



DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

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

	Note	The Group					Increase (Decrease) %
		4 th Quarter Ended		Increase (Decrease) %	Year Ended		
		31/12/2014 RMB'000	31/12/2013 RMB'000		31/12/2014 RMB'000	31/12/2013 RMB'000	
Sales		2,075,908	2,840,379	(26.9)	9,523,568	11,547,689	(17.5)
Cost of sales		(1,898,568)	(2,767,892)	(31.4)	(8,863,497)	(11,033,420)	(19.7)
Gross Profit		177,340	72,487	144.7	660,071	514,269	28.4
Other Income	1	33,780	(5,932)	n.m	95,034	82,239	15.6
Other gains-net	2	680	18,014	96.2	3,242	(62,993)	n.m
Expenses							
-Distribution and marketing		(20,778)	(3,068)	577.2	(55,756)	(12,660)	340.4
-Administrative		(75,750)	(88,626)	(14.5)	(302,621)	(312,050)	(3.0)
-Finance		(48,358)	(47,749)	1.3	(228,932)	(194,218)	17.9
Share of loss of an associate company	3	(323)	-	100.0	(323)	-	100.0
Profit/(loss) before tax	4	66,591	(54,874)	n.m	170,715	14,587	n.m
Income tax (expenses)/credit	5	(36,991)	5,826	n.m	(75,853)	(36,050)	110.4
Net Profit/(loss)		29,600	(49,048)	n.m	94,862	(21,463)	n.m
Profit/(loss) attributable to:							
Equity holders of the Company		35,597	(47,608)	n.m	100,888	(27,067)	n.m
Non-controlling interest		(5,997)	(1,440)	316.5	(6,026)	5,604	n.m
		29,600	(49,048)	n.m	94,862	(21,463)	n.m

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net loss/(profit)	29,600	(49,048)	n.m	94,862	(21,463)	n.m
Other comprehensive income:						
Available-for-sale financial assets						
-Fair value loss	(760)	(8,869)	(91.4)	(1,986)	(8,869)	(77.6)
Currency translation differences	994	2,622	(62.1)	(486)	10,287	n.m
Other comprehensive income for the period, net of tax	234	(6,247)	n.m	(2,472)	1,418	n.m
Total comprehensive income/(loss)	29,834	(55,295)	n.m	92,390	(20,045)	n.m
Total comprehensive income/ (loss) attributable to:						
Equity holders of the Company	35,831	(53,855)	n.m	98,416	(25,649)	n.m
Non-controlling interest	(5,997)	(1,440)	316.5	(6,026)	5,604	n.m
	29,834	(55,295)	n.m	92,390	(20,045)	n.m

nm-not meaningful

Notes:-

1 Other Income

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Government Grant ^(a)	(1,214)	(11,791)	-	13,006
Finance lease income	7,881	(7,760)	9,816	7,660
Interest income ^(b)	27,113	13,619	85,218	61,573
	<u>33,780</u>	<u>(5,932)</u>	<u>95,034</u>	<u>82,239</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 gains-net

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Gain on disposal of financial assets at fair value through profit and loss	-	-	15	-
Fair value (loss)/gain- financial assets at fair value through profit or loss	-	(2)	23	(137)
Currency translation (loss)/gain-net	(1,561)	3,528	2,255 ^(a)	12,690
Fair value loss on convertible shares ^(b)	-	(33)	(314)	(3,592)
Loss on disposal of property, plant and equipment	(20,794)	(308)	(31,876)	(10,041)
Fair value changes on purchase payable consideration	4,686	1,440	2,215	(5,604)
Gain on early redemption of convertible shares	-	-	-	7,177
Reversal/(impairment charge) on property, plant and equipment	38,273 ^(c)	16,899	38,273 ^(c)	(69,800)
Other ^(d)	(19,924)	(3,510)	(7,349)	6,314
	<u>680</u>	<u>18,014</u>	<u>3,242</u>	<u>(62,993)</u>

Notes:

- (a) The currency translation gain was mainly due to the revaluation of bank balances denominated in USD, which had strengthened against RMB in FY2014.
- (b) The loss was mainly due to the quarterly revaluation of derivatives embedded in the convertible shares.
- (c) Impairment charges overprovided in prior years.
- (d) Others comprised of sale of gas, oxygen, electricity, etc.

3. This refers to the Group's share of Xingtai Xilan Zhongde Natural Gas Sales Co., Ltd's results.

4. Profit before taxation includes the following items:-

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortization ^(a)	94,477	143,897	461,820	506,261
Salaries and wages ^(b)	97,706	100,015	374,958	382,259
Operating lease rental	92	7	655	590

Notes:

(a) The decrease in depreciation and amortization for the fourth quarter ended 31 December 2014 (“4Q2014”) and the financial year ended 31 December 2014 (“FY2014”) was due to certain assets have been fully depreciated.

