



DELONG HOLDINGS LIMITED

(REG. NO. 199705215G)

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Statement Pursuant to SGX Listing Rule 705(5) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors, which may render the unaudited interim consolidated financial results of Delong Holdings Limited for the third quarter ended 30 September 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors

Mr. Ding Liguo
Chairman

Mr. Zuo Shuowen
Executive Director

Singapore
12 November 2015

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

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

		The Group					
		3 rd Quarter Ended		Increase	9 Months Ended		Increase
		30/09/2015	30/09/2014	(Decrease)	30/09/2015	30/09/2014	(Decrease)
Note		RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Sales	1,608,615	2,544,968	(36.8)	5,225,289	7,447,660	(29.8)
	Cost of sales	(1,621,702)	(2,316,315)	(30.0)	(5,089,332)	(6,964,929)	(26.9)
	Gross (loss)/profit	(13,087)	228,653	n.m	135,957	482,731	(71.8)
	Other Income	34,117	20,016	70.4	79,159	61,254	29.2
	Other (losses)/gains-net	(2,489)	3,561	n.m	766	2,562	(70.1)
	Expenses						
	-Distribution and marketing	(14,507)	(22,782)	(36.3)	(52,724)	(34,978)	50.7
	-Administrative	(73,910)	(85,414)	(13.5)	(205,252)	(226,871)	(9.5)
	-Finance	(40,288)	(63,078)	(36.1)	(136,070)	(180,574)	(24.6)
	Share of loss of an associate	(46)	-	n.m	(169)	-	n.m
	(Loss)/profit before tax	(110,210)	80,956	n.m	(178,333)	104,124	n.m
	Income tax expense	(1,105)	(23,752)	(95.3)	(7,648)	(38,862)	(80.3)
	Net (loss)/profit	(111,315)	57,204	n.m	(185,981)	65,262	n.m
	(Loss)/profit attributable to:						
	Equity holders of the Company	(107,047)	59,131	n.m	(156,984)	65,291	n.m
	Non-controlling interest	(4,268)	(1,927)	121.5	(28,997)	(29)	n.m
		(111,315)	57,204	n.m	(185,981)	65,262	n.m

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net (loss)/profit	(111,315)	57,204	n.m	(185,981)	65,262	n.m
Other comprehensive (loss)/ income:						
Available-for-sale financial assets-fair value (loss)/gain	(19,644)	1,260	n.m	(12,238)	(1,226)	n.m
Currency translation differences	(1,008)	3,261	n.m	(2,950)	(1,480)	99.3
Other comprehensive (loss)/ income for the period, net of tax	(20,652)	4,521	n.m	(15,188)	(2,706)	n.m
Total comprehensive (loss)/ income	(131,967)	61,725	n.m	(201,169)	62,556	n.m
Total comprehensive (loss)/ income attributable to:						
Equity holders of the Company	(127,699)	63,652	n.m	(172,172)	62,585	n.m
Non-controlling interest	(4,268)	(1,927)	121.5	(28,997)	(29)	n.m
	(131,967)	61,725	n.m	(201,169)	62,556	n.m

nm-not meaningful

Notes:-

1 Other Income

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RMB'000	RMB'000	RMB'000	RMB'000
Government Grant ^(a)	13,851	405	13,851	1,214
Finance lease income	264	517	1,108	1,935
Interest income ^(b)	20,002	19,094	64,200	58,105
	<u>34,117</u>	<u>20,016</u>	<u>79,159</u>	<u>61,254</u>

Notes:

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

2 Other (losses)/gains-net

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RMB'000	RMB'000	RMB'000	RMB'000
Gain on disposal of financial assets at fair value through profit and loss	-	-	-	15
Fair value gain- financial assets at fair value through profit or loss	-	-	-	23
Currency translation (loss)/gain-net ^(a)	(5,291)	(5,283)	(7,850)	3,434
Fair value gain on convertible shares ^(b)	-	-	-	68
Fair value changes on purchase considerable payable	-	89	20,152	(2,471)
Gain/(loss) on disposal of property, plant and equipment	2,639	(1,930)	(19,567)	(11,082)
Other ^(c)	163	10,685	8,031	12,575
	<u>(2,489)</u>	<u>3,561</u>	<u>766</u>	<u>2,562</u>

