

Other losses-Net

Other losses increased by RMB683.2 million, from RMB16.3 million in 4Q2015, to RMB699.5 million in 4Q2016, primarily due to the impairment charges of RMB600.0 million provided on Aoyu Steel's production facilities, allowance for impairment for available-for-sale financial assets of RMB45.0 million and write-down of inventory to net realizable value of RMB37.9 million. Please refer to note 2- other losses on page 3 of the results announcement for details.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB3.2 million, from RMB16.2 million in 4Q2015, to RMB19.4 million in 4Q2016. The increase was primarily due to higher transportation costs associated with the delivery of Aoyu Steel's HRC products to customers in the PRC, in line with the higher sales volume recorded by Aoyu Steel in 4Q2016.

Administrative expenses

Administrative expenses decreased by RMB20.5 million, from RMB61.1 million in 4Q2015 to RMB40.6 million in 4Q2016, primarily due to the reversal of RMB25.5 million of sewage and environmental impact assessment fee over-recognised in 1Q2016.

Finance expenses

Finance expenses increased by RMB38.3 million from RMB42.4 million in 4Q2015 to RMB80.7 million in 4Q2016. The increase was mainly due to the provision for interest on bank borrowings under-recognised in the first nine-months of 2016.

Net profit

As a result of the foregoing and after taking into account taxation and non-controlling interest, the Group reported a net loss of RMB396.8 million in 4Q2016, compared to the net loss of RMB235.9 million in the corresponding period.

Excluding the impairment charge of RMB600.0 million on property, plant and equipment in respect of the Aoyu Steel's production facilities, net profit after tax in 4Q2016 would have been RMB203.2 million. The net profit margin was 7.5% in 4Q2016.

FY2016 vs FY2015**Revenue**

Group revenue increased by RMB2,922.7 million or 42.0%, from RMB6,952.3 million in FY2015, to RMB9,875.0 million in FY2016. 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.

In FY2016, the Group sold 3,919,163 tonnes of HRC and 456 tonnes of steel billets as compared to 3,391,841 tonnes of HRC and 1,096 tonnes of steel billets in FY2015. Overall sales volume increased by 526,682 tonnes or 15.5%.

Cost of sales

Total cost of sales increased by RMB1,479.4 million or 21.3%, from RMB6,931.3 million in FY2015 to RMB8,410.7 million in FY2016. The increase was primarily due to higher sales volume mentioned above as compared to the previous corresponding period.

Gross profit

Gross profit increased by RMB1,443.2 million, from RMB21.0 million in FY2015, to RMB1,464.2 million in FY2016.

Gross profit margin increased by 14.5 percentage points, from 0.3% in FY2015 to 14.8% in FY2016. The increase was primarily due to the increase in average selling prices of products sold coupled with lower raw materials prices in FY2016.

Other losses-Net

Other losses increased by RMB661.3 million, from RMB15.5 million in 4Q2015, to RMB676.8 million in 4Q2016, primarily due to the impairment charges of RMB600.0 million provided on Aoyu Steel's production facilities, allowance for impairment for available-for-sale financial assets of RMB45.0 million and write-down of inventories of RMB37.9 million. Please refer to note 2- other losses on page 3 of the results announcement for details.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB7.6 million, from RMB69.0 million in FY2015, to RMB76.6 million in FY2016. 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 decreased by RMB5.9 million, from RMB266.3 million in FY2015, to RMB260.4 million in FY2016, 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 RMB51.9 million, from RMB178.5 million in FY2015, to RMB230.4 million in FY2016. The increase was mainly due to the increase in bank borrowings (including notes payables) drawdown for working capital purposes in FY2016 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 RMB213.0 million in FY2016, a reversal from a net loss of RMB392.8 million in FY2015. The net profit margin was 2.2% in FY2016

Excluding the impairment charge of RMB600.0 million on property, plant and equipment in respect of the Aoyu Steel's production facilities, net profit after tax in FY2016 would have been RMB813.0 million. The net profit margin was 8.2% in FY2016.

(b) Review of balance sheet of the Group as at 31 December 2016

Current assets

Current assets increased by RMB1,366.3 million, from RMB4,041.3 million as at 31 December 2015 to RMB5,407.6 million as at 31 December 2016, primarily due to the increase in the purchase of held for trading investments and held-to-maturity investments, and higher bank balances pledged as security for the issuance of notes payables during the period under review.