(b) The decrease in staff costs in 4Q2014 and FY2014 was mainly due to lower headcount and related costs.

5. Income Tax (Credit)/Expense

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Tax expense attributable to profit is made up of:				
Current income tax expense				
-Singapore	-	1,452	-	1,909
-Foreign	24,991	(4,226)	72,172	44,681
Deferred income tax liabilities	12,000	(3,776)	3,770	(11,367)
(Over)/Under provision in preceding financial years				
-Current income tax	-	-	(89)	103
-Deferred income tax assets	-	724	-	724
	<u>36,991</u>	<u>(5,826)</u>	<u>75,853</u>	<u>36,050</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 31/12/2014	As at 31/12/2013	As at 31/12/2014	As at 31/12/2013
Current assets					
Cash and cash equivalents		935,621	373,706	19,185	33,913
Bank balances pledged		1,322,112	623,308	-	-
Financial assets, at fair value through profit and loss		-	393	-	393
Held-to-maturity financial assets	1	300,000	300,000	-	-
Trade and other receivables	2	642,232	857,118	23	10
Inventories	3	655,885	869,308	-	-
Other assets	4	601,105	750,417	704	292
Total current assets		4,456,955	3,774,250	19,912	34,608
Non-current assets					
Bank balances pledged		206,000	200,000	-	-
Trade and other receivables	5	29,736	27,382	220,774	229,666
Other assets	4	34,513	259,914	-	-
Available-for-sale financial assets	6	266,941	214,735	-	-
Investments in subsidiaries		-	-	1,984,916	1,984,916
Investment in an associate company	7	4,577	-	-	-
Property, plant and equipment		3,213,779	2,841,017	64	81
Intangible assets		12,960	18,720	-	-
Deferred tax assets		2,644	13,804	-	-
Total non-current assets		3,771,150	3,575,572	2,205,754	2,214,663
Total assets		8,228,105	7,349,822	2,225,666	2,249,271
Current liabilities					
Trade and other payables	8	1,502,295	1,562,339	4,861	5,242
Notes payables		1,761,250	383,800	-	-
Borrowings		1,403,521	1,765,889	13	11
Convertible shares		-	10,216	-	10,216
Purchase consideration payable	9	113,514	115,729	-	-
Total current liabilities		4,780,580	3,837,973	4,874	15,469
Noncurrent liabilities					
Borrowings		632,563	863,789	14	28
Deferred income tax liabilities		25,997	34,606	-	-
Total non-current liabilities		658,560	898,395	14	28
Total liabilities		5,439,140	4,736,368	4,888	15,497
Net Assets		2,788,965	2,613,454	2,220,778	2,233,774
Capital reserves and non-controlling interests					
Share capital		406,644	405,147	2,112,480	2,110,983
Reserves		2,277,273	2,182,963	108,298	122,791
Equity attributable to owners of the Company		2,683,917	2,588,110	2,220,778	2,233,774
Non-controlling interests		195,433	115,729	-	-
Capital reserve		(90,385)	(90,385)	-	-
Total equity		2,788,965	2,613,454	2,220,778	2,233,774

Notes:

1. Held-to-maturity financial assets

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

The interest rate of the held-to –maturity financial assets ranges from 4.7% to 6.25% per annum and mature within 12 months.

2. Trade and other receivables - current

	The Group	
	31/12/2014	31/12/2013
	RMB'000	RMB'000
Finance lease receivables	20,025	37,858
Trade receivables ⁽¹⁾	56,518	66,172
Notes receivable	564,216	714,618
Due from an investee company	-	23,470
Due from Lai Yuan Bureau of finance	1,473	-
Due from Shijiazhuang New Century Coal Industrial Group Co., Ltd	-	15,000
	<u>642,232</u>	<u>857,118</u>

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

3. Inventories

	The Group	
	31/12/2014	31/12/2013
	RMB'000	RMB'000
Raw materials	425,978	584,564
Work-in-progress	68,783	152,672
Finished goods	118,749	95,628
Production supplies	42,375	36,444
	<u>655,885</u>	<u>869,308</u>

The decrease in inventories was a result of better inventory management and lower raw materials prices during the period under review.