Notes:

- (a) The currency translation loss/gain was mainly due to the revaluation of bank balances and intercompany balances denominated in SGD, which weakened/strengthened against RMB for the third quarter ended 30 September 2015 ("3Q2015") and for the nine months ended 30 September 2015 ("9M2015"), respectively.
- (b) The gain was due to the quarterly revaluation of derivatives embedded to the convertible shares.
- (c) Others comprised the sale of gas, oxygen, electricity, etc.

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

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortization ^(a)	132,689	127,696	350,659	367,343
Salaries and wages ^(b)	100,906	90,916	276,653	277,252
Operating lease rental	88	164	268	563

Notes:

- (a) The decrease in depreciation and amortization in 9M2015 was due to certain assets have been fully depreciated.
- (b) The increase in staff costs in 3Q2015 was mainly due to an increase in headcount with the commencement of our manufacturing operations in Delong (Thailand)., Co Ltd (“Delong Thailand”) in 3Q2015, the Group’s 55%-owned subsidiary.

4. Income Tax Expense

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RMB'000	RMB'000	RMB'000	RMB'000
Tax expense attributable to profit is made up of:				
Current income tax expense				
-Foreign	1,342	27,158	8,449	47,181
-Singapore	(9)	-	147	-
Deferred income tax	(228)	(3,406)	(948)	(8,230)
Under/(over) provision in preceding financial years				
-Current income tax	-	-	-	(89)
	<u>1,105</u>	<u>23,752</u>	<u>7,648</u>	<u>38,862</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	As at	As at	As at
		30/09/2015	31/12/2014	30/09/2015	31/12/2014
Current assets					
Cash and cash equivalents		555,357	935,621	13,205	19,185
Bank balances pledged		1,192,487	1,322,112	-	-
Held-to-maturity financial assets	1	300,000	300,000	-	-
Trade and other receivables	2	525,445	642,232	18	23
Inventories	3	679,815	655,885	-	-
Other assets	4	755,912	601,105	1,168	704
Total current assets		4,009,016	4,456,955	14,391	19,912
Non-current assets					
Bank balances pledged		206,000	206,000	-	-
Trade and other receivables	5	26,343	29,736	210,737	220,774
Other assets	4	24,637	34,513	-	-
Available-for-sale financial assets	6	145,416	266,941	-	-
Investments in subsidiaries		-	-	1,984,916	1,984,916
Investment in an associate	7	4,408	4,577	-	-
Property, plant and equipment		3,194,823	3,213,779	108	64
Intangible assets		8,640	12,960	-	-
Deferred tax assets		2,644	2,644	-	-
Total non-current assets		3,612,911	3,771,150	2,195,761	2,205,754
Total assets		7,621,927	8,228,105	2,210,152	2,225,666
Current liabilities					
Trade and other payables	8	1,365,409	1,502,295	3,688	4,861
Notes payables		1,537,473	1,761,250	-	-
Borrowings		1,531,733	1,403,521	8	13
Purchase consideration payable	9	-	113,514	-	-
Total current liabilities		4,434,615	4,780,580	3,696	4,874
Non-current liabilities					
Borrowings		574,467	632,563	46	14
Deferred income tax liabilities		25,049	25,997	-	-
Total non-current liabilities		599,516	658,560	46	14
Total liabilities		5,034,131	5,439,140	3,742	4,888
Net Assets		2,587,796	2,788,965	2,206,410	2,220,778
Capital reserves and non-controlling interests					
Share capital		406,644	406,644	2,112,480	2,112,480
Reserves		2,108,078	2,277,273	93,930	108,298
Equity attributable to owners of the Company		2,514,722	2,683,917	2,206,410	2,220,778
Non-controlling interests		73,074	195,433	-	-
Capital reserve		-	(90,385)	-	-
Total equity		2,587,796	2,788,965	2,206,410	2,220,778

Notes:

1. Held-to-maturity financial assets

	The Group	
	30/09/2015	31/12/2014
	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	
	30/09/2015	31/12/2014
	RMB'000	RMB'000
Finance lease receivables	14,367	20,025
Trade receivables ⁽¹⁾	43,915	56,518
Notes receivable ⁽²⁾	467,163	564,216
Due from Lai Yuan Bureau of finance	-	1,473
	<u>525,445</u>	<u>642,232</u>

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

⁽²⁾The decrease was in line with lower revenue in 9M2015.

