



Bengang Steel Plates Co., Ltd.

Annual Report 2015

April 2016

Chapter I. Important Prompts, Table of Contents, and Definitions

The Board of Directors, The Supervisory Committee, the supervisors and the directors of the Company guarantee that there are no significant omissions, fictitious or misleading statements carried in the Report and we will accept individual and joint responsibilities for the truthfulness, accuracy and completeness of the Report.

Mr.Zhao Zhongmin, The Company leader, Mr.Han Ge , Chief financial officer and the Mr.Wang Shaoyu, the person in charge of the accounting department (the person in charge of the accounting)hereby confirm the authenticity and completeness of the financial report enclosed in this annual report.

All of the directors attended the board meeting on which this report was examined.

The prospective statements contained in the annual report do not constitute any substantial commitment to the investors. Investors please be aware of the risks attached to investment decisions.

In the fourth chapter of this report---”The Management’s Discussion and Analysis--Expectation on the Company’s Future Development”, it describes the risks the company may face in its future operation, so it’s advised that all investors should look it up.

This report is prepared both in versions of Chinese and English. The Chinese version shall prevail when there are any controversial statements in the two versions.

The Company will not distribute cash dividend or bonus shares, neither capitalizing of common reserves for the report period.

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Definition

Terms to be defined	Refers to	Definition
Bengang Bancai, Bengang Steel, the Company, the Listed Company	Refers to	Bengang Steel Plates Co., Ltd.
Bengang Group	Refers to	Bengang Group Co., Ltd.
Bengang Co.	Refers to	Benxi Steel (Group) Co., Ltd.
Liaoning Provincial State-asset Administration	Refers to	Liaoning State-owned Asset Supervisory and Management Committee
SSE	Refers to	Shenzhen Stock Exchange
Bengang Puxiang	Refers to	Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.

II. Basic Information of the Company and Financial index

I .Company Information

Stock ID	Bengang Bancai, Bengangban B	Stock Code	000761、200761
Stock Exchange Listed in	Shenzhen Stock Exchange		
Name in Chinese	本钢板材股份有限公司		
Chinese abbreviation	本钢板材		
English name (If any)	BENGANG STEEL PLATES CO.,LTD.		
English abbreviation (If any)	BSP		
Legal representative:	Zhao Zhongmin		
Reg. Add.	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province		
Post Code	117000		
Office address	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province		
Post Code:	117000		
Web Address	None		
Email.	bgbc761@126.com		

II .Contact person and contact manner

	Secretary of the Board	Representative of Stock Affairs
Name	Sun Yanbin	Tong Weigang
Address	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province
Tel.	024-47828860	024-47827003
Fax.	024-47827004	024-47827004
Email.	hgbcasyb@126.com	bgbc761@126.com

III. Place for information disclosure

Press media for information disclosure	China Securities Journal, Securities Times, Hong Kong Commercial Daily
Web address for the annual report as assigned by CSRC.	http://www.cninfo.com.cn
Place for inquiry of the annual report	Secretary Office of the Board, Bengang Steel Plate Co., Ltd.

IV. Change of Business Registration

Organization Code	24269024-3
Changes in principal business activities since listing (if any)	No change
Changes is the controlling shareholder in the past (is any)	No change

V. Miscellaneous information

CPA hired by the Company

Name of the CPA	BDO China Shu Lun Pan Certified Public Accountants LLP
Address of the CPA	Address: 4/F 61 Nanjing Rd. East, Huangpu, Shanghai
Name of CPA signed on the auditors' report	Wu Xue, Zhang Huice

Sponsoring institution hired by the Company, which is responsible to overseeing the Company's operation on a continuous basis:

Applicable; Not applicable

Financial consultancy institution hired by the Company, which is responsible to overseeing the Company's operation on a continuous basis:

Applicable; Not applicable

VI. Summary of Accounting data and Financial index

May the Company make retroactive adjustment or restatement of the accounting data of the previous years due to change of the accounting policy and correction of accounting errors.

Yes No

	2015	2014	Changed over last year (%)	2013
Operating Gross income (RMB)	29,253,638,605.80	41,422,088,025.70	-29.38%	40,329,344,514.29
Net profit attributable to the shareholders of the listed company (RMB)	-3,293,624,545.17	232,804,820.19	-1,514.76%	275,592,999.75
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	-3,452,130,239.63	187,126,217.32	-1,944.81%	56,290,264.91
Cash flow generated by business operation, net (RMB)	-2,305,005,968.10	2,868,140,094.86	-180.37%	2,687,944,078.48
Basic earning per	-1.050	0.074	-1,518.92%	0.088

share(RMB/Share)				
Diluted gains per share(RMB/Share)(RMB/Share)	-1.050	0.074	-1,518.92%	0.088
Net asset earning ratio (%)	-24.11%	1.52%	-25.63%	1.75%
	End of 2015	End of 2014	Changed over last year (%)	End of 2013
Gross assets (RMB)	44,461,643,345.33	49,170,603,030.67	-9.58%	43,050,307,324.66
Net assets attributable to shareholders of the listed company (RMB)	11,934,100,372.02	15,384,562,323.08	-22.43%	15,308,337,697.63

VII. The differences between domestic and international accounting standards

1. Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

Applicable Not applicable

	Net profit attributable to the shareholders of the listed company		Net Assets attributable to the shareholders of the listed company	
	Amount in the reporting period	Amount in the previous period	End of the reporting period	Beginning of the reporting period
According to CAS	-3,293,624,545.17	232,804,820.19	11,934,100,372.02	15,384,562,323.08
Items and amount adjusted according to IAS				

2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

Applicable Not applicable

Applicable Not applicable

	Net profit attributable to the shareholders of the listed company		Net Assets attributable to the shareholders of the listed company	
	Amount in the previous period	End of the reporting period	End of the reporting period	Beginning of the reporting period
According to CAS	-3,293,624,545.17	232,804,820.19	11,934,100,372.02	15,384,562,323.08
Items and amount adjusted according to IAS				

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP(Generally Accepted Accounting Principles) in the period.

3.Accounting data differences between domestic and foreign accounting standards

Applicable Not applicable

VIII.Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	9,571,892,099.49	6,773,023,061.69	5,018,448,900.24	7,890,274,544.38
Net profit attributable to the shareholders of the listed company	71,707,881.99	56,299,254.27	35,104,914.65	-3,456,736,596.08
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	52,169,643.70	53,111,615.06	35,098,170.03	-3,592,509,668.42
Net Cash flow generated by business operation	601,173,782.82	-2,479,304,756.71	478,017,027.96	-904,892,022.17

Whether significant variances exist between the above financial index or the index with its sum and the financial index of the quarterly report as well as semi-annual report index disclosed by the Company.

Yes No

IX.Items and amount of non-current gains and losses

Applicable Not applicable

In RMB

Items	Amount (2015)	Amount (2014)	Amount (2013)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-2,918,523.73	-3,000,928.56	-12,804,674.19	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	136,992,233.61	18,722,224.00	159,439,621.71	
Gain/loss from commissioned investment or assets	7,226,589.08	20,845,473.00	12,600,032.95	
Gain/loss from debt reorganization	12,200,032.42	5,940,400.95	17,709,392.13	
Current net gain/loss of subsidiaries under same control from beginning of term till date of consolidation			33,226,800.18	
Other non-business income and expenditures	5,644,831.10	5,156,149.77	9,465,980.04	

other than the above				
Less: Influenced amount of income tax	639,468.02	710,902.39	-624,726.31	
Influence on minority shareholders' equity (after tax)		1,273,813.90	959,144.29	
Total	158,505,694.46	45,678,602.87	219,302,734.84	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Applicable Not applicable

None of Non-recurring gain /loss items recognized as recurring gain /loss/items as defined by the information disclosure explanatory Announcement No.1- Non –recurring gain/loss in the report period.

III. Outline of Company Business

I .Main Business the Company is Engaged in During the Report Period

(I). During the reporting period, the main businesses of the company are as followings, iron and steel smelting, electricity generation, coal chemical industry, special steel profile, railway, import and export trade, research & development, product sales, etc.,. By introducing the world-advanced equipment technology, the company upgrades the equipments for main steel business and has basically built up a high-quality steel product base of 60 varies and 7,500-odd specifications. Wherein, high value-added and high-tech products take up more than 85%. Its leading products, such as automobile surface plate, household appliance, petroleum pipe line, container plate and boat deck, are widely applied in many fields, including automobile, household appliances, petrochemical engineering, machine manufacturing, energy transportation, architectural decoration, metal parts, etc., and they are exported to more than 60 countries and regions.

During the reporting period, the company strengthens its innovation of marketing service, further matures its system of marketing, research and production, optimizes its regional distribution, stabilizes its distribution channel, and increases the profits generated from varieties, specifications and in different regions. By comparing the benchmark price, purchasing at an appropriate time, replacing the variety, adjusting the structure, infomationizing procurement and other measures, it serves the economic operation. Through a scientific adjustment of production organization model in different production lines and a guiding orientation of "economic operation, cost-reduction and profit-increment", it promotes different working procedures and production to proceed in a stead and smooth manner, while the quality of economic operation is improving steadily.

During the reporting period, the main performance-driving factors are: it deepens enterprise reform roundly, integrates energy medium system to establish a main energy plant, achieves a specialized management of energy medium and economic operation, and the product research institute sets up a broadband salary system which applies to the R&D staff group and uses "Responsibility, technology, contribution ans such factors" to participate in the distribution of salary; it makes clear the guiding ideology, planning target, development principle, implementation approach, development direction, safeguard measures, etc., of the 13th five-year development plan; it quickens the construction of major technical improvement projects, cold-rolled high-strength steel project went into pilot production stage successively, and the 360 square-meter sintering machine is put into use; it improves its technology research and development system, builds a technological innovation platform, perfects its technological management system and incessantly enhances its core competitiveness.

During the reporting period, the contents above had no major changes.

(II) During the reporting period, the iron and steel industry the company is has over-excessive productivity, the overall demand size is shrinking continuously, the market price plunges into a bottom low, the price of rolled steel drops to a lowest point in recent 20 years, and the whole market is suffering losses; the iron and steel enterprises are facing a exacerbating environment. Through a deepening reform and management innovation, it narrows the economic benefit decline extent effectively, and the overall strength of the company maintains above the middle level in the whole industry.

II. Major Changes in Main Assets

1. Major Changes in Main Assets

Main assets	Major changes
Monetary funds	On December 31, 2015, the monetary funds were RMB 5140.4805 million, a decrease of 47.51% compared to the beginning balance of the period, which was mainly due to the increase of cash payments for the purchasing of fixed assets, intangible assets and other long-term assets.
Prepayments	On December 31, 2015, the Prepayments were RMB569.852 million, a decrease of 53.91% compared to the beginning balance of the period, Mainly due to the increase of the settlement of goods payment in advance in the current period
Interest receivable	On December 31, 2015, the Interest receivable were RMB 3.52 million, a decrease of 49.73%, Mainly due to the decrease of the certificates of deposit in the current period.
Other account receivable	On December 31, 2015, the other account receivable were RMB151.6689 million, a decrease of 41.15% compared to the beginning balance of the period, Due to the increase of the recovery of the accounts receivable in the current period.
Engineering material	On December 31, 2015, the Engineering material were RMB 4.1529 million, a decrease of 95.4% compared to the beginning balance of the period, Due to the increase in the occupied use of the project materials in the current period.
Deferred income tax asset	On December 31, 2015, the Deferred income tax asset were RMB641.9311 million, a increase of 253.69% compared to the beginning balance of the period, Due to the deferred deductible loss in the current period.

2. Main Conditions of Overseas Assets

Applicable Not applicable

III. Analysis On core Competitiveness

By focusing on "innovation-driving" orientation, the company puts more emphasis on variety R&D and structural adjustment, improves its technological R&D system, builds a technological innovation platform, perfects its technological management system and incessantly enhances its core competitiveness.

1. Reinforce the efforts on new product R&D. Intensify new product R&D, accelerate structural adjustment and product upgrading, research and develop 111 new products, including ultrahigh strength stamp steel(PH1500), high-strength wheel steel(RS590), gear steel(21NiCrMo5H), high-vanadium centrifugal roller and other products. Wherein, high value-added products take up more than 85%, thus its product structure is becoming streamlined and high-end. It has 35 various kinds of product certifications. 23 products can be supplied in bulk, while 7 products has passed the certifications by international well-known enterprises, such as GM and Toyota.

2. Actively conduct "early involvement of strategic products". With the construction of the third cold rolling factory as an opportunity, the company sets up special work team for tasks, such SMS technology, third cold

rolling quality execution system and PetroChina, Sinopec pipeline engineering, etc. By applying an "early involvement" of high-end automobile steel, household steel, pipeline steel and other strategic products, it ensures the systematicness and consistency of R&D relationship for major steel varieties, thus remarkably improving the efficiency of market development, scientific exploration and contract execution.

3. Accelerate the construction of industry chain-like technological innovation platform. "Liaoning Automobile Steel Industry Technology Innovation Platform" is advancing now. "Benxi Steel-Brilliance-Dongbei University United Laboratory for auto steel" has officially been listed and went into operation. "National and Regional United Engineering Laboratory for Advanced Auto Steel Development and Application Technology" has been upgraded to National Auto Plate engineering laboratory.

4. Strengthen the innovation of the supporting technology for R&D team construction. Relying on academician, expert workstations and post-doctoral R&D workstations, it focuses on national industrial revitalization planning, reinforces key, frontier and fundamental researches and R&D of new materials, and provides high-level external intellectual support. To enhance the product R&D and innovation ability, it further consolidates the internal R&D system construction that is centered on product R&D institute, additionally increases the construction of advanced high-strength product research institute, auto surface technology research institute, user service technology institute, cold rolling (plating) product technology research institute, etc., further refines the varieties of R&D, undertakes to develop high-end steel product and advanced steel manufacture technology and improve the market competitiveness of products.