Current liabilities

Current liabilities decreased by RMB12.1 million, from RMB5,115.1 million as at 31 December 2015 to RMB5,103.0 million as at 31 December 2016, primarily due to overall decrease in trade and other payables during the period under review. The reduction in trade payables was primarily due to the increased usage of notes payables for payment to creditors and suppliers.

Working capital

The working capital position improved by RMB1,378.4 million, from a negative position RMB1,073.8 million as at 31 December 2015, to a positive position RMB304.6 million as at 31 December 2016.

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 RMB1,145.1 million, from RMB3,374.4 million as at 31 December 2015 to RMB2,229.3 million as at 31 December 2016. The decrease was primarily due to depreciation and impairment 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 RMB137.7 million, from RMB365.9 million as at 31 December 2015 to RMB228.2 million as at 31 December 2016, primarily due to the maturity of non current portions of the borrowings now reclassified to current liabilities.

(c) Review of cash flow statement of the Group

4Q2016 vs 4Q2015

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes increased by RMB644.6 million, from a negative position RMB108.4 million in 4Q2015, to a positive position RMB536.2 million in 4Q2016, primarily due to the increase in operating profit. After taking into consideration cash used for working capital purposes and tax paid, net cash from operating activities increased by RMB516.2 million from RMB7.8 million in 4Q2015, to RMB524.0 million in 4Q2016.

Net Cash Used in Investing Activities

Net cash used in investing activities was RMB121.1 million in 4Q2016. This comprised principally the payments for the purchase of investments held-to-maturity and available-for-sale financial assets, and partially offset by the proceeds from the disposal of investments held for trading investments and interest received from banks.

Net Cash Used in Financing Activities

Net cash used in financing activities was RMB218.9 million in 4Q2016. This was mainly attributable to the drawdown of bank borrowing of RMB698.5 million for working capital purposes, loan principal and interest repayments of RMB917.4 million.

FY2016 vs FY2015

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes increased by RMB1,462.0 million, from RMB152.5 million in FY2015 to RMB1,614.5 million in FY2016, primarily due to the increase in operating profit. After taking into consideration cash used for working capital purposes and tax paid, net cash from operating activities increased by RMB1,354.6 million from RMB195.7 million in FY2015, to RMB1,550.3 million in FY2016.

Net Cash Used in Investing Activities

Net cash used in investing activities was RMB828.7 million in FY2016. 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 interest received from the banks.

Net Cash Used in Financing Activities

Net cash used in financing activities was RMB264.3 million in FY2016. This was mainly attributable to the drawdown of bank borrowings of RMB2,901.1 million, loan principal and interest repayments of RMB3,165.4 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 21 February 2017 that the Company would report a net loss for the three months ended 31 December 2016 (“4Q2016”), and a net profit for the twelve months ended 31 December 2016 (“FY2016”).

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 core steel production business recorded growth in 2016, lifted by consumption-driven steel demand from the infrastructure, residential construction, automobiles and railway sectors.

Nonetheless, the operating environment is expected to remain challenging. The PRC government had recently unveiled plans to reduce steelmaking capacity in Hebei Province by 31.86 million tonnes in 2017, and will accelerate steelmaking capacity reduction efforts targeting the cities of Langfang, Baoding and Zhangjiakou in Hebei Province. As part of the capacity reduction exercises, steel producers in other provinces may also be required to reduce their steelmaking output.

The Company's subsidiary, Laiyuan County Aoyu Steel Co., Ltd. ("Aoyu Steel"), is located in Baoding, one of the affected cities under the Capacity Reduction Plans. Based on current discussions between the Company and the relevant regulatory authorities in the PRC, Aoyu Steel may be required to cease its steelmaking operations, which will adversely impact the Group's financial position.

Industrial pollution also remains a primary concern in the PRC and the ongoing haze issue is also expected to have impacts on 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.

Operationally, the Group is also pleased to report that the maintenance exercise carried out at one of its three blast furnaces in Delong Steel Limited was completed in January 2017. Accordingly, the Group's production capacity is now back to normal operating levels. The divestment of the Group's entire equity interest in its Thailand production facility – Delong (Thailand) Co., Ltd., - was also successfully completed on 3 February 2017. The Sale Consideration and Shareholder Loan were fully received on 3 February 2017.