3. Inventories

	The Group	
	30/09/2015	31/12/2014
	RMB'000	RMB'000
Raw materials	245,930	425,978
Work-in-progress	99,536	68,783
Finished goods	242,293	118,749
Production supplies	92,056	42,375
	<u>679,815</u>	<u>655,885</u>

The increase in inventories was primarily due to the consolidation of inventories of Delong Thailand. Delong Thailand commenced production in September 2015.

4. Other assets

	The Group	
	30/09/2015	31/12/2014
	RMB'000	RMB'000
Deposits	63	63
Prepayments	381,719	328,225
Entrusted loan to third parties	125,000	125,000
VAT and tax recoverable	137,518	93,521
Others	136,249	88,809
	<u>780,549</u>	<u>635,618</u>
Analysed as:		
Current	755,912	601,105
Non-current	24,637	34,513
	<u>780,549</u>	<u>635,618</u>

Prepayments comprised deposits and advance payments made to suppliers for the purchase of raw materials, plant and machinery and rent of premises.

5. Trade and other receivables – non-current

	The Group	
	30/09/2015	31/12/2014
	RMB'000	RMB'000
Finance lease receivables	3,676	7,069
Due from an investee company	22,667	22,667
	<u>26,343</u>	<u>29,736</u>

6. Available-for-sale financial assets

	The Group	
	30/09/2015	31/12/2014
	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
1.6% equity interest in Hengshi Mining Investments Ltd	37,348	49,585
Shan Nan De Lian Heng Tong Investment Harvest Fund Management Co., Ltd ¹	83,500	83,500
	14,568	73,856
	<u>145,416</u>	<u>266,941</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

	The Group	
	30/09/2015 RMB'000	31/12/2014 RMB'000
Trade payables to third parties	470,208	693,044
VAT and other taxes payable	24,368	1,201
Payable to contractors for construction-in-progress	68,352	55,740
Advances from customers ⁽¹⁾	464,350	454,203
Other accrual for operating expenses	1,010	4,717
Accrual for interest expense	1,782	17,470
Accrual for staff cost	44,792	46,188
Due to directors (non-trade)	1,715	2,163
Deferred income	5,181	17,706
Deferred government grant	29,377	22,340
Deposit from customers	5,664	4,629
Other payables	248,610	182,894
	<u>1,365,409</u>	<u>1,502,295</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 (the "Balance Equity").

The acquisition of the Balance Equity was completed on 5 May 2015.

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

Amount repayable in one year or less, or on demand

As at 30/09/2015	As at 31/12/2014
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
891,675	640,058	654,041	749,480

Amount repayable after one year

As at 30/09/2015	As at 31/12/2014
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Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
300,293	274,174	621,633	10,930

Details of any collateral

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

As at 30 September 2015, the Group's bank borrowings of approximately RMB1,163.1 million (2014: RMB 1,102.8 million) were guaranteed by third parties. In return, the Group has provided guarantees to banks for borrowings of these third parties amounted to approximately RMB288.0 million.