IV. Management's Discussion and Analysis

I. General

During the reporting period, the macroeconomic growth of China had been continuously slowing, so the business situation of the steel industry was very grim, that the entire industry had a large extent of loss, and the steel plates companies were faced with unprecedented challenges. The total production of pig iron in the year was 9.46 million tons, raw steel of 9.33 million tons, hot-rolled plated was 11.09 million tons, Cool-rolled plates 3.52 million tons, and special steel 680 thousand tons. Reviewing the work of the year, the company mainly focused on the following aspects:

1. Enhanced the innovation of sales service, and the syntheses system of sales-R&D-production was further improved. The company persisted on the market-oriented strategy, focused on the efficiency, actively explored the market, increased the intensity to adjust the products structure, made innovations to the sales management mode, comprehensively explored and expanded the sales channel. Optimized the regional layout, striving to increase the product categories and the scale proportion of products which have profits, so as to adapt the market and meet customers' requirements.

2. Implemented the delicacy management of the costs and comprehensively dug the potentials and increased the efficiency to reduce costs. Adhered to the principle of maximizing economic benefits, optimized procurement strategy and made innovations of production organization mode. Par with the domestic and foreign advanced steel enterprises, actively carried out the work of tapping potential of the key processes, pushed forward the costs control ability to further continuously enhanced.

3. Scientifically and efficiently organized the production, the operation level of the production line was further stably enhanced. Focused on the economic operation and reduce costs by increasing efficiency, scientifically adjusted the organization mode of each production line, promoted the stable and smooth operation of each production line, thus the quality of the economic operation was steadily enhanced.
4. Adhered to making innovations for driving source, and the ability of making innovations and enhancing efficiency on the products was significantly improved. Sparing no efforts to carry out the R&D of the products, the product certification and the key technology breakthrough, actively sought the national policy, deepened the external cooperation, promoted the construction of the R&D platform and effectively raised the ability and the level of making technology innovations transferred into proceeds.
5. Efficiently implemented the transformation of the equipments, and continuously optimized the development layout of the company's strategy. Strictly controlled the investment in fixed assets and soundly and effectively carried out the optimization and transformation and upgrading of the key equipments. Based on the adjustment of the product structure, raised the products grade and impelled the energy conservation and emission reduction, so the energy projects and key energy-saving projects achieved remarkable results.
6. Strengthened the main body responsibility of safety and soundly improved the level of safety management in production. Comprehensively implemented the requirement of safety production as "Same responsibility for party and managing, dual responsibility of one post, jointly supervising and managing", so as to strength the responsibility system of safety production. Comprehensively implemented the special inspection of the safety production, the overhaul of hidden hazards and so forth fundamental works, thus the company realized the goal of "Zero Accident" on big personnel accident, big fire accident and big equipment accident.
7. Implemented according to the environmental laws and regulations, the ecological civilization construction had achieved remarkable results. Fully implemented by conforming to the Law of Environmental Protection and the new standard of pollutant emission, greatly promoted the implementation of key environmental protection projects, actively carried out the comprehensive managing of the factory environments and fully completed the goal of pollutant emission reduction and the blue-sky project of the "Twelfth Five Year Plan".
8. Comprehensively deepened the enterprise reform and constantly consolidated the fundamental management of the company. Constantly optimized the institution and the mechanism on organization structure set-up, process improvement, adjustment of internal organization and so forth aspects, thus effectively improved and smoothed the management structure and raised the efficiency of the management. The company raised the operation efficiency by means of resources integration and organization structure optimization and so forth measures.

II. Main business analysis

1. General

	This report term	Same period last year	Change over same period last year	Cause of change
Turnover	29,253,638,605.80	41,422,088,025.70	-29.38%	
Operation cost	29,811,895,016.85	38,489,119,026.43	-22.54	

Sales expense	919,110,499.37	863,079,137.09	6.49	
Administrative expense	733,933,299.88	899,624,299.29	-18.42	
Financial expenses	1,063,317,455.47	717,292,853.39	48.24%	Increase of exchange loss
Cash flow generated by business operation, net	-4,714,249,257.09	4,874,611,555.66	-196.71%	Due to the increase of cash payments for the purchasing of fixed assets, intangible assets and other long-term assets in the current period.

2. Revenue and cost

(1)Component of Business Income

In RMB

	2015		2014		Increase /decrease
	Amount	Proportion	Amount	Proportion	
Total operating revenue	29,253,638,605.80	100%	41,422,088,025.70	100%	-29.38%
Industry					
Steel rolling business	29,253,638,605.80	100.00%	41,422,088,025.70	100.00%	-29.38%
Products					
Steel plate	27,063,270,882.63	92.51%	37,864,959,678.06	91.41%	1.10%
Steel billet			10,347,159.33	0.02%	-0.02%
Other	2,190,367,723.17	7.49%	3,546,781,188.31	8.56%	-1.08%
Area					
Northeast	9,803,296,279.78	33.51%	12,713,075,400.88	30.69%	2.82%
North	2,250,800,509.79	7.69%	4,280,717,411.13	10.33%	-2.64%
East	8,734,382,778.07	29.86%	12,613,036,561.55	30.45%	-0.59%
Northwest	11,624,769.33	0.04%	20,892,279.00	0.05%	-0.01%
Southwest	24,550,759.64	0.08%	42,004,974.77	0.10%	-0.02%
Mid-south	46,760,817.03	0.16%	1,062,573,192.15	2.57%	-2.41%
Export	8,382,222,692.16	28.65%	10,689,788,206.22	25.81%	2.85%

(2)Situation of Industry, Product and District Occupying the Company's Business Income and Operating Profit with Profit over 10%

Applicable Not applicable

In RMB

(3)Whether the Company's Physical Sales Income Exceeded Service Income

 Yes No

Categories	Items	Unit	2015	2014	Change over same
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					period last year
Steel rolling business	Sales	Ton	11,610,741.31	12,343,978.13	-5.94%
	Output	Ton	11,597,504.49	12,639,120.5	-8.24%
	Inventory	Ton	786,842.86	800,079.68	-1.65%

Explanation for a year-on –year change of over 30%

Applicable Not applicable

(4)Degree of Performance of the Significant Sales Contract Signed up to this Report Period

Applicable Not applicable

(5)Component of business cost

Industry and product classification

In RMB

Industry	Items	2015		2014		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Steel rolling business	Raw materials	12,942,748,210.39	43.41%	17,944,675,875.37	46.62%	-2.32%
Steel rolling business	Auxiliary material	1,499,459,834.85	5.03%	1,894,098,710.57	4.92%	0.08%
Steel rolling business	Spare parts and tools	400,614,031.86	1.34%	506,123,592.75	1.31%	0.02%
Steel rolling business	Fuel	7,709,142,042.53	25.86%	9,743,040,776.86	25.31%	0.82%
Steel rolling business	Power	2,729,440,767.73	9.16%	2,985,488,175.62	7.76%	1.38%
Steel rolling business	Wage and welfare	1,808,829,930.51	6.07%	2,029,415,195.35	5.27%	0.38%
Steel rolling business	Depreciation	1,824,882,394.51	6.12%	1,998,507,273.26	5.19%	0.22%
Steel rolling business	Others	896,777,804.48	3.01%	1,387,769,426.66	3.61%	-0.59%
Steel rolling business	Total	29,811,895,016.85	100.00%	38,489,119,026.44	100.00%	0.00%

Notes

(6)Whether Changes Occurred in Consolidation Scope in the Report Period

Yes No

The scope of the consolidated financial statements of the current period has been added the newly established subsidiaries of Benxi Bengang Steel Sales Co., Ltd and Shenyang Bengang Metallurgy Technology Co., Ltd.

(7) Relevant Situation of Significant Changes or Adjustment of the Business, Product or Service in the Company's Report Period

Applicable Not applicable

(8) Situation of Main Customers and Main Supplier

Information of the Company's top 5 customers

Total sales amount to top 5 customers (RMB)	3,366,288,172.64
Proportion of sales to top 5 customers in the annual sales(%)	11.51%

Information about the top 5 suppliers

No	Name	Amount(RMB)	Proportion
1	Hangzhou Hot Joint (Hongkang) Co., Ltd.	975,097,271.75	3.33%
2	Bengang Group Mineral Co., Ltd.	857,712,417.33	2.93%
3	Liaoning Benxi Iron & steel Trade Co., Ltd.	587,660,157.07	2.01%
4	Benxi Iron & Steel (Group) steel processing and distribution Co., Ltd.	479,903,850.06	1.64%
5	Hengxing International Resources Co., Ltd.	465,914,476.43	1.59%
Total	--	3,366,288,172.64	11.51%

Other Notes:

Applicable Not applicable

Principal suppliers

Total purchase of top 5 Suppliers (RMB)	13,265,340,262.95
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	44.50%

Information about the top 5 suppliers

No	Name	Amount (RMB)	Proportion
1	Benxi Beiying Steel & Iron (Group) Co., Ltd.	4,864,114,258.45	16.32%
2	Bengang Group Mineral Co., Ltd.	3,555,038,605.53	11.92%
3	Liaoning Power Supply Co., Ltd. Benxi Branch	2,272,870,547.82	7.62%
4	Heilongjiang Longmei Mining Group Co., Ltd.	2,066,833,891.89	6.93%
5	Jiaozuo Guolong Logistics Co., Ltd.	506,482,959.26	1.70%
Total	--	13,265,340,262.95	44.50%

Other notes :

Applicable Not applicable

3. Expenses

In RMB

	2015	2014	Increase/Decrease(%)	Notes
Sale expenses	919,110,499.37	863,079,137.09	6.49%	
Administration expenses	733,933,299.88	899,624,299.29	-18.42%	
Financial expenses	1,063,317,455.47	717,292,853.39	48.24%	Due to the increase of exchange loss caused by the devaluation of RMB in the current period.

4.R& D Expenses

Applicable Not applicable

Situation of Research and Development Input by the Company

	2015	2014	Increase/Decrease(%)
Number of Research and Development persons (persons)	1,502	1,571	-4.39%
Proportion of Research and Development persons	6.98%	6.95%	0.03%
Amount of Research and Development Investment (In RMB)	1,531,589,000.00	2,550,780,000.00	-39.96%
Proportion of Research and Development Investment	5.24%	6.16%	-0.92%
Amount of Capitalization Research and Development Investment of Research and Development Investment	0.00	0.00	0.00%
Proportion of Capitalization Research and Development Investment of Research and Development Investment	0.00%	0.00%	0.00%

The Reason of the Prominent Change in Total Amount of Research and Development Input Occupying the Business Income Year on Year

Applicable Not applicable

Explanation of the Reason for Substantial Changes in the Research and Development Input's Capitalization Rate

and Its Reasonableness

Applicable Not applicable

5.Cash Flow

In RMB

Items	2015	2014	Increase/Decrease(%)
Subtotal of cash inflow received from operation activities	24,571,589,646.08	27,563,063,923.62	-10.85%
Subtotal of cash outflow received from operation activities	26,876,595,614.18	24,694,923,828.76	8.83%
Net cash flow arising from operating activities	-2,305,005,968.10	2,868,140,094.86	-180.37%
Subtotal of cash inflow received from investing activities	1,775,980,060.32	8,239,533,447.80	-78.45%
Subtotal of cash outflow for investment activities	5,219,745,508.10	8,326,807,425.53	-37.31%
Net cash flow arising from investment activities	-3,443,765,447.78	-87,273,977.73	3,845.92%
Subtotal cash inflow received from financing activities	27,146,081,641.78	20,842,507,551.86	30.24%
Subtotal cash outflow for financing activities	26,180,913,966.24	18,728,415,564.97	39.79%
Net cash flow arising from financing activities	965,167,675.54	2,114,091,986.89	-54.35%
Net increase in cash and cash equivalents	-4,714,251,257.09	4,874,611,555.66	-196.71%

Notes to the year-on-year change of the relevant data

Applicable Not applicable

(1) Net cash flow arising from operating activities has increased by 94.79% in the period than that of last year.

The main reason was the decrease in cash received in the sale of goods and the rendering of service in the current period.

(2) Subtotal of Cash inflow received from investing activities decreased by 78.45% in the period than that of last year, The main reason was the decrease of the purchase of bank financial products in the current period.

(3) Subtotal of cash outflow for investment activities decreased by 37.72% in the period than that of last year, The main reason was the decrease of the purchase of bank financial products in the current period.

(4) Net cash flow arising from investment activities increased by 3807.22% in the period than that of last year, The main reason was the increase of cash payments for the purchasing of fixed assets, intangible assets and other

long-term assets in the current period

(5) Subtotal cash inflow received from financing activities increased by 30.24% in the period than that of last year. The main reason was the increase in cash received from the financing activities in the current period

(6) Subtotal cash outflow for financing activities increased by 39.51% in the period than that of last year., The main reason was the increase of loan repayment in the current period

(7) Net cash flow arising from financing activities decreased by 51.85% in the period than that of last year, The main reason was the increase of loan repayment in the current period

(8) Net increase in cash and cash equivalents decreased by 196.71% in the period than that of last year., The main reason was that the cash payments for the purchasing of fixed assets, intangible assets and other long-term assets increased and the net borrowing decreased in the current period compared with the last year.