4. Other assets

	The Group	
	31/12/2014	31/12/2013
	RMB'000	RMB'000
Deposits	63	208
Prepayments	328,225	721,745
Entrusted loan to third parties	125,000	125,000
VAT and Tax recoverable	13,658	111,285
Others	168,672	52,093
	<u>635,618</u>	<u>1,010,331</u>
Analysed as:		
Current	601,105	750,417
Non-current	34,513	259,914
	<u>635,618</u>	<u>1,010,331</u>

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

5. Trade and other receivables – non-current

	The Group	
	31/12/2014	31/12/2013
	RMB'000	RMB'000
Finance lease receivables	7,069	25,909
Due from an investee company	22,667	-
Due from Lai Yuan Bureau of Finance	-	1,473
	<u>29,736</u>	<u>27,382</u>

6. Available-for-sale financial assets

	The Group	
	31/12/2014	31/12/2013
	RMB'000	RMB'000
10% equity interest in Hebei Zhongmei Xuyang Coking Co., Ltd	10,000	10,000
2.7% equity interest in Guo Kai Rui Ming (Beijing) Investment Fund Co., Ltd	50,000	50,000
1.6% equity interest in Hengshi Mining Investments Ltd	49,585	51,571
Shan Nan De Lian Heng Tong Investment Harvest Fund Management Co., Ltd ¹	83,500	83,500
	<u>73,856</u>	<u>19,664</u>
	<u>266,941</u>	<u>214,735</u>

Note:-

¹The interest rate of the available-for-sale financial assets ranges from 4.5% to 6.63% per annum.

7. This refers to the Company's 49% equity stake in Xingtai Xilan Zhongde Natural Gas Sales Co., Ltd.
8. Trade and other payables (Current and Non-Current)

	The Group	
	31/12/2014	31/12/2013
	RMB'000	RMB'000
Trade payables to:		
- Third parties	693,044	607,324
VAT and other taxes payable	1,201	27,216
Payable to contractors for construction-in-progress	55,740	36,501
Advances from customers ⁽¹⁾	454,203	636,406
Other accrual for operating expenses	4,717	19,950
Accrual for interest expense	17,470	25,619
Accrual for staff cost	46,188	50,435
Due to directors (non-trade)	2,163	2,341
Deferred income	17,706	6,846
Deferred government grant	22,340	16,189
Rental from customers	4,629	12,841
Other payables	182,894	120,671
	<u>1,502,295</u>	<u>1,562,339</u>

Notes:

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

9. This represents the Group's future estimated obligation to acquire the remaining 20% interest in Aoyu Steel.

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debts securities, specify the following as at the end of the financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

As at 31/12/2014	As at 31/12/2013
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
654,041	749,480	1,056,136	719,969

Amount repayable after one year

As at 31/12/2014	As at 31/12/2013
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
621,633	10,930	200,000	663,789

Details of any collateral

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

As at 31 December 2014, the Group's bank borrowings of approximately RMB1,102.8 million (2013: RMB 1,134.0 million) were guaranteed by third parties. In return, the Group has provided guarantees to banks for borrowings of these third parties amounted to approximately RMB300.0 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	
		31/12/2014	31/12/2013	31/12/2014	31/12/2013
		RMB '000	RMB '000	RMB '000	RMB '000
Cash flows from operating activities:					
Profit/(loss) after income tax		29,600	(49,048)	94,862	(21,463)
Adjustments for:					
Depreciation		93,037	142,457	456,060	500,501
(Reversal)/Impairment charge on property, plant and equipment		(38,273)	(16,899)	(38,273)	69,800
Amortisation of intangible asset		1,440	1,440	5,760	5,760
Allowance for doubtful debts		7,132	4,610	7,132	33,060
Loss on disposal of property, plant and equipment		20,794	308	31,876	10,041
Gain on early redemption of convertible shares		-	-	-	(7,177)
Fair value loss/(gain) on financial assets, fair value through profit or loss		-	2	(23)	137
Gain on disposal financial assets, fair value through profit or loss		-	-	(15)	-
Loss on change in fair value convertible shares		-	33	314	3,592
Exchange (gain)/loss on convertible shares		63	(455)	(1,078)	(3,988)
Fair value changes on purchase considerable payable		(4,686)	(1,440)	(2,215)	5,604
Share of loss of an associate company		323	-	323	-
Allowance/(reversal) for inventories		10,652	(21,132)	10,652	(21,132)
Interest income		(27,113)	(13,619)	(85,218)	(61,573)
Interest expense		48,358	47,749	228,932	194,218
Income tax expense		36,991	(5,826)	75,853	36,050
Unrealised currency translation (gain)/loss		1,640	8,575	448	12,387
		150,358	145,803	690,528	777,280
Operating cash flow before working capital changes		179,958	96,755	785,390	755,817
Bank balances pledged		(161,445)	(463,334)	(704,804)	(515,831)
Receivables		82,632	(398,980)	594,216	277,212
Inventories		83,157	(53,540)	202,771	(89,514)
Payables		254,639	542,308	1,317,406	(97,896)
		258,983	(373,546)	1,409,589	(426,029)
Cash generated from/ (used in) operating activities		438,941	(276,791)	2,194,979	329,788
Income tax paid		(32,813)	(24,159)	(78,725)	(91,175)
Net cash generated from/(used in) operating activities		406,128	(300,950)	2,116,254	238,613
Cash flows from investing activities:					
Purchases of property, plant and equipment		(94,697)	(87,402)	(840,097)	(323,783)
Proceeds on disposal of property, plant and equipment		17,154	-	17,379	248
Proceeds on disposal of financial assets, fair value via profit or loss		-	28,696	442	10,000
Proceeds on disposal of available-for-sale financial assets		122,025	-	-	-
Purchases of available-for-sale financial assets		-	-	(54,194)	(362,304)
Investment in an associate company		-	-	(4,900)	-
Capital contribution by non-controlling interest		17,360	-	77,050	-
Interest received		27,112	13,619	85,217	61,573
Net cash generated from/(used in) investing activities		88,954	(45,087)	(719,103)	(614,266)
Cash flows from financing activities:					
Proceeds from borrowings		1,505,470	1,202,468	2,196,707	3,935,752
Repayments of borrowings		(1,407,456)	(1,683,008)	(2,790,301)	(3,533,076)
Repayment of convertible bonds		(12,579)	(6,811)	(12,579)	(106,638)
Interest paid		(48,267)	(47,425)	(228,413)	(187,476)
Net cash generated from/(used in) financing activities		37,168	(534,776)	(834,586)	108,562
Net increase/(decrease) in cash and cash equivalents		532,250	(880,813)	562,565	(267,091)
Cash and cash equivalents at beginning of the period		404,021	1,256,616	373,706	642,894
Effect of currency translation on cash and cash equivalents		(650)	(2,097)	(650)	(2,097)
Cash and cash equivalents at end of the period		935,621	373,706	935,621	373,706