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

	Note	The Group			
		3 rd Quarter Ended		9 Months Ended	
		30/09/2015	30/09/2014	30/09/2015	30/09/2014
		RMB '000	RMB '000	RMB '000	RMB '000
Cash flows from operating activities:					
(Loss)/profit after income tax		(111,315)	57,204	(185,981)	65,262
Adjustments for:					
Depreciation		131,249	126,256	346,339	363,023
Amortisation of intangible asset		1,440	1,440	4,320	4,320
(Gain)/loss on disposal of property, plant and equipment		(2,639)	1,930	19,567	11,082
Fair value gain on financial assets, fair value through profit or loss		-	-	-	(23)
Gain on disposal of financial assets, fair value through profit or loss		-	-	-	(15)
Fair value gain on convertible shares		-	-	-	(68)
Exchange gain on convertible shares		-	(314)	-	(759)
Fair value changes on purchase considerable payable		-	(89)	(20,152)	2,471
Share of loss of an associate company		46	-	169	-
Interest income		(20,002)	(19,094)	(64,200)	(58,105)
Interest expense		40,288	63,078	136,070	180,574
Income tax expense		1,105	23,752	7,648	38,862
Unrealised currency translation (gain)/loss		11,891	(7,287)	17,207	(1,192)
Operating cash flow before working capital changes		52,063	246,876	260,987	605,432
Bank balances pledged		(246,425)	(466,003)	129,625	(543,359)
Receivables		29,821	296,249	(33,366)	511,584
Inventories		(118,356)	(143,367)	(23,930)	119,614
Payables		(219)	(192,885)	(136,886)	89,367
		(335,179)	(506,006)	(64,557)	177,206
Cash (used in)/generated from operating activities		(283,116)	(259,130)	196,430	782,638
Income tax (paid)/refund		(1,333)	1,912	(8,596)	(45,912)
Net cash (used in)/generated from operating activities		(284,449)	(257,218)	187,834	736,726
Cash flows from investing activities:					
Payments for property, plant and equipment		(68,654)	(247,074)	(367,107)	(745,402)
Proceeds from disposal of financial assets, fair value through profit and loss		-	-	-	442
Proceeds from disposal of property, plant and equipment		-	-	-	225
Proceeds from disposal of available-for-sale financial assets("AFS")		52,201	100,000	109,287	100,000
Purchase of held to maturity financial assets and AFS		-	(205,629)	-	(276,217)
Investment in an associate company		-	-	-	(4,900)
Acquisition of the Balance Equity		-	-	(93,362)	-
Capital contribution by non-controlling interest		-	-	8,615	59,690
Interest received		20,002	19,094	64,200	58,105
Net cash generated from/(used in) investing activities		3,549	(333,609)	(278,367)	(808,057)
Cash flows from financing activities:					
Proceeds from borrowings		240,178	1,107,934	1,302,206	1,664,637
Repayment of borrowings		(249,961)	(649,298)	(1,455,867)	(1,382,845)
Interest paid		(40,288)	(62,942)	(136,070)	(180,146)
Net cash (used in)/generated from financing activities		(50,071)	395,694	(289,731)	101,646
Net (decrease)/increase in cash and cash equivalents		(330,971)	(195,133)	(380,264)	30,315
Cash and cash equivalents at beginning of the period		886,328	599,154	935,621	373,706
Cash and cash equivalents at end of the period		555,357	404,021	555,357	404,021

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 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

<u>The Group</u>	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 (loss)/income for the period	-	-	(5,870)	(152)	-	71,185	65,163	-	3,182	68,345
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	59,690	59,690
Balance as at 30 June 2014	405,775	252,696	(11,355)	1,846	141,072	1,797,009	2,587,043	(90,385)	177,317	2,673,975
Total comprehensive income/(loss) for the period	-	-	1,260	3,261	-	59,131	63,652	-	(1,927)	61,725
Balance as at 30 September 2014	405,775	252,696	(10,095)	5,107	141,072	1,856,140	2,650,695	(90,385)	175,390	2,735,700

The Company

	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

<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

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

Changes in the Share Capital of the Company for 3rd Quarter Ended	30/09/2015	30/09/2014
Number of ordinary shares as at 1 July	550,913,635	550,718,995
Shares arising from conversion of convertible shares	-	-
Number of ordinary shares as at 30 September	550,913,635	550,718,995

Convertible Shares as at	30/09/2015	30/09/2014
Number of shares that may be issued on conversion of all outstanding convertible shares	-	3,081,799

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 2014.