Notes to the big difference between cash flow from operating activities and net profit in the reporting year

Applicable Not applicable

III. Analysis of Non-core Business

Applicable Not applicable

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Investment income	7,226,589.08	-0.20%	Foreign financial revenue	Yes
Impairment of assets	514,276,448.24	-13.97%	Inventor depreciation	No
Non-operating income	176,054,356.57	0.60%		
Non-operating expenses	24,135,783.17	0.08%		

IV. Condition of Asset and Liabilities

1. Condition of Asset Causing Significant Change

In RMB

	End of 2015		End of 2014		Proportion increase/decrease	Notes to the significant change
	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)		
Monetary fund	5,140,480,509.97	11.56%	9,792,940,409.40	19.92%	-8.36%	
Accounts receivable	488,584,624.72	1.10%	487,767,042.22	0.99%	0.11%	
Inventories	8,601,734,442.42	19.35%	11,008,413,817.92	22.39%	-3.04%	

Fixed assets	20,046,254,72 6.74	45.09%	17,144,282,253 .99	34.87%	10.22%	
Construction inprocess	5,646,624,293. 27	12.70%	6,126,175,722. 67	12.46%	0.24%	
Short-term loans	18,139,885,59 6.60	40.80%	18,187,945,675 .93	36.99%	3.81%	
Long-term loans	1,005,919,974. 09	2.26%	814,627,465.85	1.66%	0.60%	

2.Asset and Liabilities Measured by Fair Value

Applicable Not applicable

V.Investment situation

1. General

Applicable Not applicable

2.Condition of Acquiring Significant Share Right Investment during the Report Period

Applicable Not applicable

3.Situation of the Significant Non-equity Investment Undergoing in the Report Period

Applicable Not applicable

4.Investment of Financial Asset

(1) Securities investment

Applicable Not applicable

(2) Investment in Derivatives

Applicable Not applicable

5.Application of the raised capital

Applicable Not applicable

VI. Significant Asset and Right Offering

1. Situation of Significant Asset Sale

Applicable Not applicable

2. Situation of Substantial Stake Sale

Applicable Not applicable

VII. Analysis of the Main Share Holding Companies and Share Participating Companies

Applicable Not applicable

Situation of Main Subsidiaries and the Joint-stock Company with over 10% net profit influencing to the Company

In RMB

Company Name	Company type	Sectors engaged in	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Guangzhou Bengang Trade Co., Ltd.	Subsidiaries	Sales of steel	1,000,000.00	184,322,884.81	65,978,274.09	1,026,913,194.98	15,327,601.46	11,443,214.32
Shanghai Bengang Metallurgy Tech. Ltd.	Subsidiaries	Sales of steel	19,200,000.00	524,564,395.13	142,197,800.76	2,830,209,441.59	42,075,917.62	31,504,168.91
Bengang Steel Plate Liaoyang Orel Ball Co., Ltd.	Subsidiaries	Production of pellet	10,000,000.00	704,270,149.68	643,218,003.20	247,265,566.19	662,331.08	474,453.21
Dalian Benruitong Automobile Material Technologies Co., Ltd.	Subsidiaries	Processing and sales of steel	100,000,000.00	360,429,186.21	83,562,219.29	353,756,953.63	-13,876,589.80	-13,663,448.71
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	Subsidiaries	Processing and sales of steel	1,920,000.00	4,035,223.213.72	1,902,985.090.80	5,242,586.237.97	229,911,403.35	229,913,579.94
Changchun Bengang Steel Sales	Subsidiaries	Sales of steel	500,000.00	86,204,135.81	13,723,478.54	500,145,430.88	3,773,373.02	2,810,282.53

Ltd.								
Haerbin Bengang International Trading Ltd.	Subsidiaries	Sales of steel	500,000.00	26,460,248.17	762,376.17	236,502,953.93	-552,833.37	-41,451.06
Nanjing Bengang Steel Material Sales Ltd.	Subsidiaries	Sales of steel	1,150,000.00	48,862,979.84	30,434,990.25	89,207,437.93	1,391,811.18	1,043,274.68
Wuxi Bengang Steel Sales Ltd.	Subsidiaries	Sales of steel	1,000,000.00	111,644,855.82	16,884,108.87	726,240,323.25	7,053,734.40	5,771,805.27
Xiamen Bengang Steel Sales Ltd.	Subsidiaries	Sales of steel	500,000.00	24,638,101.91	14,496,840.11	35,991,389.04	307,356.25	1,616,300.49
Yantai Bengang Steel Sales Ltd.	Subsidiaries	Sales of steel	500,000.00	231,927,467.00	74,934,212.21	1,074,336,959.68	-2,630,634.18	-2,530,545.98
Tianjin Bengang Steel Trading Ltd.	Subsidiaries	Sales of steel	3,000,000.00	80,539,126.85	12,155,784.56	396,148,054.47	-29,707,169.06	-29,705,097.04
Shenyang Benxi Steel Metallurgy Technology Co., Ltd.	Subsidiaries	Sales of steel	5,000,000.00	5,001,708.33	5,001,281.25		1,708.33	1,281.25
Bengang Steel Sales Ltd.	Subsidiaries	Sales of steel	5,000,000.00	5,001,056.57	5,000,792.43		1,056.57	792.43
Suzhou Bengang Industrial Co., Ltd.	Shareholding company	Sales of steel	20,000,000.00	43,180,021.05	20,039,616.75	278,913,744.03	88,592.66	70,819.03
China Steel Shanghai Steel Processing Co., Ltd.	Shareholding company	Sales of steel	89,042,954.00	596,568,911.14	8,356,659.31	713,850,328.65	-97,083,132.03	-96,927,543.89
Zhejiang Bengang Jingrui Steel Processing Ltd.	Shareholding company	Sales of steel	10,000,000.00	87,895,508.46	12,099,554.79	161,238,377.43	671,871.63	633,849.34

Acquirement and disposal of subsidiaries in the Reporting period

Applicable Not applicable

Notes

VIII. Special purpose vehicle controlled by the Company

Applicable Not applicable

IX. Prospect for future development of the Company

1. The Development Trend of the Industry

The year 2016 will be a key year for the Steel Plates Companies to speed up the structure adjustment and upgrading while adhering to innovations for the driving source. The company still faces continuous grim operation situation. There are fierce competitions of the industry and the overall price of the steel will still remain low, thus the phenomenon of “Inverted” price that the costs is higher than the sales price will be hardly turn around in a short period, since the pollutant emission standard of the steel industry largely increased and the environmental protection continuously remained in a high-pressure situation, the companies of steel industry will continue the situation of loss at operation in a severer circumstance. At the same time, what we should see is the projects under the national strategy of “One belt and one road”, reinvigorating the old industrial base in northeast and the projects in the international capacity cooperation, which will significantly expand the development space of the steel industry. In recent years, the company relied on deepening the reform and innovation, actively seeking strategic breakthrough, thus the company effectively elevated its competitive advantage in the steel industry chain.

2. The company’s development strategy

The overall work routes of the company in 2016 was established as: deeply promoting the strategic transformation, strengthening the innovations for drive source and sparing no efforts to ensure the stable and smooth production operation to achieve sustained improvement on economic benefits.

3. Business plan

Production: pig iron 10.05 million tons, raw steel 9.64 million tons, hot-rolled plate 9.07 million tons, cool-rolled plates 4.46 thousand tons, 5%. Stainless coil steel 36000 tons. The business plan does not constitute a commitment of the company, so please be aware of the risks arising from such item, and the investors should understand the differences between a business plan and the commitment of performance.

In order to achieve the above-said goal, the company must try best to do the following key works: the first is to deepen the reform of the sales service mode, so as to improve product profitability; the second is to comprehensively enhance the operation quality and strongly implement the cost reduction by improving efficiency; the third is to adhere to the innovation-driving development strategy, so as to enhance the high-end products proportion; the fourth is to continuously promote the comprehensive reform and constantly enhance the vitality of enterprises; the fifth is to speed up the construction of environmental management system and strengthen the concept of green development; the sixth is to constantly improve security management system, so as to ensure the smooth and steady operation of the production; the seventh is to build the development atmosphere of overcoming the hard times by joint efforts, so as to shape the converging force of sound management and pragmatic operation.

4. Maintaining the current business and completing the required capital arrangements of invested

projects under construction.

The company will use its own funds and the bank loans to meet the funds demand required by the production and operation and the technical transformation.

(5) Potential risks

1. Industry risk

The Domestic iron and steel industry has serious overcapacity, while the downstream demand couldn't be ameliorated in a short term, thus the situation of the oversupply in the iron and steel could be hardly turn around. The main countries which import iron and steel from China have constantly launched the anti-dumping investigation, which leads to a grimmer situation for exporting the iron and steel, thus further increased the burden on the domestic market. The state of iron and steel enterprises running in a low efficiency will become the industry normal for a long time.

Countermeasures: The company will adhere to the market-oriented and focus on needs from the customers, actively develop the market, optimize regional layout, deepen the reform of the marketing service mode, strive to raise the proportion on the products having profits and the high-end products, improve the product efficiency; further strengthen the management, strength the costs-reduction by improving efficiency and continuously raise the company's efficiency and the market competitiveness under the new normal.

2. Operating risk

Due to the overall economic growth in China will slow down for a comparatively long time in the future, the demand in the downstream industries such as real estate, machinery, home appliances will be weakened, the overall price of the iron and steel prices will remain at a low level, which will weaken the profitability of the iron and steel enterprises, further leads to a lack of self-funds source for the company; the country adopts credit restriction for the over-capacity industries such as the iron and steel industry, thus the financial strain and the financing difficulty will become the common problem for the iron and steel enterprises, which would make the iron and steel enterprises facing the operating risk on funds.

Countermeasures: strengthen the management and control of the capital budget, strictly implement the cash budget; reduce the inventory funds occupancy, strengthen the management of the capital cost and strictly control the expenses; expand the financing channels, standardize the operation ability of the listed company, raise the company's control ability on the capital market and its influence. Insist on promoting the company to realize the modernization on the governance concept and governance capacity, and promote the re-financing on the capital market.

3. Environmental risk

With the implementation of the new Environmental Protection Law, new emissions standards and other relevant laws and regulations, the government regulation and enforcement is becoming increasingly strict, which further raised the requirements on environmental protection for enterprises, largely raised the pollutant emission standards for the iron and steel industry, and the environmental protection continues to maintain a high pressure situation, thus the iron and steel enterprises face great pressure on environmental protection.

Countermeasures: according to the requirements of the new environmental protection standards, the company fully carries out the implementation on the transformation of projects for improvement. Based on the transformation for better environmental protection, dig the potential of reducing the emission and soundly execute the emission-reducing measures on pollution factors. Strengthen the control on the pollution source, implement the environmental-protection management responsibility, carry out the real-time monitoring for the company's status on the environmental protection and strictly supervise the operation of environmental protection facilities

X.Particulars about researches, visits and interviews received in this reporting period

1.Particulars about researches, visits and interviews received in this reporting period

Applicable Not applicable

Reception time	Way of reception	Types of visitors	Basic index
June 10,2015	Onsite investigation	Organization	To know more about the situation Production and operation
August 27,2015	Onsite investigation	Organization	To know more about the situation Production and operation
Reception times			2
Reception agency amount			5
Reception personal number			0
Others			0
Whether to disclose, reveal or disclose non-public material information	No		

V. Important Events

I Specification of profit distribution of common shares and capitalizing of common reserves

Formulation, implementation and adjustment of profit distribution policy of common shares especially cash dividend policy during the reporting period

Applicable Not applicable

The profit distribution preplan or proposal and the preplan or proposal of conversion of the capital reserve into share capital in the past three years(with the reporting period inclusive):

1. Dividend preplan of 2015

As audited by Shulun Pan Certified Public Accountants Co., Ltd., The 2015 annual realized net profits attributable to the parent company was RMB -3,293,624,545.17, plus the retained profit of RMB 2,172,180,473.24 at beginning of year, and deduct RMB156,800,000.00 of dividend distributed for the previous year, The Balance of undistributed profit is -1,278,244,071.93 and the 2015 annual profits distribution plan was: due to the company recorded a loss in 2015, according to the relevant Chinese regulations and laws and the company's Articles of Association, the company will not draw the surplus reserve. The company will not carry out profits distribution of year 2015 and will not carry out increasing capital by converting the reserve.

2. Dividend plan of 2014

As audited by Shulun Pan Certified Public Accountants Co., Ltd., the net profit of the year 2014 was RMB232,804,820.19, after providing of 10% statutory surplus reserves of RMB4,411,426.11, plus the retained profit of RMB 2,100,587,079.16 at beginning of year, and deduct RMB156,800,000.00 of dividend distributed for the previous year, the profit distributable to the shareholders is RMB2,172,180,473.24.

The dividend plan for year 2014 is: upon the total capital shares amounted to 3,136,000,000 shares at December 31st 2014, RMB0.5 (tax included) of dividend will be distributed upon each 10 shares to the whole shareholders. The dividend for common shares is totaled to RMB156,800,000.00 this time. The remaining RMB2,016,529,239.22 will be carried over to the next fiscal year. This plan is subject to approval of the Shareholders' Annual Meeting 2014.

2. Dividend plan of year 2013

As audited by Shulun Pan Certified Public Accountants Co., Ltd., the net profit of the year 2013 was RMB275,592,999.75, after providing of 10% statutory surplus reserves of RMB22,649,063.39, plus the retained profit of RMB1,910,363,142.80 at beginning of year, and deduct RMB62,720,000 of dividend distributed for the previous year, the profit distributable to the shareholders is RMB2,100,587,079.16.

The dividend plan for year 2013 was: upon the total capital shares amounted to 3,136,000,000 shares at December 31st 2013, RMB0.5 (tax included) of dividend will be distributed upon each 10 shares to the whole shareholders. The dividend for common shares is totaled to RMB156,800,000.00 this time. The balance of RMB1,943,787,079.16 was carried over to the next fiscal year.

Dividend distribution of the latest three years

In RMB

Year	Cash dividend (Including Tax)	Net profit attributable to the over of the parent company in the consolidated financial statements	Ratio in net profit attributable to the parent company in the consolidated financial statements	Amount of cash dividends from cash offer to repurchase shares of the funds	Proportion of cash dividends from cash offer to repurchase shares of the funds

2015	0.00	-3,293,624,545.17	0.00%		
2014	156,800,000.00	232,804,820.19	67.35%		
2013	156,800,000.00	275,592,999.75	56.90%		

In the reporting period, both the Company's profit and the parent company's retained earnings were positive however not cash dividend distribution proposal has been put forward.

Applicable Not applicable

II. Profit distribution plan and capitalizing of common reserves plan for the Period

Applicable Not applicable

The Company will not distribute cash dividend or bonus shares, neither capitalizing of common reserves for the report period.