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

The Group	Share capital	Capital reserve	Fair value reserve	Translation reserve	Statutory reserve	Retained earnings	Total	Capital reserve	Non-controlling interest	Total equity
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2014	405,147	253,324	(8,869)	6,587	141,072	1,790,849	2,588,110	(90,385)	115,729	2,613,454
Issue of shares pursuant to exercise of convertible shares	628	(628)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	3,384	(4,589)	-	(65,025)	(66,230)	-	(1,284)	(67,514)
Balance as at 31 March 2014	405,775	252,696	(5,485)	1,998	141,072	1,725,824	2,521,880	(90,385)	114,445	2,545,940
Total comprehensive income/(loss) for the period	-	-	(5,870)	(152)	-	71,185	65,163	-	3,182	68,345
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	59,690	59,690
Balance as at 30 June 2014	405,775	252,696	(11,355)	1,846	141,072	1,797,009	2,587,043	(90,385)	177,317	2,673,975
Total comprehensive income/(loss) for the period	-	-	1,260	3,261	-	59,131	63,652	-	(1,927)	61,725
Balance as at 30 September 2014	405,775	252,696	(10,095)	5,107	141,072	1,856,140	2,650,695	(90,385)	175,390	2,735,700
Issue of shares pursuant to exercise of convertible shares	869	(3,478)	-	-	-	-	(2,609)	-	-	(2,609)
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	26,040	26,040
Total comprehensive income/(loss) for the period	-	-	(760)	994	-	35,597	35,831	-	(5,997)	29,834
Balance as at 31 December 2014	406,644	249,218	(10,855)	6,101	141,072	1,891,737	2,683,917	(90,385)	195,433	2,788,965

The Group

	Share capital RMB '000	Capital reserve RMB'000	Fair value reserve RMB'000	Translation reserve RMB '000	Statutory reserve RMB '000	Retained earnings RMB '000	Total RMB '000	Capital reserve RMB '000	Non-controlling interest RMB '000	Total equity RMB '000
Balance as at 1 January 2013	405,147	249,218	-	(3,700)	141,072	1,792,333	2,584,070	(90,385)	110,125	2,603,810
Adjustment in respect of prior years	-	-	-	-	-	25,583	25,583	-	-	25,583
Total comprehensive income for the period	-	-	-	3,131	-	45,489	48,620	-	1,953	50,573
Balance as at 31 March 2013	405,147	249,218	-	(569)	141,072	1,863,405	2,658,273	(90,385)	112,078	2,679,966
Total comprehensive income/(loss) for the period	-	-	-	5,005	-	(14,260)	(9,255)	-	755	(8,500)
Balance as at 30 June 2013	405,147	249,218	-	4,436	141,072	1,849,145	2,649,018	(90,385)	112,833	2,671,466
Total comprehensive in (loss)/income for the period	-	-	-	(469)	-	(10,688)	(11,157)	-	4,336	(6,821)
Balance as at 30 September 2013	405,147	249,218	-	3,967	141,072	1,838,457	2,637,861	(90,385)	117,169	2,664,645
Total comprehensive (loss)/income for the period	-	-	(8,869)	2,620	-	(47,608)	(53,857)	-	(1,440)	(55,297)
Recognition the expiration of put option in respect of the convertible shares	-	4,106	-	-	-	-	4,106	-	-	4,106
Balance as at 31 December 2013	405,147	253,324	(8,869)	6,587	141,072	1,790,849	2,588,110	(90,385)	115,729	2,613,454