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

Not Applicable

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

	The Group			
	3 rd Quarter Ended		9 Months Ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RMB'000	RMB'000	RMB'000	RMB'000
Net (loss)/profit for the period	(107,047)	59,131	(156,984)	65,291
Basic (losses)/earnings per share (in RMB)	(0.19)	0.11	(0.28)	0.12
Diluted (losses)/earnings per share (in RMB)	(0.19)	0.11	(0.28)	0.12
Weighted average no. of shares outstanding for basic earnings per share	550,913,635	550,718,995	550,913,635	550,650,650
Weighted average no. of shares outstanding for diluted earnings per share	550,913,635	553,800,794	550,913,635	553,732,449

Explanatory Notes:

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

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

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

	The Group		The Company	
	30/09/2015	31/12/2014	30/09/2015	31/12/2014
Net Asset Value per share (RMB)	4.56	4.87	4.01	4.03

Net asset value per share for the Group and Company is calculated based on 550,913,635 ordinary shares in issue as at 31 December 2014 and 30 September 2015.

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

(a) **Financial Review for the third quarter and nine-month ended 30 September 2015**

3Q2015 vs 3Q2014

Revenue

Group revenue decreased by RMB936.4 million or 36.8% from RMB2,545.0 million in 3Q2014 to RMB1,608.6 million in 3Q2015. The decrease in revenue was principally attributed to a significant decrease in the selling prices of Hot Rolled Coils ("HRC") in 3Q2015. This was due to excess capacity in the steel industry which resulted in intensified price competition amongst steel manufacturers in the PRC.

In 3Q2015, the Group sold 902,037 tonnes of HRC and 745 tonnes of steel billets as compared to 867,937 tonnes of HRC and 71 tonnes of steel billets in 3Q2014. Overall sales quantity increased by 34,774 tonnes or 4.0%.

Delong Thailand, the Group's 55%-owned subsidiary, commenced the sale of its first batch of HRC in September 2015. Delong Thailand contributed approximately 0.2% to the Group's revenue in 3Q2015.

Cost of sales

Total cost of sales decreased by RMB694.6 million or 30.0%, from RMB2,316.3 million in 3Q2014 to RMB1,621.7 million in 3Q2015. The decrease was primarily due to a significant decrease in prices of raw materials compared to the previous corresponding period, primarily due to rising iron ore supplies and weak demand from steel mills amid a slowing economy in China.

Despite the decrease in prices of raw materials, the cost of sales per tonne did not fall in tandem with the decrease in selling prices of HRC per tonne sold during the period under review.

Gross loss

Gross loss was RMB13.1 million in 3Q2015 compared to the gross profit of RMB228.7 million in 3Q2014, primarily due to the significant decrease in selling prices of products sold in 3Q2015 and higher cost of sales as described above.

Distribution and marketing expenses

Distribution and marketing expenses decreased by RMB8.3 million, from RMB22.8 million in 3Q2014, to RMB14.5 million in 3Q2015. The decrease is primarily due to lower transportation costs associated with the delivery of Aoyu Steel's HRC products to customers in the PRC, in line with the lower sales volume recorded by Aoyu Steel in 3Q2015.

Administrative expenses

Administrative expenses decreased by RMB11.5 million, from RMB85.4 million in 3Q2014, to RMB73.9 million in 3Q2015. The decrease in administrative expenses was primarily due to the decrease in sewage and environmental impact assessment fee, headcount and related cost, and administrative expenses as a result of cost cutting measures.

Finance expenses

Finance expenses decreased by RMB22.8 million from RMB63.1 million in 3Q2014 to RMB40.3 million in 3Q2015. The decrease was mainly due to the decrease in bank borrowings (including notes payables) drawdown for working capital purposes and interest rates on bank borrowings in 3Q2015, following the PRC's central bank interest rate cuts since November 2014 to spur the slowing economy in China.

Net loss

Reflecting the decrease in revenue and higher cost of sales in 3Q2015, the Group posted a net loss after tax and non-controlling interest of RMB107.0 million in 3Q2015, compared to a net profit of RMB59.1 million.