III. Commitments to fulfill the situation

1. The fulfilled commitments in the reporting period and under-fulfillment commitments by the end of the reporting period made by the company, shareholder, actual controller, acquirer, director, supervisor, senior management personnel and other related parities.

Applicable Not applicable

During the reporting period, there is no commitment that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period.

2. The existence of the company's assets or projects earnings forecasts and earnings reporting period is still in the forecast period, the company has assets or projects meet the original profit forecast made and the reasons explained

Applicable Not applicable

IV. Particulars about the non-operating occupation of funds by the controlling shareholder

Applicable Not applicable

There are no controlling shareholder and its related parties occupying non-business capital of the listed company in Period

V.Explanation of the Supervisory Committee and Independent Directors (If applicable)on the Qualified Auditor’s Report Issued by the CPAs.

Applicable Not applicable

VI.Explain change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year.

Applicable Not applicable

No particulars about the changes in aspect of accounting policy, estimates or calculation method in the period.

VII.Explain retrospective restatement due to correction of significant accounting errors in the reporting period

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

VIII.Explain change of the consolidation scope as compared with the financial reporting of last year.

Applicable Not applicable

The scope of the consolidated financial statements of the current period has been added the newly established subsidiaries of Benxi Bengang Steel Sales Co., Ltd and Shenyang Bengang Steel Metallurgy Technology Co., Ltd.

IX. Engagement/Disengagement of CPAs

CPAs currently engaged

Name of the domestic CPAs	BDO China Shu Lun Pan Certified Public Accountants LLP
Reward for domestic CPA (RMB0'000)	280
Successive years the domestic CPA has been providing service to the Company	8
Name of CPAs from the domestic CPA firm	Wu Xue, Zhang Huice
Title of overseas CPA (if any)	None
Reward to overseas CPA (RMB0'000) (if any)	0
Number of successive years the overseas CPA has provided service to the Company (if any)	None
Name of the accountants assigned by the overseas CPA (if any)	None

Was the CPA been changed in the report period

Yes No

Engaging of CPA for internal auditing, financial consultants or sponsors

Applicable Not applicable

The Company employs BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of internal control system with auditing fee of RMB600 thousand.

X.Situation of Facing Listing Suspension and Listing Termination after the Disclosure of the Yearly Report

Applicable Not applicable

XI.Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period.

XII.Significant lawsuits and arbitrations of the Company

Applicable Not applicable

No significant lawsuits and arbitrations occurred in the reporting period.

XIII.Situation of Punishment and Rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

XIV.Credit Condition of the Company and its Controlling Shareholders and Actual Controllers

Applicable Not applicable

During reporting period, there was no effective judgment of a court and large amount of debt maturity that the company, its controlling shareholders and actual controller failed to perform or pay off.

XV.Implementation Situation of Stock Incentive Plan of the Company, Employee Stock Ownership Plan or Other Employee Incentive Measures

Applicable Not applicable

During the reporting period, the company has no stock incentive plan, employee stock ownership plan or other employee incentives that have not been implemented.

XVI.Material related transactions

1. Related transactions in connection with daily operation

Applicable Not applicable

Related parties	Relationship	Type of trade	Subjects of the related transactions	Principle of pricing the related transactions	Price of trade	Amount of trade RMB'000	Ratio in similar trades	Trading limit approved (RMB'0000)	Whether over the approved limited or not (Y/N)	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure
Benxi Steel (Group) Co., Ltd.	Parent Company	Purchase of goods and services	Maintaining	Agreement	Related agreement price	15,699.59	5.27%		No	Execute according to the agreement	No		
Benxi Steel (Group) Co., Ltd.	Parent Company	Purchase of goods and services	Land rent	Agreement	Related agreement price	5,742.6	1.93%		No	Execute according to the agreement	No		
Bengang Stainless Cool-rolling (Dandong) Co., Ltd.	Same controller	Purchase of goods and services	Products in stock	Agreement	Related agreement price	30.11	0.01%		No	Execute according to the agreement	Yes		
Benxi Steel (Group) Mining Co., Ltd.	Same controller	Purchase of goods and services	Labor service	Agreement	Related agreement price	2,206.62	0.74%		No	Execute according to the agreement	No		
Benxi Steel (Group) Mining Co., Ltd.	Same controller	Purchase of goods and services	Raw materials	Agreement	Related agreement price	352,968.68	118.40%		No	Execute according to the agreement	Yes		
Benxi Steel (Group) Mining Co., Ltd.	Same controller	Purchase of goods and	Transportation	Agreement	Related agreement price	328.55	0.11%		No	Execute according to	Yes		

Ltd.		services								the agreement			
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Same controller	Purchase of goods and services	Raw materials	Agreement	Related agreement price	11,292.38	3.79%		No	Execute according to the agreement	No		
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Same controller	Purchase of goods and services	Process fee	Agreement	Related agreement price	235.46	0.08%		No	Execute according to the agreement	No		
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Same controller	Purchase of goods and services	Products in stock	Agreement	Related agreement price		0.00%		No	Execute according to the agreement	Yes		
Benxi Steel (Group) Real-estate Development Co., Ltd.	Same controller	Purchase of goods and services	Raw materials	Agreement	Related agreement price	6,841.89	2.30%		No	Execute according to the agreement	Yes		
Benxi Steel (Group) Machinery Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	Agreement	Related agreement price	14,345.66	4.81%		No	Execute according to the agreement	Yes		
Benxi Steel (Group) Machinery Co., Ltd.	Same controller	Purchase of goods and services	Repairing services	Agreement	Related agreement price	1,705.45	0.57%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction	Same controller	Purchase of goods and	Spare parts	Agreement	Related agreement price	1,702.93	0.57%		No	Execute according to	No		

Co., Ltd.		services								the agreement			
Benxi Steel (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Engineering fee	Agreement	Related agreement price	33,274.63	11.16%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Repairing services	Agreement	Related agreement price	8,995.74	3.02%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Raw materials	Agreement	Related agreement price	996.28	0.33%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Transportation	Agreement	Related agreement price	375.35	0.13%		No	Execute according to the agreement	No		
Benxi Steel (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	Agreement	Related agreement price	4,081.96	1.37%		No	Execute according to the agreement	No		
Benxi Steel (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Raw materials	Agreement	Related agreement price	19,458.13	6.53%		No	Execute according to the agreement	No		
Benxi Steel (Group) Industrial	Same controller	Purchase of goods and	Repairing services	Agreement	Related agreement price	1,135.96	0.38%		No	Execute according to	No		

Development Co., Ltd.		services								the agreement			
Benxi Steel (Group) Industrial Development Co., Ltd	Same controller	Purchase of goods and services	Transportation	Agreement	Related agreement price	618.05	0.21%		No	Execute according to the agreement	No		
Benxi Steel (Group) Industrial Development Co., Ltd	Same controller	Purchase of goods and services	Project payment	Agreement	Related agreement price	209.8	0.07%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Same controller	Purchase of goods and services	Material and spare parts	Agreement	Related agreement price	1,276.74	0.43%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Same controller	Purchase of goods and services	Engineering	Agreement	Related agreement price	11,717.68	3.93%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Same controller	Purchase of goods and services	Maintaining	Agreement	Related agreement price	9,254.41	3.10%		No	Execute according to the agreement	No		
Bengang Electronics Co., Ltd.	Same controller	Purchase of goods and services	Raw materials	Agreement	Related agreement price	9,978.36	3.35%		No	Execute according to the agreement	No		
Bengang Electronics Co., Ltd.	Same controller	Purchase of goods and	Engineering	Agreement	Related agreement price	537.07	0.18%		No	Execute according to	No		

		services								the agreement			
Bengang Electronics Co., Ltd.	Same controller	Purchase of goods and services	Repairing services	Agreement	Related agreement price	1,660.16	0.56%		No	Execute according to the agreement	No		
Benxi Steel (Group) Drilling Tools Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	Agreement	Related agreement price	100.96	0.03%		No	Execute according to the agreement	No		
Benxi Steel New Business Development Co., Ltd.	Same controller	Purchase of goods and services	Labour security fee	Agreement	Related agreement price	849.12	0.28%		No	Execute according to the agreement	No		
Benxi Steel New Business Development Co., Ltd.	Same controller	Purchase of goods and services	Material and dinner	Agreement	Related agreement price	167.65	0.06%		No	Execute according to the agreement	No		
Liaoning Metallurgy Technician College	Same controller	Purchase of goods and services	Training fee	Agreement	Related agreement price	82.48	0.03%		No	Execute according to the agreement	No		
Liaoning Metallurgy Technician College	Same controller	Purchase of goods and services	Spare parts	Agreement	Related agreement price	1,692.09	0.57%		No	Execute according to the agreement	No		
Liaoning Metallurgy Technician	Same controller	Purchase of goods and	Project payment	Agreement	Related agreement price	602.25	0.20%		No	Execute according to	No		

College		services								the agreement			
Liaoning Metallurgy Technician College	Same controller	Purchase of goods and services	Repairing services	Agreement	Related agreement price	241.04	0.08%		No	Execute according to the agreement	No		
Bengang Group International Trading Ltd.	Same controller	Purchase of goods and services	Commission	Agreement	Related agreement price	5,429.31	1.82%		No	Execute according to the agreement	No		
Bengang Group International Trading Ltd.	Same controller	Purchase of goods and services	Port fee	Agreement	Related agreement price	19,882	6.67%		No	Execute according to the agreement	No		
Benxi Steel (Group) Information & Automatic Tech. Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	Agreement	Related agreement price	1,911.93	0.64%		No	Execute according to the agreement	No		
Benxi Steel (Group) Information & Automatic Tech. Co., Ltd.	Same controller	Purchase of goods and services	Engineering fee	Agreement	Related agreement price	3,007.58	1.01%		No	Execute according to the agreement	No		
Benxi Steel (Group) Information & Automatic Tech. Co., Ltd.	Same controller	Purchase of goods and services	Repairing services	Agreement	Related agreement price	89.5	0.03%		No	Execute according to the agreement	No		
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Same controller	Purchase of goods and	Heating fee	Agreement	Related agreement price	1,290.34	0.43%		No	Execute according to	No		

		services								the agreement			
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Same controller	Purchase of goods and services	Raw materials	Agreement	Related agreement price	9.18	0.00%		No	Execute according to the agreement	No		
Benxi Steel (Group) Designing Institute	Same controller	Purchase of goods and services	Design	Agreement	Related agreement price	1,365.96	0.46%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Raw materials	Agreement	Related agreement price	434,677.55	145.81%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Power supply	Agreement	Related agreement price	43,620.86	14.63%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Transportation	Agreement	Related agreement price	702.77	0.24%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Labor service	Agreement	Related agreement price	5,766.07	1.93%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and	Spare parts	Agreement	Related agreement price	1,644.18	0.55%		No	Execute according to	No		

		services								the agreement			
Liaoning Hengtong Metallurgy Equipment Co., Ltd.	Same controller	Purchase of goods and services	Material and spare parts	Agreement	Related agreement price	10,315.47	3.46%		No	Execute according to the agreement	No		
Liaoning Hengtai Heavy Machine Co., Ltd.	Same controller	Purchase of goods and services	Material and spare parts	Agreement	Related agreement price	1,186.06	0.40%		No	Execute according to the agreement	No		
Liaoning Hengtai Heavy Machine Co., Ltd.	Same controller	Purchase of goods and services	Repairing services	Agreement	Related agreement price	2,670.61	0.90%		No	Execute according to the agreement	No		
Bengang Group Co., Ltd.	Controller	Purchase of goods and services	Property management fee	Agreement	Related agreement price	84.55	0.03%		No	Execute according to the agreement	No		
Bengang Electronics Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price		0.00%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price	16,948.08	5.79%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and	Products	Agreement	Related agreement price	779.67	0.27%		No	Execute according to	Yes		

		services								the agreement			
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Commission	Agreement	Related agreement price	6,787.24	2.32%		No	Execute according to the agreement	No		
Benxi Steel (Group) Real-estate Development Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price	115.79	0.04%		No	Execute according to the agreement	No		
Benxi Steel (Group) Real-estate Development Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price		0.00%		No	Execute according to the agreement	No		
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price	62.05	0.02%		No	Execute according to the agreement	No		
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Same controller	Sales of goods and services	Products	Agreement	Related agreement price	47,928.33	16.38%		No	Execute according to the agreement	Yes		
Benxi Steel (Group) Machinery Co., Ltd.	Same controller	Sales of goods and services	Products	Agreement	Related agreement price	582.41	0.20%		No	Execute according to the agreement	Yes		
Benxi Steel (Group) Machinery Co., Ltd.	Same controller	Sales of goods and	Power supply	Agreement	Related agreement price	1,890.33	0.65%		No	Execute according to	No		

		services								the agreement			
Benxi Steel (Group) Machinery Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price	555.35	0.19%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price	457	0.16%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price	12,409.23	4.24%		No	Execute according to the agreement	No		
Benxi Steel (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price	71,950.34	24.60%		No	Execute according to the agreement	No		
Benxi Steel (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price	12,307.32	4.21%		No	Execute according to the agreement	No		
Benxi Steel (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Freight income	Agreement	Related agreement price	850.95	0.29%		No	Execute according to the agreement	No		
Benxi Steel (Group) Mining Co., Ltd.	Same controller	Sales of goods and	Commission	Agreement	Related agreement price	662.63	0.23%		No	Execute according to	Yes		

		services								the agreement			
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price	3,152.93	1.08%		No	Execute according to the agreement	No		
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price	2,646.73	0.90%		No	Execute according to the agreement	No		
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Same controller	Sales of goods and services	Freight income	Agreement	Related agreement price		0.00%		No	Execute according to the agreement	No		
Benxi Steel (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price	928.48	0.32%		No	Execute according to the agreement	No		
Benxi Steel (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Commission	Agreement	Related agreement price	53.12	0.02%		No	Execute according to the agreement	Yes		
Benxi Steel (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price	9,601.42	3.28%		No	Execute according to the agreement	No		
Benxi Steel (Group) Information	Same controller	Sales of goods and	Power supply	Agreement	Related agreement price	20.19	0.01%		No	Execute according to	No		