<u>The Company</u>	Share capital	Capital reserve	Retained earnings	Total
	RMB '000	RMB '000	RMB '000	RMB '000
Balance as at 1 January 2014	2,110,983	253,324	(130,533)	2,233,774
Issue of shares pursuant to exercise of convertible shares	628	(628)	-	-
Total comprehensive income for the period	-	-	3,485	3,485
Balance as at 31 March 2014	2,111,611	252,696	(127,048)	2,237,259
Total comprehensive loss for the period	-	-	(544)	(544)
Balance as at 30 June 2014	2,111,611	252,696	(127,592)	2,236,715
Total comprehensive loss for the period	-	-	(7,586)	(7,586)
Balance as at 30 September 2014	2,111,611	252,696	(135,178)	2,229,129
Issue of shares pursuant to exercise of convertible shares	869	(3,478)	-	(2,609)
Total comprehensive loss for the period	-	-	(5,742)	(5,742)
Balance as at 31 December 2014	2,112,480	249,218	(140,920)	2,220,778

The Company

	Share capital RMB '000	Capital reserve RMB '000	Retained earnings RMB '000	Total RMB '000
Balance as at 1 January 2013	2,110,983	249,218	(107,113)	2,253,088
Total comprehensive loss for the period	-	-	(12,714)	(12,714)
Balance as at 31 March 2013	2,110,983	249,218	(119,827)	2,240,374
Total comprehensive loss for the period	-	-	(22,732)	(22,732)
Balance as at 30 June 2013	2,110,983	249,218	(142,559)	2,217,642
Total comprehensive income for the period	-	-	17,556	17,556
Balance as at 30 September 2013	2,110,983	249,218	(125,003)	2,235,198
Recognition the expiration of put option in respect to the convertible shares	-	4,106	-	4,106
Total comprehensive income for the period	-	-	(5,530)	(5,530)
Balance as at 31 December 2013	2,110,983	253,324	(130,533)	2,233,774

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	31/12/2014	31/12/2013
Number of ordinary shares as at 1 October	550,718,995	550,437,849
Shares arising from the conversion of convertible shares	194,640	-
Number of ordinary shares as at 31 December	550,913,635	550,437,849

Changes in the Convertible shares of the Company for 4th Quarter Ended	31/12/2014	31/12/2013
Number of convertible shares as at 1 October	3,081,799	3,362,945
Conversion of convertible shares ¹	(194,640)	-
Redemption of convertible shares ¹	(2,887,159)	-
Number of convertible shares as at 31 December	-	3,362,945

Note: ¹ Please refer to the Company's announcements dated 21 November 2014 and 24 November 2014, respectively for details.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The Company has no treasury shares.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not Applicable

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been reviewed or audited by our auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not Applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has followed the same accounting policies and methods of computation in the financial statements for the current period with those adopted in the most recent audited financial statements for the year ended 31 December 2013.

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

Not Applicable.

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

	The Group			
	4 th Quarter Ended		Year Ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit/(loss) for the period	35,597	(47,608)	100,888	(27,067)
Basic earnings/(losses) per share (in RMB)	0.06	(0.09)	0.18	(0.05)
Diluted earnings/(losses) per share (in RMB)	0.06	(0.09)	0.18	(0.05)
Weighted average no. of shares outstanding for basic earnings per share ('000)	550,812	550,437	550,709	550,437
Weighted average no. of shares outstanding for diluted earnings per share ('000)	550,812	550,437	550,709	550,437

Explanatory Notes:

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

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

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

	The Group		The Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net Asset Value per share (RMB)	4.87	4.70	4.03	4.06

Net asset value per share for the Group and Company is calculated based on 550,913,635 and 550,437,849 ordinary shares in issue as at 31 December 2014 and 31 December 2013, respectively.