9M2015 vs 9M2014**Revenue**

Group revenue decreased by RMB2,222.4 million or 29.8%, from RMB7,447.7 million in 9M2014, to RMB5,225.3 million in 9M2015. The decrease in revenue was principally attributed to the significant decrease in the selling prices of HRC and lower sales volume due to low demand for the entire industry in 9M2015 compared to the previous corresponding period.

In 9M2015, the Group sold 2,490,854 tonnes of HRC and 1,096 tonnes of steel billets as compared to 2,074,830 tonnes of HRC and 441,000 tonnes of steel billets in 9M2014. Overall sales volume decreased by 23,880 tonnes or 0.9%.

Cost of sales

Total cost of sales decreased by RMB1,875.6 million or 26.9%, from RMB6,964.9 million in 9M2014 to RMB5,089.3 million in 9M2015. The decrease was primarily due to the significant decrease in prices of raw materials and lower sales volume in 9M2015 as mentioned above compared to the previous corresponding period.

Gross profit

Gross profit decreased by RMB346.7 million or 71.8%, from RMB482.7 million in 9M2014, to RMB136.0 million in 9M2015.

The gross profit margin decreased by 3.9 percentage points, from 6.5% in 9M2014 to 2.6% in 9M2015. The reduction in gross profit margin was primarily due to an erosion in the selling prices of HRC, despite better pricing of raw materials.

Distribution and marketing expenses

Distribution and marketing expenses increased by RMB17.7 million, from RMB35.0 million in 9M2014, to RMB52.7 million in 9M2015. The increase in distribution and marketing expenses was primarily due to higher transportation costs in 9M2015 as compared to the previous corresponding period.

The Group's subsidiary, Aoyu Steel, provides delivery of its HRC products to its customers, and has been providing the service since it commenced HRC manufacturing in 2Q2014. Prior to that, sale of Aoyu Steel's lower margin steel billets products were ex-factory.

Administrative expenses

Administrative expenses decreased by RMB21.6 million, from RMB226.9 million in 9M2014, to RMB205.3 million in 9M2015. The decrease in administrative expenses was primarily due to the decrease in sewage and environmental impact assessment fee, headcount and related cost and administrative expenses as a result of cost cutting measures.

Finance expenses

Finance expenses decreased by RMB44.5 million, from RMB180.6 million in 9M2014, to RMB136.1 million in 9M2015. The decrease was mainly due to the decrease in bank borrowings drawdown for working capital purposes and interest rates on bank borrowings in 9M2015 compared to the previous corresponding period.

Net loss

As a result of lower operating profit and after taking into account taxation and non-controlling interest, the Group reported a net loss of RMB157.0 million in 9M2015 compared to a net profit of RMB65.3 million in 9M2014.

(b) Review of balance sheet of the Group as at 30 September 2015

Current assets

Current assets decreased by RMB448.0 million, from RMB4,457.0 million as at 31 December 2014 to RMB4,009.0 million as at 30 September 2015, primarily due to a decrease in bank balances pledged as security for the issuance of notes payables, and lower notes receivable which was in line with lower revenue in 3Q2015.

The decrease was partially offset by an increase in advance payments made to contractors for the purchase of plant and equipment and technological enhancement programmes to upgrade production facilities as well as the increase in inventories with the commencement of production at Delong Thailand in September 2015.

Current liabilities

Current liabilities decreased by RMB346.0 million, from RMB4,780.6 million as at 31 December 2014 to RMB4,434.6 million as at 30 September 2015, primarily due to repayments of trade payables and notes payables for the period under review.

Working capital

The negative working capital position was RMB425.6 million as at 30 September 2015. The Group's negative working capital position was mainly due to the use of short-term bank loans to finance its capital expenditure and working capital purposes.

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

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

Non-current assets – Property, plant and equipment

Property, plant and equipment decreased by RMB19.0 million, from RMB3,213.8 million as at 31 December 2014 to RMB3,194.8 million as at 30 September 2015, primarily due to the depreciation charges for the period under review.

The decrease was partially offset by the technological and environmental enhancement programmes at Delong Steel and Aoyu Steel as well as the construction of a new plant in Thailand – Delong (Thailand) Co., Ltd (“Delong Thailand”).