& Automatic Tech. Co., Ltd.		services								the agreeme nt			
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreem ent	Related agreeme nt price	102.17	0.03%		No	Execute accordi ng to the agreeme nt	No		
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreem ent	Related agreeme nt price	420.32	0.14%		No	Execute accordi ng to the agreeme nt	No		
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreem ent	Related agreeme nt price	420.88	0.14%		No	Execute accordi ng to the agreeme nt	No		
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreem ent	Related agreeme nt price	2,377.4 5	0.81%		No	Execute accordi ng to the agreeme nt	No		
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Freight income	Agreem ent	Related agreeme nt price		0.00%		No	Execute accordi ng to the agreeme nt	No		
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Commissi on	Agreem ent	Related agreeme nt price	678.9	0.23%		No	Execute accordi ng to the agreeme nt	Yes		
Benxi Steel (Group) Co., Ltd.	Parent Compan y	Sales of goods and	Power supply	Agreem ent	Related agreeme nt price	5,550.4 6	1.90%		No	Execute accordi ng to	No		

		services								the agreement			
Benxi Steel (Group) Co., Ltd.	Parent Company	Sales of goods and services	Material and spare parts	Agreement	Related agreement price	896.16	0.31%		No	Execute according to the agreement	No		
Benxi Steel New Business Development Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price	41.12	0.01%		No	Execute according to the agreement	No		
Benxi Steel New Business Development Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price		0.00%		No	Execute according to the agreement	No		
Dalian Boluole Steel Tube Ltd.	Same controller	Sales of goods and services	Commission	Agreement	Related agreement price	519.52	0.18%		No	Execute according to the agreement	Yes		
Liaoning Bengang Steel & Iron Trading Co., Ltd.	Same controller	Sales of goods and services	Commission	Agreement	Related agreement price	58,766.02	20.09%		No	Execute according to the agreement	Yes		
Liaoning Metallurgy Technician College	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price		0.00%		No	Execute according to the agreement	No		
Tianjin Bengang Steel Plate	Same controller	Sales of goods and	Commission	Agreement	Related agreement price		0.00%		No	Execute according to	Yes		

Processing and Delivery Co., Ltd.		services								the agreement			
Benxi Steel & Iron Group Hospital	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price		0.00%		No	Execute according to the agreement	No		
Benxi Steel & Iron Group Hospital	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price	13.4	0.00%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price		0.00%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price	0.23	0.00%		No	Execute according to the agreement	No		
Liaoning Hengtong Metallurgy Equipment Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price	1,518.16	0.52%		No	Execute according to the agreement	No		
Liaoning Hengtong Metallurgy Equipment Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price	1,439.34	0.49%		No	Execute according to the agreement	No		
Liaoning Hengtong Metallurgy	Same controller	Sales of goods and	Commission	Agreement	Related agreement price	359.13	0.12%		No	Execute according to	Yes		

Equipment Co., Ltd.		services								the agreement			
Bengang Stainless Cool-rolling (Dandong) Co., Ltd.	Same controller	Sales of goods and services	Material and spare parts	Agreement	Related agreement price	52.57	0.02%		No	Execute according to the agreement	No		
Bengang Stainless Cool-rolling (Dandong) Co., Ltd.	Same controller	Sales of goods and services	Commission	Agreement	Related agreement price	121.71	0.04%		No	Execute according to the agreement	Yes		
Suzhou Bengang Industrial Co., Ltd.	Same controller	Sales of goods and services	Commission	Agreement	Related agreement price	16,236.92	5.55%		No	Execute according to the agreement	Yes		
Benxi Steel Group Finance Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price	1.48	0.00%		No	Execute according to the agreement	No		
Benxi Steel (Group) Co., Ltd.	Same controller	Sales of goods and services	Power supply	Agreement	Related agreement price	11.9	0.00%	2,293,200	No	Execute according to the agreement	No		
Total				--	--	1,334,277.18	--	2,293,200	1,334,277.18	--	--	--	--
Details of any sales return of a large amount				None									
Give the actual situation in the report period where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the current period(if any)				None									

Reason for any significant difference between the transaction price and the market reference price (if applicable)	None
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2. Related-party transactions arising from asset acquisition or sold

Applicable Not applicable

No related transactions by assets acquisition and sold for the Company in reporting period.

3. Related-party transitions with joint investments

Applicable Not applicable

No main related transactions of joint investment outside for the Company in reporting period.

4. Credits and liabilities with related parties

Applicable Not applicable

Was there any non-operating credit or liability with any related party?

Applicable Not applicable

Non-existencet

5. Other significant related-party transactions

Applicable Not applicable

Non-existencet

XVII.Particulars about significant contracts and their fulfillment

1. Particulars about trusteeship, contract and lease

(1) Trusteeship

Applicable Not applicable

Applicable Not applicable

No trusteeship, contract or leasing for the Company in reporting period.

(2) Contract

Applicable Not applicable

No any contract for the Company in the reporting period.

(3) Lease

Applicable Not applicable

No any lease for the Company in the reporting period..

2.Guarantees

Applicable Not applicable

No any guarantees for the Company in the reporting period..

3.Situation of Entrusting Others for Managing Spot Asset**(1)Situation of Entrusted Finance**

Applicable Not applicable

In RMB'0000

Title of trustee	Relationship	Related transaction or not	Type of product	Amount entrusted	Started on	Expired on	Mean of reward	Principal retrieved this period	Impairment provision provided (if any)	Predicted income	Actual gain/loss of the period
ICBC Ltd. Benxi Branch	No	Capital guaranteed	15,000	January 13,2015	February 17,2015	On agreement	15,000		51.78	51.78	Recover
Shanghai Pudong Development Bank Benxi Branch	No	Capital guaranteed	15,000	February 11,2015	February 28,2015	On agreement	15,000		26.9	26.9	Recover
Shengjing Bank Benxi Branch	No	Capital guaranteed	40,000	February 15,2015	March 25,2015	On agreement	40,000		166.58	166.58	Recover
Guangdong Development Bank Benxi Branch	No	Capital guaranteed	30,000	April 3,2015	April 16,2015	On agreement	30,000		36.83	36.83	Recover
Guangdong Development Bank Benxi Branch	No	Capital guaranteed	15,000	April 3,2015	April 24,2015	On agreement	15,000		31.14	31.14	Recover
ICBC Ltd.	No	Capital	10,000	March	April	On agreement	10,000		34.52	34.52	Recover

Benxi Branch		guaranteed		6,2015	10,2015						r
ICBC Ltd. Benxi Branch	No	Capital guaranteed	30,000	March 29,2015	June 29,2015	On agreement	30,000		310.68	310.68	Recover
ICBC Ltd. Benxi Branch	No	Capital guaranteed	19,700	June 25,2015	July 31,2015	On agreement	19,700		64.23	64.23	Recover
Total			174,700	--	--	--	174,700		722.66	722.66	
Resource of capital trusted		Idle capital under the Company possession									
Accumulated principal and gains overdue		0									
Lawsuit (if any)		None									
Date of announcement made by the Board about approval of trusted financial service		April 20,2015									
Date of announcement made by the Shareholders' Meeting about approval of trusted financial service											
Whether there is a future trust management plan		Yes									

(2) Situation of Entrusted Loans

Applicable Not applicable

No any Entrusted loans for the Company in the reporting period..

4. Other significant contract

Applicable Not applicable

No other significant contracts for the Company in reporting period.

XVIII.Explanation about other significant matters

Applicable Not applicable

The company's controlling shareholder, Benxi Steel (Group) Co., Ltd., increased its holding shares through the No.47 Excellence Assets Management Plan of Shenwan Hongyuan Securities Co., Ltd during the period from September 2, 2015 to October 13, 2015. Before increasing the holding shares, the controlling company holds a total of 2,417,768,374 shares of Bengang Steel Plates Co.,Ltd, taking 77.10% of the share capital of Bengang Steel Plates Co.,Ltd; after the increasing of the holding shares, the controlling company holds a total of 2,457,560,978 shares, taking 78.37% of the share capital of Bengang Steel Plates Co.,Ltd.

XIX. Major issues of subsidiary

Applicable Not applicable

XX. Social responsibility

Applicable Not applicable

During the reporting period, the company conformed to the provisions stipulated by the relevant documents of social responsibility implementation, actively protected the legitimate rights and interests of the creditors and all the company staff, honestly treated the suppliers, customers and consumers and actively engaged in the public welfare undertakings such as environmental protection and community development, while pursuing the economic profits and protecting the interests of the shareholders. In the business activities, the company consciously complied with the principle of voluntariness, fairness, compensation of equal value and honesty and credibility, consciously abided by social morality, professional ethics, consciously accepted the supervision from the government and the public and actively performed the company's social responsibility.

Whether the listed company and its subsidiaries belong to the heavy polluting industries regulated by the state environmental protection department.

Yes No Not applicable

During the reporting period, the company fully implemented by conforming to the Law of Environmental Protection and the new standard of pollutant emission, greatly promoted the implementation of key environmental protection projects, actively carried out the comprehensive managing of the factory environments and fully completed the goal of pollutant emission reduction and blue-sky project of the "Twelfth Five Year Plan".

The company has a total of 197 sets of environmental protection facilities and the running rate of the facilities reached up to 97%. The rate of the pollutant discharged conforming to the standard is 94.1%. Thus achieved the emission reduction of 2729.71 tons of sulfur dioxide, 562.83 tons nitrogen oxides and 1391.84 tons of smoke dust.

While strengthening the production and operation, the company highly emphasized the environmental protection work. In 2005, the company newly carried out 8 environmental protection projects fully according to the plan and the schedule. The company cumulatively invested RMB199.85 million on the environment protection, which were mainly for: the heat and power cogeneration renovation project of the third power workshop of the power plant, the renovation project of desulfurization and denitration of coal fired boiler in the high-pressure workshop, advanced treatment of carbon fiber wastewater in the coking plant, new dust-suppression net built in the raw materials plant, factory area greening and so on.

According to the requirements of the environmental protection policy issued by the superior, the company and its subordinate factories completed the assessment works of the comprehensive, special and field handling of the contingency plan of Benxi City and filed for record.

XXI. Information about the corporate bonds

Whether the listed company failed to honor the corporate bonds public issued and listed on the Stock Exchange in

due or undue at the approval date of the annual report

Yes

1.Basic information of corporate bonds

Bond name	Bond short name	Bond code	Issue day	Due day	Bond balance '0000	Interest rate	Servicing way
Comporaton Bond 2015 (The ist Phase)	15 Benxi Steel 01	112236	February 9,2015	February 9,2018	150,000	5.17%	Due payments once a year, maturing debt at a time.
Corporate bonds listed or trading places	Shenzhen Stock Exchange						
Investors appropriate arrangement	The above mentioned bond trading will be implemented Investors Management						
During the reporting period, interest payment situation of the company bonds	The interests of the 2015-corporate bonds (first term) of Bengang Steel Plates Co., Ltd of the period from February 5, 2015 to February 4, 2016 were paid on February 5, 2016 as each bond would gain RMB 5.17 (tax inclusive). The Record Day of the interest payment period of the bonds was February 4, 2016, thus any investor who buys and holds the bonds before or on the date of February 4, 2016 shall enjoy the right to receive the interest payments. The investors who sold out the bonds on the date of February 4, 2016 shall not enjoy the interests afore-said.						
If the corporate bonds attached to special clauses to the issuer or the investors such as option clause and exchangeable clause, please specify the implementation status of the corresponding clauses. (If applicable)	Not applicable						

2.Bond trustee and the credit rating agency information

Bond trustee:							
Name	ESSENCE Securities	Office address	A02 28/F, 35/F, Anlian Building , No.4018. Jintian Road, Futian District, Shenzhen.	Contact	Tian Zhu, Zhu Shuo	Tel	010-83321219

The credit rating agencies which follow and rate the corporate bond during the reporting period			
Name	United Ratings Co., Ltd.	Office address	12/F, PICC Building, No. Jianguo Menwai Street, Chaoyang District, Beijing.
During the report period, the bond trustee, credit rating agency employed by the company that have changed, reasons for the change, performing procedures, relevant influence on investors, etc (If applicable).	Not applicable		

3. The usage of corporate bonds to raise money

The usage and performance of raised funds from Corporate bonds	After deducting corporate bond issuance costs, all the funds raised for debt restructuring, debt repayment, the amount of repayment of bank borrowings was 1.5 billion yuan, as of December 31, 2015, all the funds raised have been used up.		
At the end of balance (ten thousand)	0		
Raise money for special account operation	Normal		
Whether the usage of the raised money corresponding to the purposes of promise, use plans, and other agreement	Unanimous		

4. Corporate bond rating information

According to the supervision department and united rating agency's relevant requirements on tracking rating, the united rating agency will, in the duration of this bond, exercise a regular tracking rating for the bonds 2015 (first session) of Benxi Iron & Steel (Group) Co., Ltd. in 2 months upon publication of its annual report and will process irregular tracking rating as appropriate. Investors, please pay attention to that.

5. Corporate bond credit mechanism, the debt repayment plans and other security measures

During the reporting period, corporate bonds to increase trust mechanism, debt repayment plans and other safeguards has not changed. Bengang Group Co., Ltd. for the company's bond guarantor, as of the reporting period, Bengang Group's net assets 35.679 billion yuan, asset-liability ratio 74.27%, ROE -17.79% Current Ratio 0.51 Quick Ratio 0.28 (or more financial unaudited data). Bengangeel Group Joint Credit Rating Co. The rating is AAA.

6. During the reporting period the bondholder meeting

During the reporting period, the company did not hold bondholders meeting.

7. During the reporting period the bond trustee perform his duties

During the report period, the bond trustee performs its responsibilities in accordance with the regulations in *Corporate Bond Issuance and Transaction Management Method* and commitment in *Bond Trustee Agreement*:

(I) Constantly pay attention to the credit status, execution of credit enhancement measurements and credit repayment safeguard measures of the guarantor and company;

(II) Supervise the utilization of raised funds in the company during the duration of bond;

(III) exercise a well-rounded investigation into and pay constant attention to the company's debt repayment ability and credit enhancement measures, and provide at least one trustee affair report for the market each year;

(IV) constantly supervise the company's performance of information disclosure obligation during the duration of the bond.