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

(a) **Review of income statement of the Group**

4Q2014 vs 4Q2013

Revenue

Group revenue decreased by RMB764.5 million or 26.9% from RMB2,840.4 million in 4Q2013 to RMB2,075.9 million in 4Q2014. The decrease in revenue was principally attributed to a significant decrease in the average selling prices of Hot Rolled Coils ("HRC") and overall lower sales volume in 4Q2014. This was mainly due to the continued weak operating environment and intense competition in the steel industry in PRC in 4Q2014 as compared to the previous corresponding period.

In 4Q2014, the Group sold 847,019 tonnes of HRC and 306 tonnes of steel billets, compared to 662,124 tonnes of HRC and 269,168 tonnes of steel billets in 4Q2013. Overall sales quantity decreased by 83,967 tonnes or 9.0%.

Following the completion of the 8-month technical enhancement at Aoyu Steel in May 2014, which equipped Aoyu Steel with HRC manufacturing facilities, external sales of steel billets have been substantially reduced as steel billets manufactured have been channeled internally to manufacture HRC. HRC, a downstream product, typically enjoys higher prices and margins compared to steel billets.

Cost of sales

Total cost of sales decreased by RMB869.3 million or 31.4%, from RMB2,767.9 million in 4Q2013 to RMB1,898.6 million in 4Q2014. The decrease was primarily due to a significant decrease in prices of raw materials and lower sales volume in 4Q2014 compared to the previous corresponding period.

Gross profit

Gross profit increased by RMB104.8 million, from RMB72.5 million in 4Q2013, to RMB177.3 million in 4Q2014.

Gross profit margin increased by 5.9 percentage points, from 2.6% in 4Q2013, to 8.5% in 4Q2014. The increase was primarily due to the decrease in prices of raw materials, which significantly outpaced the decrease in average selling prices of products sold in 4Q2014.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB17.7 million, from RMB3.1 million in 4Q2013, to RMB20.8 million in 4Q2014. The increase was primarily due to an increase in transportation costs incurred in 4Q2014 as compared to the previous corresponding period. In view of the intense competition in the steel industry, the Group started product delivery to certain customers.

Administrative expenses

Administrative expenses decreased by RMB12.8 million, from RMB88.6 million in 4Q2013, to RMB75.8 million in 4Q2014, primarily due to reversal of RMB11.8 million sewage and environmental impact assessment fee overprovided in 3Q2014.

Finance expenses

Finance expenses increased by RMB0.7 million, from RMB47.7 million in 4Q2013, to RMB48.4 million in 4Q2014. The increase was mainly due to higher interest rates on bank borrowings in 4Q2014 compared to

the previous corresponding period. The increase was partially offset by lower interest expense incurred on the convertible shares which the Group had fully redeemed in November 2014.

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 RMB35.6 million in 4Q2014, reversing from a net loss of RMB47.6 million in 4Q2013. The net profit margin was 1.7% in 4Q2014.

FY2014 vs FY2013

Revenue

Group revenue decreased by RMB2,024.1 million or 17.5%, from RMB11,547.7 million in FY2013, to RMB9,523.6 million in FY2014. The decrease in revenue was principally attributed to the significant decrease in volume and average selling prices of products sold in FY2014 compared to the previous corresponding period.

In FY2014, the Group sold 2,921,210 tonnes of HRC and 437,331 tonnes of steel billets as compared to 2,706,298 tonnes of HRC and 975,116 tonnes of steel billets in FY2013. Overall sales volume decreased by 322,873 or 8.8% in FY2014.

Cost of sales

Total cost of sales decreased by RMB2,169.9 million or 19.7%, from RMB11,033.4 million in FY2013 to RMB8,863.5 million in FY2014. The decrease was in line with lower volume of products sold as well as a significant decrease in raw materials prices in FY2014 compared to the previous corresponding period.

Gross profit

Gross profit increased by RMB145.8 million or 28.4%, from RMB514.3 million in FY2013, to RMB660.1 million in FY2014.

The gross profit margin increased by 2.4 percentage points, from 4.5% in FY2013 to 6.9% in FY2014. The improvement in gross profit margin despite an erosion in the selling prices of HRC was primarily due to better pricing of raw materials.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB43.1 million, from RMB12.7 million in FY2013, to RMB55.8 million in FY2014. The increase was primarily due to the increase in transportation costs incurred in FY2014 as compared to the previous corresponding period. In view of the intense competition in the steel industry, the Group started product delivery to certain customers in 3Q2014.

Administrative expenses

Administrative expenses decreased by RMB9.5 million, from RMB312.1 million in FY2013, to RMB302.6 million in FY2014. The decrease was primarily due to lower administrative expenses as a result of cost reduction efforts. The decrease was partially offset by pre-operating expenses incurred for a new set up in Thailand.