Non-Current liabilities

Non-current liabilities decreased by RMB59.1 million, from RMB658.6 million as at 31 December 2014 to RMB599.5 million as at 30 September 2015, primarily due to the repayment of long term bank borrowings and non-current portion of borrowings now reclassified to current liabilities.

(c) Review of cash flow statement of the Group

3Q2015 vs 3Q2014

Net Cash Used In Operating Activities

Operating cashflow before working capital changes decreased by RMB194.8 million, from RMB246.9 million in 3Q2014 to RMB52.1 million in 3Q2015, primarily due to the decrease in operating profit. Net cash used for working capital was RMB335.2 million in 3Q2015, attributable mainly to bank balances pledged as security for the issuance of notes payable for payments to suppliers, and the increase in inventories with the commencement of production at Delong Thailand.

After taking into account of the net cash used for working capital and income tax paid of RMB1.3 million, the net cash used in operating activities was RMB284.4 million in 3Q2015.

Net Cash Generated from Investing Activities

Net cash generated from investing activities was RMB3.5 million in 3Q2015. This comprised principally the proceeds from the disposal of available-for-sale financial assets and interest received from banks.

The increase was partially offset by the progress payments for the technical enhancements to upgrade production facilities at Delong Steel and Aoyu Steel, and the construction of a new plant at Delong (Thailand) Co., Ltd.

Net Cash Used In Financing Activities

Net cash used in financing activities was RMB50.1 million in 3Q2015. This was mainly attributable to the drawdown of bank borrowing of RMB240.2 million for working capital purposes, loan principal and interest repayments of RMB290.3 million.

9M2015 vs 9M2014

Net Cash Generated From Operating Activities

Operating cashflow before working capital changes decreased by RMB344.4 million, from RMB605.4 million in 9M2014 to RMB261.0 million in 9M2015, primarily due to the decrease in operating profit. Net cash used for working capital was RMB64.6 million in 9M2015, attributable mainly to the increase in inventories, prepayments to suppliers for the procurement of plant and machinery as well as payments made to suppliers during the period under review.

After taking into account of the net cash used for working capital and income tax paid of RMB8.6 million, the net cash generated from operating activities was RMB187.8 million.

Net Cash Used in Investing Activities

Net cash used in investing activities was RMB278.4 million in 9M2015. This comprised principally the progress payments for the technical enhancements to upgrade production facilities at Delong Steel and Aoyu Steel, the construction of a new plant at Delong (Thailand) Co., Ltd, and payment of RMB93.4 million for the acquisition of the remaining 20% stake in Aoyu Steel.

The decrease was partially offset by the proceeds from the disposal of available for sale financial assets, interest received from the banks and capital injection by non-controlling interest in Delong Thailand.

Net Cash Used In Financing Activities

Net cash used in financing activities was RMB289.7 million in 9M2015. This was mainly attributable to the drawdown of bank borrowings of RMB1,302.2 million, loan principal and interest repayments of RMB1,591.9 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 4 November 2015 that the Company would report a net loss for the three months ended 30 September 2015.

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

Based on information from The World Steel Association, Chinese steel demand is expected to fall 3.5% to 685.9 million tons this year, marking its first year of decline since 1995. Further, the persisting oversupply condition, together with a significant contraction in steel demand, is contributing to intensified market competition and price competition between steel manufacturers.

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.

Operationally, Delong Thailand, the Group's 55%-owned maiden joint-venture plant in Thailand, commenced operation in 3Q2015. Delong Thailand delivered its first batch of HRC in September 2015, and will progressively ramp up production over the coming months.

In view of the above, the Group expects its outlook to remain very challenging over the short and medium term and will continue to practice prudent cost management.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(C) Date payable and Book Closure Date

N.A.

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

The Board of Directors of the Company does not recommend that a dividend be paid for the third quarter 30 September 2015.

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

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

N.A

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

N.A

15. A breakdown of Sales

N.A

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

N.A

17. Interested person transactions

There were no interested person transactions for the nine-month ended 30 September 2015.

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

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

BY ORDER OF THE BOARD

Ding Ligu
Executive Chairman