The trustee hasn't been confronted with conflict of interest in performing its responsibilities.

The trustee is predicted to announce the trustee affair report 2015 on the website of Shenzhen Stock Exchange before June 30, 2016.

8. During the reporting period, the company's major accounting data and financial indicators for last 2 years

In RMB'0000

Items	2015	2014	At the same time rate of change
EBITDA	-115,704.04	309,014	-137.44%
The net cash flow generated by investment activities	-344,376.54	-8,727.4	3,845.92%
The net cash flow generated by financing activities	96,516.77	211,409.2	-54.35%
The final cash and balance of cash equivalents	461,278.28	932,703.4	-50.54%
liquidity ratio	0.61%	0.79%	-0.18%
Asset-liability ratio	72.02%	67.79%	4.23%
Quick action ratio	0.32%	0.45%	-0.13%
EBITDA total debt ratio	-0.05%	0.15%	-0.20%
The multiple of interest safeguard	-2.8	1.13	-347.79%
The multiple of cash interest safeguard	-1.57	4.01	-139.15%
EBITDA multiple of interest safeguard	-1.08	3.2	-133.75%
loan payment rate	100.00%	100.00%	0.00%
Interest rate of pay	100.00%	100.00%	0.00%

The main reason that the accounting data and financial indicators yoy change more than 30%

Applicable Not applicable

The main reasons for the above accounting data and financial indicators of the corporate bonds varied more than 30% year on year

1. EBITDA decreased by 137.44% in the period than that of last year, Mainly due to the company recorded a big loss in the current period.
2. The net cash flow generated by investment activities increased by 3845.92% in the period than that of last year,

The main reason was the increase of cash payments for the purchasing of fixed assets, intangible assets and other long-term assets in the current period

3. The net cash flow generated by financing activities decreased by 54.35% in the period than that of last year, The main reason was the increase of loan repayment in the current period.

4. The final cash and balance of cash equivalents decreased by 50.54% in the period than that of last year, The main reason was due to the cash received in the sale of goods and the rendering of service decreased, the cash payments for the purchasing of fixed assets, intangible assets and other long-term assets increased and the net borrowing decreased in the current period compared with the last year.

5. The multiple of interest safeguard decreased by 347.79% in the period than that of last year, Mainly due to the company recorded a big loss in the current period.

6. The multiple of cash interest safeguard decreased by 139.15% in the period than that of last year, Mainly due to net cash flows from operating activities of the company decreased during the current period

7. EBITDA multiple of interest safeguard decreased by 133.75% in the period than that of last year, Mainly due to the company recorded a big loss in the current period.

9. Property rights limits by the end of report period

Items	Book value at the end of this year	Limited reason
Monetary fund	527,695,736.99	For the issuance of notes payable and the purchase of foreign exchange
Notes receivable	718,925,665.16	Notes payable
Inventories		
Fixed assets	28,440,000.00	Mortgage loan
Intangible assets		
Account receivable and Order	1,966,875,200.00	Loans
Total	3,241,936,602.15	

10. During the report period interest payment for other bonds and debt financing tool

None

11. During the report period obtain bank credit, its use situation and repayment of bank loans

During the report period, the total bank credit amount of the company is 37.69 billion yuan, and 25.36 billion yuan has been utilized, with the unused line of credit of 12.32 billion yuan. The total loan amount at the beginning is 19.594 billion yuan, and a loan of 25.869 billion yuan is added in this period. And the loan repaid is 24.883 billion yuan, with the loan balance at the ending of 20.58 billion yuan.

12. During the reporting period the situation of performing the related agreement or commitment in the corporate bond prospectus

The company strictly observes the *Bond Trustee Agreement* and regulations as described in different bond terms and conditions, and fulfills its promises.

13. Major events occurring in the period of report

As for the major events that take place during the report period, please refer to the notices disclosed on the website of Shenzhen Stock Exchange respectively on January 29, March 1 and March 29, 2016, including the Indicative Notice on Possibly Implementing Investors' Appropriate Management on Corporate Bonds in 2015, Second Indicative Notice on Possibly Implementing Investors' Appropriate Management on Corporate Bonds in 2015, Third Indicative Notice on Possibly Implementing Investors' Appropriate Management on Corporate Bonds in 2015 (No. 2016-005, 2016-015 and 2016-016) .

14. Whether there is a guarantor corporate bonds

Yes No

The guarantor of the corporate bond is a legal person or other organizations

Yes No

Whether to disclose the guarantor's financial statements during the reporting period, including the balance sheet, income statement, the cash flow statement, statement of changes in owner's equity (shareholders' equity) and the notes to financial statements

Yes No

The company shall provide the guarantor's financial statement (mark whether it has been audited) during the report period.

VI. Change of share capital and shareholding of Principal Shareholders

I. Changes in share capital

1. Changes in share capital

In shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
I. Shares with trade restriction conditions	75,750	0.00%				-75,750	-75,750	0	0.00%
3. Other domestic shares	75,750	0.00%				-75,750	-75,750	0	0.00%
Domestic natural person shares	75,750	0.00%				-75,750	-75,750	0	0.00%
II. Shares without trading limited conditions	3,135,924,250	100.00%				75,750	75,750	3,136,000,000	100.00%
1. Common shares in RMB	2,735,924,250	87.24%				75,750	75,750	2,736,000,000	87.24%
2. Foreign shares in domestic market	400,000,000	12.76%						400,000,000	12.76%
III. Total of capital shares	3,136,000,000	100.00%						3,136,000,000	100.00%

Causation of change in share equity

[V] Applicable [] Not applicable

During the reporting period, as some of the company's directors had left the posts and some of the supervisors decreased their holding shares, thus the number of corresponding shares under limited-conditions for sale was reduced.

Approval of Change of Shares

 Applicable Not applicable

Situation of registration process of transferred shares

 Applicable; [V] Not applicable

influences of the change of share equity on financial indices such as basic earning per share, diluted earning per share, and net asset per share attributed to common shareholders:

Applicable; Not applicable

Other information the Company thinks necessary or required by the authority to be disclosed

Applicable; Not applicable

2. Change of shares with limited sales condition

Applicable Not applicable

II. Issuing and listing

1. Explanation of the Situation of the Security Issue (No Preferred Shares) in the Report Period

Applicable Not applicable

2. Change of asset and liability structure caused by change of total capital shares and structure

Applicable Not applicable

3. About the existing employees' shares

Applicable Not applicable

III. Shareholders and actual controlling shareholder

1. Number of shareholders and shareholding

In Share

Total number of common shareholders at the end of the reporting period	72,207	Total shareholders at the end of the month from the date of disclosing the annual report	56,985	The total number of preferred shareholders voting rights restored at period-end (if any) (See Notes 8)	0	Total preferred shareholders at the end of the month from the date of disclosing the annual report (if any) (See Notes 8)	0	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period-end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount

Benxi Steel (Group) Ltd.	State-owned legal person	78.37%	2,457,560,978	-106,869,022		2,457,560,978		
GIC PRIVATE LIMITED	Overseas legal person	0.31%	9,754,211					
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.26%	8,157,311					
Li Jia	Domestic natural person	0.24%	7,642,251					
GSIC A/C MONETARY AUTHORITY OF SINGAPORE	Overseas legal person	0.17%	5,486,354					
Zhan Changcheng	Domestic natural person	0.15%	4,648,615					
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas legal person	0.15%	4,606,141					
Bank of China—Huaxia Securities Investment Fund	Other	0.11%	3,424,700					
Haitong International Securities Company Limited-Account Client	Overseas legal person	0.10%	3,141,109					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas legal person	0.09%	2,876,904					
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if any)(See Notes 3)		N/A						
Notes to relationship or “action in concert” among the top ten shareholders.	It is unknown to the Company whether there is any related connection or ‘Action in Concert’ as described by Rules of Information Disclosing Regarding Changing of Shareholding Status of Listed Companies existing							

among the above shareholders.			
Shareholding of top 10 shareholders of unrestricted shares			
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period	Category of shares	
		Category of shares	Amount
Benxi Steel (Group) Co.,Ltd.	2,457,560,978	RMB Common shares	2,457,560,978
GIC PRIVATE LIMITED	9,754,211	Foreign shares placed in domestic exchange	9,754,211
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	8,157,311	Foreign shares placed in domestic exchange	8,157,311
Li Jia	7,642,251	RMB Common shares	7,642,251
GSIC A/C MONETARY AUTHORITY OF SINGAPORE	5,486,354	Foreign shares placed in domestic exchange	5,486,354
Zhan Changcheng	4,648,615	Foreign shares placed in domestic exchange	4,648,615
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	4,606,141	Foreign shares placed in domestic exchange	4,606,141
Bank of China – Huaxia Securities Investment Fund	3,424,700	RMB Common shares	3,424,700
Haitong International Securities Company Limited-Account Client	3,141,109	Foreign shares placed in domestic exchange	3,141,109
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	2,876,904	Foreign shares placed in domestic exchange	2,876,904
Action-in-concert among top 10 non-restricted current share holders, top 10 non-restricted current share holders and top 10 shareholders	Benxi Steel & Iron (Group) Co., Ltd., the holding shareholder, has no relationship with any of the other shareholders among the top 10 shareholders, neither being regarded as action-in-concert parties by the Information Disclosure Regulations for Change of Shareholding in PLC The Company is not aware of any relationship among the other shareholders, nor of any action-in-concert as recognized according to the Information Disclosure Regulations for Change of Shareholding in PLC. The Company is not aware of any relationship among the top 10 shareholders, nor of any action-in-concert as		

	recognized according to the Information Disclosure Regulations for Change of Shareholding in PLC.
Shareholders among the top 10 participating in securities margin trading (if any) (see Note 4)	None

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period.

Yes No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy –back agreement dealing in reporting period.

2. Controlling shareholder

Nature of Controlling Shareholders: Local state holding

Type of Controlling Shareholders: Legal person

Name of the Controlling shareholder	Legal representative/Leader	Date of incorporation	Organization code	Principal business activities
Benxi Steel (Group) Co., Ltd.	Zhang Xiaofang	July 10, 1996	11972626-3	Business scope: steel smelt, mine exploitation, panel rolling, oxygen manufacturing, pipe manufacturing, power generating, coal industry, special steel material manufacturing, heating, supply of the water, electricity, wind and gas, metal processing, electro mechanics builds, device manufacturing, architecture installation, railway, highway transportation, import and export trade, traveling industry, construction material , refractory material , measuring device instrument, goods and materials supply and marketing, development of real estate, scientific research, design , information service, property management, telecommunication, processing of waste iron, property leasing, exchange of steel material, and recycling of waste oils (to the extent of licensed to the subsidiary companies), property management; publishing of

				Bengang Daily (expire on December 31, 2013); designing and making of presswork and advertisement, releasing, producing of TV advertisements in the country and abroad.
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	None			

Change of holding shareholder

Applicable; Not applicable

No change of holding shareholder in the report period.

3. Information about the controlling shareholder of the Company

Actual controller nature: Local state owned assets management

Actual controller type: Legal person

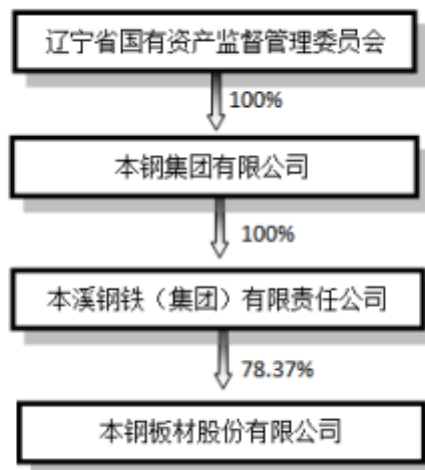
Name of the controlling shareholder	Legal representative/person in charge	Date of establishment	Organization code	Principal business activities
Bengang Group Co., Ltd.	Zhang Xiaofang	November 25,2010	56462557-5	Asset management
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	None			

Change of substantial controller

Applicable; Not applicable

No change of substantial controller in the report period.

Chart of the controlling relationship between the practical controller and the Company



Whether the substantial controller is controlling the Company through trusteeship or other asset management service

Applicable; Not applicable

4. Corporation shareholders with over 10% of the Company's shares

Applicable; Not applicable

5. Situation of Share Limitation Reduction of Controlling Shareholders, Actual Controllers, Restructuring Party and Other Commitment Subjects

Applicable Not applicable

VII. Situation of the Preferred Shares

Applicable Not applicable

The Company had no preferred shares in the reporting period.