Finance expenses

Finance expenses increased by RMB34.7 million, from RMB194.2 million in FY2013, to RMB228.9 million in FY2014. The increase was mainly due to the increase in bank borrowings drawdown for working capital purposes and the increase in interest rates on bank borrowings in FY2014 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 RMB100.9 million in FY2014, reversing from a net loss of RMB27.1 million in FY2013. The net profit margin was 1.1% in FY2014.

b) Review of balance sheet of the Group as at 31 December 2014

Current assets

Current assets increased by RMB682.7 million, from RMB3,774.3 million as at 31 December 2013 to RMB4,457.0 million as at 31 December 2014. The increase was primarily attributable to the increase in cash and cash equivalent and bank balances pledged for the issuance of notes payable during the period under review.

The increase was partially offset by a decrease in advance payments made to suppliers for the purchase of raw materials due to volatility in raw materials prices, a decrease in inventories as a result of better inventory management and the decrease in notes receivables which was in line with overall lower revenue in FY2014.

Current liabilities

Current liabilities increased by RMB942.6 million, from RMB3,838.0 million as at 31 December 2013 to RMB4,780.6 million as at 31 December 2014, primarily due to an increase in notes payables for payment to creditors and suppliers. The increase was partially offset by the repayment of bank borrowings and redemption of the convertible shares during the period under review.

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

Working capital

The Group had a negative working capital position of RMB323.6 million as at 31 December 2014. The Group's negative working capital position was mainly due to the use of short-term bank loans to finance its capital expenditure and working capital purposes.

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

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

Non-current assets – Property, plant and equipment

Property, plant and equipment increased by RMB372.8 million, from RMB2,841.0 million as at 31 December 2013 to RM3,213.8 million as at 31 December 2014. The increase was primarily due to the technological and environmental enhancement programmes at Aoyu Steel and Delong Steel as well as the construction in progress in relation to a new plant in Delong (Thailand) Co., Ltd, the Group's 55% -owned subsidiary incorporated in January 2014.

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

Non-Current liabilities

Non-current liabilities decreased by RMB239.8 million, from RMB898.4 million as at 31 December 2013 to RMB658.6 million as at 31 December 2014, primarily due to the repayment of long term borrowings during the period under review.

c) Review of cash flow statement of the Group

4Q2014 vs 4Q2013

Net Cash Generated From Operating Activities

Operating cash flow before working capital changes, increased by RMB83.2 million, from RMB96.8 million in 4Q2013, to RMB180.0 million in 4Q2014, attributable mainly to the increase in operating profit.

Cash generated from operating activities after working capital changes increased by RMB715.7 million, from a negative cash flow position of RMB276.8 million in 4Q2013 to a positive cash flow position of RMB438.9 million in 4Q2014.

The increase was mainly due to the decrease in inventories as a result of better inventory management and the decrease in notes receivables which was in line with overall lower revenue in 4Q2014.

After taking into account of the net cash provided by working capital and income tax paid of RMB32.8 million, the net cash inflow from operating activities was RMB406.1 million in 4Q2014.

Net Cash Generated From Investing Activities

Net cash generated from investing activities was RMB89.0 million in 4Q2014. This was mainly attributable to the proceeds from the disposal of the available-for-sale financial assets, the capital injection by non-controlling interest in Delong (Thailand) Co., Ltd, and interest received from the banks.

This was partially offset by payments for the technological and environmental enhancement programs at Aoyu Steel and Delong Steel as well as the construction in progress in relation to a new plant at Delong (Thailand) Co., Ltd, the Group's 55%-owned subsidiary incorporated in January 2014.

Net Cash Generated From Financing Activities

Net cash generated from financing activities was RM37.2 million in 4Q2014. This was mainly attributable to the drawdown of short-term loans of RMB1,505.5 million for working capital, loan principal and interest repayments of RMB1455.7 million and the redemption of the convertible shares of RMB12.6 million during the period under review.

FY2014 vs FY2013

Net Cash Generated From Operating Activities

Cash generated from operating activities after working capital changes increased by RMB1,865.2 million, from RMB329.8 million in FY2013, to RMB2,195.0 million in FY2014. The increase was mainly due to the increase in notes payables for payment to creditors and suppliers, the decrease in notes receivables which was in line with overall lower revenue in FY2014 and lower inventories as a result of better inventory management. The increase was partially offset by the increase in bank balances pledged for the issuance of notes payables,

After taking into account of the net cash used for working capital and income tax paid of RMB78.7 million, the net cash inflow from operating activities was RMB2,116.3 million in FY2014.