The Group's will continue to selectively engage in opportunities to invest in quoted and/or unquoted securities, as well as the provision of seed and mezzanine capital to private companies with growth potential and undertaking business incubation and angel investments. 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 year ended 31 December 2016.

PART II-ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2,Q3 or Half Year Results)

12. 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. 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 2016 | <u>Manufacturing</u> RMB'000 | <u>Other</u> RMB'000 | <u>Total</u> RMB'000 |
|--|---------------------------------|-------------------------|-------------------------|
| REVENUE | | | |
| Sales | 11,917,763 | - | 11,917,763 |
| Inter-segment sales | (2,042,782) | - | (2,042,782) |
| Sales to external parties | 9,874,981 | - | 9,874,981 |
| Adjusted EBITDA* | 1,698,503 | 5,189 | 1,703,692 |
| Depreciation and amortisation | (463,707) | (1,788) | (465,495) |
| Impairment charges on property, plant and equipment | (600,000) | - | (600,000) |
| Impairment for inventory | (37,867) | - | (37,867) |
| Loss on disposal of subsidiary | (3,416) | - | (3,416) |
| Loss on disposal of property, plant and equipment | (13,318) | - | (13,318) |
| Fair value gain-financial assets at fair value through profit or loss | 825 | - | 825 |
| Allowance for impairment charge on available-for-sale financial assets | (45,000) | - | (45,000) |
| Unallocated: | | | |
| Finance expense | | | (230,361) |
| Share of loss of an associate company | | | (339) |
| Profit before income tax | | | 308,721 |
| Total assets | 7,581,617 | 293,901 | 7,875,518 |
| Total assets include: | | | |
| Additions to property, plant and equipment | 232,464 | 160 | 232,624 |
| Total liabilities | 5,315,501 | 15,646 | 5,331,147 |

| 31 December 2015 | <u>Manufacturing</u> RMB'000 | <u>Other</u> RMB'000 | <u>Total</u> RMB'000 |
|--|---------------------------------|-------------------------|-------------------------|
| REVENUE | | | |
| Sales | 9,253,914 | - | 9,253,914 |
| Inter-segment sales | (2,301,610) | - | (2,301,610) |
| Sales to external parties | <u>6,952,304</u> | <u>-</u> | <u>6,952,304</u> |
| Adjusted EBITDA* | 197,496 | (2,696) | 194,800 |
| Depreciation and amortisation | (437,670) | (1,486) | (439,156) |
| Unallocated: | | | |
| Finance expense | | | (178,464) |
| Share of loss of an associate company | | | <u>(237)</u> |
| Profit before income tax | | | <u>(423,057)</u> |
| Total assets | <u>7,529,959</u> | <u>299,923</u> | <u>7,829,882</u> |
| Total assets include: | | | |
| Additions to property, plant and equipment | 592,119 | 6,701 | 598,820 |
| Total liabilities | <u>5,463,575</u> | <u>17,457</u> | <u>5,481,032</u> |

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

By Geographical Segmentation - FY2016 and FY2015

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.

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

| | FY2016 | FY2015 | Increase/ (Decrease) |
|--|-----------|-----------|-------------------------|
| | RMB'000 | RMB'000 | % |
| Sales reported for first half year | 4,629,695 | 3,616,674 | 28.0 |
| Profit/(loss) after exceptional items, non-controlling interest and tax reported for the first half year | 380,590 | (49,937) | n.m |
| Sales reported for second half year | 5,245,285 | 3,335,630 | 57.3 |
| Loss after exceptional items, non-controlling interest and tax reported for the second half year | (167,560) | (342,908) | (51.1) |

- 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(13) in the format below. If there are no such persons, the issuer must an appropriate negative statement.**

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**

As at 31 December 2016, the Group had provided guarantees amounted to RMB50.0 million (the “Corporate Guarantee”) to bank for bank borrowings of Hebei Delong Modern Special Tube Manufacturing Co., Ltd (“Hebei Delong”), a company which is owned by Mr Ding Liguu and his spouse, Ms Zhao Jing.

Subsequent to the financial year end, following the repayment of bank borrowing by Hebei Delong, the Group had terminated the Corporate Guarantee.

- 19. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).**

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Ding Liguu
Executive Chairman