VIII. Information about Directors, Supervisors and Senior Executives

I. Change in shares held by directors, supervisors and senior executives

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Shares held at the year-begin (share)	Amount of shares increased at the reporting period (share)	Amount of shares decreased at the reporting period (share)	Other changes increase/decrease	Shares held at the year-end (share)
Zhao Zhongmin	Director, Chairman	In office	Male	49	May 21, 2015	May 17, 2016					
Cao Aimin	Director, Chairman	In office	Male	49	October 26, 2009	May 17, 2016					
Han Ge	Director, GM	In office	Male	47	February 19, 2014	May 17, 2016					
Zhao Wei	Director	In office	Male	49	May 21, 2015	May 17, 2016					
Jin Yongli	Independent Director	In office	Male	58	May 17, 2013	MAY 17, 2016					
Zhong Tianli	Independent Director	In office	Female	60	May 20, 2014	May 17, 2016					
Zhao Xinan	Independent Director	In office	Male	56	May 21, 2015	May 17, 2016					
Dong Liju	Supervisor, Chairman of Supervisory Committee	In office	Female	52	February 19, 2014	May 17, 2016					
Han Mei	Supervisor	In office	Female	47	February 19, 2014	May 17, 2016					
Li Lin	Supervisor	In office	Female	48	February 19, 2014	May 17, 2016	375		375		0
Li Zhengchun	Supervisor	In office	Male	43	April 1, 2015	May 17, 2016					
Zhang Yanlong	Supervisor	In office	Male	39	January 26, 2014	May 17, 2016					

Zhang Jichen	Deputy GM	In office	Male	59	June 26,2008	May 17,2016					
Bao Mingwei	Deputy GM	In office	Male	53	December 28,2012	May 17,2016					
Wang Fengmin	Deputy GM	In office	Male	51	January 26,2014	May 17,2016					
Hu Guangyuan	Deputy GM	In office	Male	56	January 26,2014	May 17,2016					
Wang Shaoyu	Deputy GM,CFO	In office	Male	52	October 28,2015	May 17,2016					
Sun Yanbin	Secretary of the Board	In office	Male	34	August 3,2015	May 17,2016					
Wang Shu	Director, Chairman	Resigned	Male	45	February 19,2014	May 21,2015	75,375		18,844		56,531
Li Kai	Independent Director	Resigned	Male	59	May 11, 2009	May 21,2015					
Li Naiming	Supervisor	Resigned	Male	45	January 26,2014	April 1,2015					
Total	--	--	--	--	--	--	75,750	0	19,219		56,531

II. Change in shares held by directors, supervisors and senior executives

Name	Positions	Types	Date	Reason
Wang Shu	Director, Chairman	Resigned	May 21,2015	Change of position
Li Kai	Independent Director	Expiration of the term of office	May 21,2015	Expiration of the term of office
Li Naiming	Supervisor	Resigned	April 1,2015	Change of position
Zhang Jichen	Secretary of the Board	Resigned	August 3,2015	Change of position

III. Posts holding

Work Experience in the past five years of Directors, supervisors and senior Executives in Current office

Profiles of the members of the Board:

Zhao Zhongmin, Male, 49 of age, Postgraduate degree, Senior Economist. He once was the Vice director of Unman resources Dept and director of Cadre assessment of Benxi Steel (Group) Co., Ltd.; Vice General Manger of Benxi Steel (Group) Co., Ltd.; He is now Chairman of the Board of tBengang Steel Plates Co., Ltd.

Cao Aimin, male, 49 of age, postgraduate degree, senior accountant. Once head of capital division of finance

department, and director of department, the head of financial department of Bengang Group. Chief Accountant and Head of Planning and Finance Division; The Chief Accountant of Bengang Group; Director of Bengang Group Co., Ltd; He's now vice chairman of Board of Bengang Steel Plates Co., Ltd.

Han Ge, male, 47 of age, college graduate, postgraduate in process, senior engineer. Once he's manager of hot-rolling factory of the Company; vice manager of iron-making factory; assistant of general manager of Bengang Group. At present he's the general manager of Bengang Steel Plates Co., Ltd.

Zhao Wei, male, 49 of age, college graduate. once head of capital division of finance dept, director of Finance Dept of Bengang Mining Company, Director of Budget Dept of Bengang Group; Deputy General Manager of Bengang Steel Plates Co., Ltd.; Vice Chief accountant , Vice Director of Finance Dept , Director of Capital Business Dept of Bengang Group, Director , Deputy General Manager of Benxi Steel (Group) Co., Ltd., He's now director of Bengang Steel Plates Co., Ltd.

Jin Yongli, male, 58 of age, master degree, professor. Once he's the dean of engineering school of Shenyang University. At present he's the dean of Business School of Shenyang University, and independent director of the Company since may 2013.

Ms. Zhong Tianli, 60 of age, professor and doctoral tutor of Northeast University. Once she was vice dean of Business School of Northeast University, dean of Fundamental Study School and Head of Accounting Institute of Northeast University. At present she's professor of Accounting Dept. of Business School of Northeast University. She has been independent director of the Company since May 2014.

Zhao Xinan, male, 56 of age, professor and doctoral tutor of Northeast University. Once she was vice dean of Business School of Northeast University, member of the national Education Dept of Management science and Engineering Teaching steering Committee; At present he's the dean of Business School of Shenyang University. He has been independent director of the Company since May 2015.

Profiles of the Supervisory Committee:

Dong Liju, female, 52 of age, master degree, senior engineer. Once she's head of auditing department of the Company; the secondary Chairman of Supervisory Committee of the Company. At present she's the Chairwoman of the Supervisory Committee of the Company.

Han Mei, female, 47 of age, college graduate, senior accountant. Once she's the vice head of financial department of the Company; vice head of auditing department and head of administration department of the supervisory committee of Bengang Group; Provincial Government Liaison in Bengang and the Tertiary Chairman of the Supervisory Committee. At present she's the supervisor of Bengang Steel Plates Co., Ltd.

Li Lin, female, 48 of age, college graduate, engineer. Once she's the administrator of HR department of Bengang Group; vice chief engineer of Transportation Department of the Company; substitute chairman of the trade union of Transportation Department of the Company; Chairman of the trade union of Transportation Department of the Company. At present she's the supervisor of Bengang Steel Plates Co., Ltd.

Li Zhengchun, male, 43 of age, college graduate, senior engineer .Once He's the office ,assistant director and director of human resources management Dept of The Group;rector;Vice minister of Party work Dept of Bengang Steel Plates Co., Ltd. ;Vice chairman Labour Union and Vice Secretary of the Commission for discipline inspection of Bengang Steel Plates Co., Ltd.; At present she's the supervisor of Bengang Steel Plates Co., Ltd.

Zhang Yanlong, 39 of age, college graduate, engineer. He once was the workshop manager of steel-making factory; vice chief of QC department of iron-making factory, manager of steel-making factory of the Company. He's now the head of production division of iron-making factory of the Company. At present she's the supervisor of Bengang Steel Plates Co., Ltd.

Executives other than directors:

Zhang Jichen, male, 59 of age, postgraduate degree, senior engineer. Once the vice director of planning department of Benxi Steel & Iron (Group) Co., Ltd.; vice director of Strategy Dept. and director of Policy Dept. Secretary of the Board of Bengang Steel Plate Co., Ltd.; At present he's the secretary of Board and Vice General Manager of Bengang Steel Plates Co., Ltd.

Bao Mingwei, male, 53 of age, university graduate, certified senior engineer. Once he was the vice manager of hot-rolling factory, CCP secretary and vice manager of hot-rolling factory. At present he's the vice general manager of the Company and manager of No.3 Cool Rolling Factory.

Wang Fengmin, male, 51 of age, master degree, senior engineer, professor. Once he was the vice manager of iron-making factory of the Company. At present he is the head of production division and vice general manager of Bengang Steel Plates Co., Ltd.

Hu Guangyuan, male, 56 of age, master degree, senior engineer, professor. Once he was the vice general manager and general manager of Bengang Puxiang Cool-rolling Plate Co., Ltd. the head of product R&D center , At present he is the vice general manager of Bengang Steel Plates Co., Ltd. and director of Cool-rolling Plate factory.

Wang Shaoyu, male, 52 of age, college graduate, senior accountant .Once he was the vice director , Deputy director and director of finance Dept of Bengang Steel Plates Co., Ltd.. at present he is the vice general manager and CFO of Bengang Steel Plates Co., Ltd..

Sun Yanbin, male, 34 of age, college graduate, senior accountant. once he was the officer and deputy director of budget finance Dept of Bengang Group; Manager of Finance Dept of hot rolling factory of Finance Dept of Bengang Steel Plates Co., Ltd.; the assistant minister of Finance Dept of Bengang Steel Plates Co., Ltd.. at present he is the vice general manager and CFO of Bengang Steel Plates Co., Ltd.. at present he is the Secretary of the Board of Bengang Steel Plates Co., Ltd..

Office taking in shareholder companies

√Applicable □Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Starting date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Zhao Zhongmin	Bengang Group Co., Ltd.	Vice General Manager	March 1,2014		Yes
Cao Aimin	Bengang Group Co., Ltd.	Director	November 1,2010		Yes
Zhao Wei	Bengang Group Co., Ltd.	Vice Chief accountant , Vice Director of Finance Dept, Director of Capital Business Dept	October 1,2014		Yes
Dong Liju	Bengang Group Co., Ltd.	Director of Audit Dept	April 1,2011		Yes
Han Mei	Bengang Group Co., Ltd.	Vice directorof	October 1,2012		Yes

		Audit Dept			
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Offices taken in other organizations

Applicable Not applicable

Punishments to the current and leaving board directors, supervisors and senior managers during the report period by securities regulators in the recent three years

Applicable Not applicable

IV. Remuneration to directors, supervisors and senior executives

Decision-making procedures, basis for determination and actual payment of the remuneration to directors , supervisors and senior executives

Decision making process

1. The Remuneration and Assessment Committee will produce a plan or proposal, which will be implemented upon approval of the Board or the Shareholders' Meeting;
2. Upon the performance assessment criteria and procedures, the Remuneration and Assessment Committee undertakes assessment on the directors and executives.
3. Specific amounts and ways of rewards will be proposed according to the assessment and remuneration policies for the directors, supervisors and executives, and adopted by voting;
4. To be implemented upon approval of the Board.

Basis of recognition:

Remuneration scheme for a particular position is recognized basing on the range of responsibilities, duties, importance, and with consideration of similar positions in other enterprises. Remunerations are distributed basing on the assessment results and remuneration policies.

Particulars about the payment:

Wage paid on monthly basis according to the remuneration policies

Remuneration of directors, supervisors, and executives in the report period

In RMB'0000

Name	Positions	Sex	Age	Office status	Total remuneration received from the shareholder	Remuneration actually received at the end of the reporting period
Zhao Zhongmin	Director, Chairman	Male	49	In Office		Yes
Cao Aimin	Director, Vice Chairman	Male	49	In office		Yes
Han Ge	Director, GM	Male	47	In Office	24.21	No
Zhao Wei	Director	Male	49	In office	15.68	Yes
Jin Yongli	Independent Director	Male	58	In Office	5	No
Zhong Tianli	Independent Director	Male	60	In office	5	No
Zhao Xinan	Independent Director	Male	56	In Office	5	No
Dong Liju	Supervisor, Chairman of Supervisory	Female	52	In office		Yes

	Committee					
Han Mei	Supervisor	Female	47	In Office		Yes
Li Lin	Supervisor	Female	48	In Office	13.23	No
Li Zhengchun	Supervisor	Male	43	In office	11.85	No
Zhang Yanlong	Supervisor	Male	39	In Office	16.88	No
Zhang Jichen	Vice General Manager	Male	59	In Office	20.17	No
Bao Mingwei	Vice General Manager	Male	53	In office	22.28	No
Wang Fenmin	Vice General Manager	Male	51	In Office	22.01	No
Hu Guangyuan	Vice General Manager	Male	56	In office	21.36	No
Wang Shaoyu	Vice General Manager	Male	52	In Office	20.67	No
Sun Yanbin	Secretary of the Board	Male	34	In Office	11.02	No
Wang Shu	Director, Chairman	Male	45	Resigned		Yes
Li Kai	Independent Director	Male	59	Resigned	5	No
Li Naiming	Supervisor,	Male	45	Resigned	3.44	No
Total	--	--	--	--	222.8	--

Incentive equity to directors, supervisors or/and senior executives in the reporting period

Applicable Not applicable

V. Particulars about employees.

1. Staff jobs, education, job title number and proportion refer to the following pie chart:

Number of in-service staff of the parent company (person)	20,866
Number of in-service staff of the main subsidiaries (person)	648
Total number of the in-service staff (person)	21,514
Total number of staff receiving remuneration in the current period (person)	21,514
The number of the parent company and the main subsidiary's retired staffs who need to bear the cost (person)	925
Professional	
Classified according by Professions	Number of persons (person)
Production	17,503
Sales	200
Technical	1,475
Financial	148

Administrative	2,188
Total	21,514
Education	
Classified according by education background	Number of persons (person)
Postgraduate or above	375
Universities	3,546
Colleges	5,787
Secondary school ,high school, technical school	4,814
below middle school	6,992
Total	21,514

2. Remuneration policies

In 2015, the company pushed forward the pilot works on distribution system reform, so as to realize income distribution by performance; attempted to carry out the allowance system for concurrently holding posts; established broadband salary system; deepened the internal distribution, invigorated the proportion of fluctuate salary and fixed salary, enhance the orientation of salary distribution; continuously deepened the allocation management of base layer and promoted the internal fairness and reasonableness.

3. Training plan

137 training programs were provided to 18884 employees, which was 90% as scheduled and covered 70% of the whole employees.

4. Outsourcing situation

Applicable Not applicable

IX. Administrative structure

I. Basic state of corporate governance

Since listed in the stock exchange, the Company has been following the laws, regulations and documents such as the Company Law, Securities Law, Listed Company Administration Rules, Shareholders' Meeting Criteria of Listed Companies, Guide of Lifting the Quality of Listed Company, and Instructions for Articles of Association of Listed Companies. The Company has been establishing and improving the administration structures to protect the interests of the Company and the investors. The Shareholders' Meeting was working with clear responsibilities and decision making procedures. Arrangement were made to enable convenient participating of the public investors. Online voting system was introduced for material decision making processes. During the reporting period, according to the relevant laws and regulations, and combining with the actual situation of the company, the Articles of Association, the Rules of Procedure for General Shareholder Meeting, the Rules of Procedure for the Board Meeting, Job Specification for General Manager, Financial Management Rules for Short-term Idle Funds, Special Deposit and Use Management Rules for the Raised Funds, Management Rules for Related Transactions and so on were revised early or late.

responsibility to return on investors, improved and enhanced the corporate governance standards.

Does there exist any difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC,

Yes No

There exist no difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC.

II. Particulars about the independency of the Company in aspects of business, personnel, asset, organization, and accounting

The Company is separated from the controlling shareholder in aspects of personnel, assets, financial affairs, institution, business, etc. and has its own independent and complete business operation.

(1) In business operation: the Company has its own production and business planning, financial affairs check and calculate, personnel, raw material supplies and products selling business system independently and completely, .