Net Cash Used In Investing Activities

Net cash used in investing activities was RMB719.1 million in FY2014. This comprised principally payments for the technological and environmental enhancement programs at Aoyu Steel and Delong Steel as well as the construction in progress in relation to a new plant at Delong (Thailand) Co., Ltd, the Group's 55%-owned subsidiary incorporated in January 2014. The Group also invested RMB54.2 million in available-for-sale financial assets during the period under review.

This was partially offset by the capital injection by non-controlling interest in Delong (Thailand) Co., Ltd and interest received from the banks.

Net Cash Generated From Financing Activities

Net cash used in financing activities was RMB834.6 million in FY2014. This was mainly attributable to the drawdown of short-term loans of RMB2,196.7 million for working capital, loan principal and interest repayments of RMB3,018.7 million and the redemption of the convertible shares of RMB12.6 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 is of the view that its financial results for 4Q2014 are in line with the commentary in the results announcement for the three months ended 30 September 2014.

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

The PRC economy is experiencing slowing growth with GDP growth for 2014 at 7.4%. This is at the lowest level the country has seen in 24 years. Demand on the manufacturing front also remains weak, with the HSBC Purchasing Managers' Index (PMI) for January 2015 coming in at only 49.7 points, below the 50.0 level that separates growth from contraction.

The weak macro environment, compounded by an oversupply of steel products in the PRC, are contributing to intense market competition and price competition amongst steel manufacturers, which has continued to weigh down on the PRC steel industry.

The Board is of the view that the Group's operating environment will remain very challenging and will affect the Group's performance and margins.

Mounting concerns over industrial pollution in the PRC and the ongoing haze issue will also continue to 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 waste resource utilisation. The Group will also continue to practice prudent cost management and seek viable opportunities to grow its businesses.

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 2014.

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

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

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

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

31 December 2014	<u>Manufacturing</u>	<u>Other</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000
REVENUE			
Sales	13,734,331	-	13,734,331
Inter-segment sales	(4,210,763)	-	(4,210,763)
Sales to external parties	9,523,568	-	9,523,568
Adjusted EBITDA*	815,669	7,084	822,753
Depreciation and amortisation	(460,334)	(1,486)	(461,820)
Impairment loss for property, plant and equipment	38,273	-	38,273
Unallocated:			
Finance expense			(228,932)
Share of loss of an associate company			(323)

Loss on change in fair value of convertible shares			(314)
Currency exchange gain on convertible shares			1,078
Profit before income tax			<u>170,715</u>

Total assets	<u>8,114,486</u>	<u>113,619</u>	<u>8,228,105</u>
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Total assets include:

Additions to property, plant and equipment	833,458	6,639	840,097
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Total liabilities	<u>5,360,631</u>	<u>78,509</u>	<u>5,439,140</u>
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31 December 2013	<u>Manufacturing</u> RMB'000	<u>Other</u> RMB'000	<u>Total</u> RMB'000
REVENUE			
Sales	15,170,416	-	15,170,416
Inter-segment sales	(3,622,727)	-	(3,622,727)
Sales to external parties	<u>11,547,689</u>	<u>-</u>	<u>11,547,689</u>
Adjusted EBITDA*	765,716	11,577	777,293
Depreciation and amortisation	(506,164)	(97)	(506,261)
Impairment loss for property, plant and equipment	(69,800)	-	(69,800)
Unallocated:			
Finance expense			(194,218)
Gain on early redemption of convertible shares			7,177
Loss on change in fair value of convertible shares			(3,592)
Currency exchange gain on convertible shares			3,988
Profit before income tax			<u>14,587</u>

Total assets	<u>7,022,991</u>	<u>326,831</u>	<u>7,349,822</u>
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Total assets includes:

Additions to property, plant and equipment	323,783	-	323,783
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Total liabilities	<u>4,692,930</u>	<u>43,438</u>	<u>4,736,368</u>
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*EBITDA refers to earnings before interest, tax, depreciation and amortisation.

By Geographical Segmentation - FY2014 and FY2013

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

	FY2014	FY2013	Increase/ (Decrease)
	RMB'000	RMB'000	%
Sales reported for first half year	4,902,692	5,847,764	(16.2)
Profit after exceptional items, non-controlling interest and tax reported for the first half year	8,058	31,229	(76.3)
Sales reported for second half year	4,620,876	5,699,925	(18.9)
Profit/(loss) after exceptional items, non-controlling interest and tax reported for the second half year	92,830	(58,296)	n.m

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

N.A

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

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**

There were no interested party transactions for the year ended 31 December 2014.

BY ORDER OF THE BOARD

Ding Ligu
Executive Chairman