(2) In personnel: The Company and controlling shareholder are separate in such aspects as labor, personnel and salary management. Such senior executives as company's chairman, general manager, vice general manager, secretary of Board of Directors, etc. get salary from the Company, and have not held the important position other than a director in shareholding party.

(3) In Asset: The Company is separated from the controlling shareholder's clearly in asset. The Company has its own independent purchase, production, and marketing system.

(4) In organization: The internal operations of the Company are independent; organization structuring and working function are totally independent.

(5) In finance: The company has independent financial & accounting department, the accounting and financial management system were are complete and operated independently, and has bank account and pay taxes independently.

III. Competition situations of the industry

Applicable Not Applicable

IV. Annual General Meeting and Extraordinary Shareholders' Meetings in the Reporting Period

1. Annual General Meeting

Sessions	Type	Investor participation ratio	Meeting Date	Disclosure date	Disclosure index
Annual Genral Meeting of 2014	Annual General Meeting	0.08%	May 21,2015	May 22,2015	Announcement No.2015-021.http://www.cninfo.com.cn
The first provisional shareholders' General meeting in 2015	Provisional shareholders' General Meeting	0.08%	September 15,2015	September 16,2015	Announcement No.2015-052.http://www.cninfo.com.cn
The Second provisional shareholders' General meeting in 2015	Provisional shareholders' General Meeting	0.05%	December 29,2015	December 30,2015	Announcement No.2015-067.http://www.cninfo.com.cn

2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable Not applicable

V. Responsibility performance of independent directors in report period

1. The attending of independent directors to board meetings and shareholders' general meeting

The attending of independent directors						
Independent Directors	Number of Board meetings necessary to be attended in the reporting period	Number of spot attendances	Number of meetings attended by Communication	Number of attendances by representative	Number of absence	Failure to personally attend board meetings successively twice (Yes/No)
Li Kai	1	1	0	0	0	No
Jin Yongli	7	5	2	0	0	No
Zhong Tianli	7	4	2	1	0	No
Zhao Xinan	6	4	2	0	0	No

Number of general meetings attended by independent directors as non-voting delegates	3
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Notes to failure to personally attend Board Meetings Successively Twice

2. Objection of independent directors on some relevant issues

Objection of independent directors on some relevant issues

Yes No

Independent directors proposed no objection against the relevant matters in the reporting period.

3. Other notes to duty performance of independent directors

Has an independent director's advice to the Company been accepted

Yes No

Explanation on acceptance of or failure to accept an independent director's advice to the Company.

Independent directors have not made recommendations during the reporting period.

VI. Fulfilling of duties by the Special Committees under the Board of Directors

The Remuneration and Assessment Committee is responsible to inspect the assessment process of the executives in year 2015.

The Development and Strategy Committee is responsible to examine the Board of Directors' Work Report 2015 in advance and provide suggestions on the Company's long-term development basing on its researches.

The Auditing Committee is responsible to inspect the operation of internal auditing system, to verify the financial information disclosure, to examine the Financial Report 2015, and the Internal Control Introspective Evaluation Report, etc.

Nomination Committee provided opinions on the adjustment of executive positions.

VII. Fulfilling of duties of the Supervisory Committee

Is there any risk with the Company discovered by the Supervisory Committee in the report period

Yes No

The Supervisory Committee hasn't issued any objection on inspection issues.

VIII. Assessment and incentive scheme for executives

The Company's performance assessment scheme for executives has become a regular mechanism. Annual business plans adopted by the shareholders' meeting and the Board were assigned and authorized to the executive team of the Company and were used as basis of annual assessment. Operational targets were scheduled by the Board to the executives and were reviewed from time to time during the year and annual rewards or penalties were issued at end of year. The incentive scheme was working effectively to motivate the directors, supervisors and executives.

IX. Internal control situations

1. Specific situations on major defects of internal control discovered during report period

Yes No

About the significant Defects of the internal control found in the internal control self-assessment report in the reporting period
No major defects within the reporting period

2. Self-evaluation report on internal control

Disclosing date of internal control auditing report full text	April 29, 2016	
Index of the internal control auditing report full text	http://www.cninfo.com.cn	
Standards of Defects Evaluation		
Category	Financial Report	Non-financial Report
Qualitative criteria	<p>1. Material deficiencies: The frauds made by the directors, or supervisors, or senior management personnel that leads to significant losses and adverse effects to the company; the supervisions made by the company's audit committee and the audit department on the company's external financial report and the internal control of the financial report are invalid. 2. Significant deficiencies: Not in accordance with generally accepted accounting standards selection and application of accounting policies; Not established anti-fraud procedures and control measures; Not established the corresponding control mechanism or not implemented the corresponding compensatory control on the accounting treatment of non conventional or special deals; there are one or more defects in the process control of the final financial report and which leads to cannot reasonably guaranteeing the financial report compiled to achieve the goal of being true and accurate. 3: General deficiencies: the internal control deficiencies except those constitute the</p>	<p>1. Material deficiencies: Major errors caused by decision-making procedure; the important business lacks institutional control or has a systematic failure while lacking effective compensatory control; serious drain of senior and middle level management personnel and senior technical staff; serious drain of business personnel in key posts; the results of internal control evaluation, especially the significant deficiencies have not been corrected; other circumstances that have big negative impact on the company. 3. General deficiencies: low-efficiency on the decision-making process; existed defects in the ordinary business institution or system; serious drain of business personnel in general posts; general deficiencies that have not been corrected.</p>

	material deficiencies and the significant deficiencies.	
Quantitative criteria	<p>1: Material deficiencies: 1) misstatement $\geq 5\%$ of the total profits; 2) misstatement $\geq 3\%$ of the total assets; 3) misstatement $\geq 1\%$ of the total operating income; 4) misstatement $\geq 1\%$ of the total amount of the owner's equity. 2. Significant deficiencies: 1) 3% of the total profits \leq misstatement $< 5\%$ of the total profits; 2) 0.5% of the total assets \leq misstatement $< 3\%$ of the total assets; 3) 0.5% of the total operating income \leq misstatement $< 1\%$ of the total operating income; 4) 0.5% of the total amount of the owner's equity \leq misstatement $< 1\%$ of the total amount of the owner's equity. 3. General deficiencies: 1) misstatement $< 3\%$ of the total profits; 2) misstatement $< 0.5\%$ of the total assets; 3) misstatement $< 0.5\%$ of the total operating income; 4) misstatement $< 0.5\%$ of the total amount of the owner's equity.</p>	<p>1: Material deficiencies: 1) misstatement $\geq 5\%$ of the total profits; 2) misstatement $\geq 3\%$ of the total assets; 3) misstatement $\geq 1\%$ of the total operating income; 4) misstatement $\geq 1\%$ of the total amount of the owner's equity. 2. Significant deficiencies: 1) 3% of the total profits \leq misstatement $< 5\%$ of the total profits; 2) 0.5% of the total assets \leq misstatement $< 3\%$ of the total assets; 3) 0.5% of the total operating income \leq misstatement $< 1\%$ of the total operating income; 4) 0.5% of the total amount of the owner's equity \leq misstatement $< 1\%$ of the total amount of the owner's equity. 3. General deficiencies: 1) misstatement $< 3\%$ of the total profits; 2) misstatement $< 0.5\%$ of the total assets; 3) misstatement $< 0.5\%$ of the total operating income; 4) misstatement $< 0.5\%$ of the total amount of the owner's equity.</p>
Number of major defects in financial reporting (a)		
Number of major defects in non financial reporting (a)		
Number of important defects in financial reporting (a)		
Number of important defects in non financial reporting (a)		

X. Internal Control audit report

Applicable Not applicable

Review opinions in the internal control audit report	
We acknowledge that Bengang Bancai has been conducting effective internal control in all material aspects complying with "Fundamental Rules of Enterprise Internal Control" up to December 31, 2015.	
Disclosure date of audit report of internal control (full-text)	Disclosure

Index of audit report of internal control (full-text)	April 29,2016
Internal audit report's opinion	http://www.cninfo.com.cn
Type of audit report on internal control	Unqualified auditor's report
Whether there is significant defect in non-financial report	No

Has the CPAs issued a qualified auditor's report of internal control .

Yes No

Does the internal control audit report issued by the CPAs agree with the self-assessment report of the Board of Directors

Yes No

X. Financial Report

I. Audit report

Type of auditing opinion	Standard report without qualified opinion
Date of issue of the auditors' Report	April 27,2016
Name of the CPA	BDO China Shu Lun Pan Certified Public Accountants LLP
Name of the certified accountants	Wu Xue, Zhang Huice

Auditors' Report

To all shareholders of Bengang Steel Plate Co., Ltd.

We have audited the accompanying financial statements of Bengang Steel Plates Co., Ltd. (hereinafter referred to as "the Company") which comprise the consolidated statement of financial position and statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income and statement of comprehensive income, the consolidated statement of changes in equity and statement of changes in equity, the consolidated statement of cash flows and statement of cash flows for the year then ended, and notes to the financial statements.

I. Executives' responsibilities on the Financial Statements

Preparing of the Financial Statements according to Enterprise Accounting Standard is the responsibility of the management of the Company. This responsibility is including: (1) to prepare the financial statements according to

the accounting standard, and ensure its fair reflection of business position; (2) to design, implement and maintain the internal control system related to producing of the Financial Statements, to prevent the Financial Statements from major false presentation due to cheating or error

II. Responsibilities of the CPA

Our responsibilities are to issue auditing opinions on the Financial Statements basing on the auditing works we've done on them. We carried out the auditing works with compliance to Chinese CPA Auditing Standard, which requires us to plan and implement our works on the basis of professional ethic standards, and obtain reasonable guarantee that the Financial Statements are free of major false statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting polices used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Auditors' Opinions

In our opinion, the financial statements of Bengang Steel Plates Co., Ltd. present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2015, and the consolidated results of operations and results of operations and the consolidated cash flows and cash flows of the Company for the year then ended in accordance with the requirements of Accounting standards for Business Enterprises.

Shu Lun Pan Certified Public Accountant LLP CPA China: Wu Xue
(Limited Liability Partnership)

Shanghai, China CPA China: Zhang Huice

April 27, 2016

II. Financial Statements

Statement in Financial Notes are carried in RMB/CNY

1.Consolidated Balance sheet

Prepared by :Bengang Steel Plates Co., Ltd.

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	5,140,480,509.97	9,792,940,409.40
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Bill receivable	2,449,682,561.16	2,089,039,261.13
Account receivable	488,584,624.72	487,767,042.22
Prepayments	569,851,950.69	1,236,314,004.73
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable	3,524,615.12	7,011,095.89
Dividend receivable		
Other account receivable	151,668,877.26	257,708,098.03
Repurchasing of financial assets		
Inventories	8,601,734,442.42	11,008,413,817.92
Assets held for sales		
Non-current asset due in 1 year		
Other current asset	431,360,541.21	457,504,509.43
Total of current assets	17,836,888,122.55	25,336,698,238.75
Non-current assets:		
Loans and payment on other's behalf disbursed		
Disposable financial asset	20,271,278.63	20,271,278.63
Expired investment in possess		
Long-term receivable		
Long term share equity investment		

Property investment		
Fixed assets	20,046,254,726.74	17,144,282,253.99
Construction in progress	5,646,624,293.27	6,126,175,722.67
Engineering material	4,152,880.79	90,221,101.46
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	265,520,912.57	271,459,969.75
R & D petrol		
Goodwill		
Long-germ expenses to be amortized		
Differed income tax asset	641,931,130.78	181,494,465.42
Other non-current asset		
Total of non-current assets	26,624,755,222.78	23,833,904,791.92
Total of assets	44,461,643,345.33	49,170,603,030.67
Current liabilities		
Short-term loans	18,139,885,596.60	18,187,945,675.93
Loan from Central Bank		
Deposit received and hold for others		
Call loan received		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Bill payable	2,110,511,950.79	822,581,591.46
Account payable	5,015,900,664.47	8,780,948,804.18
Advance payment	1,815,443,452.05	3,144,418,091.52
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	36,455,143.76	35,383,951.55
Tax payable	45,194,528.35	32,323,181.76
Interest payable	70,958,686.96	26,935,067.99
Dividend payable		
Other account payable	444,734,704.90	469,316,015.83
Reinsurance fee payable		

Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Liabilities held for sales		
Non-current liability due in 1 year	1,434,004,649.14	591,740,000.00
Other current liability		
Total of current liability	29,113,089,377.02	32,091,592,380.22
Non-current liabilities:		
Long-term loan	1,005,919,974.09	814,627,465.85
Bond payable	1,490,352,572.75	
Including: preferred stock		
Sustainable debt		
Long-term payable		
Long-term payable employees's remuneration		
Special payable		
Expected liabilities		
Deferred income	413,188,000.00	427,524,000.00
Deferred income tax liability		
Other non-current liabilities		
Total non-current liabilities	2,909,460,546.84	1,242,151,465.85
Total of liability	32,022,549,923.86	33,333,743,846.07
Owners' equity		
Share capital	3,136,000,000.00	3,136,000,000.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	9,114,845,542.05	9,114,845,542.05
Less: Shares in stock		
Other comprehensive income		
Special reserves	393,372.05	430,777.94
Surplus reserves	961,105,529.85	961,105,529.85
Common risk provision		
Undistributed profit	-1,278,244,071.93	2,172,180,473.24

Total of owner's equity belong to the parent company	11,934,100,372.02	15,384,562,323.08
Minority shareholders' equity	504,993,049.45	452,296,861.52
Total of owners' equity	12,439,093,421.47	15,836,859,184.60
Total of liabilities and owners' equity	44,461,643,345.33	49,170,603,030.67

Legal Representative: Zhao Zhongmin Person in charge of accounting: Han Ge Accounting Dept Leader: Wang Shaoyu

2. Balance sheet of Parent Company

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Monetary fund	4,921,089,319.57	9,530,304,140.51
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Bill receivable	2,298,691,410.40	1,863,613,673.54
Account receivable	449,193,422.02	388,842,194.63
Prepayments	549,553,039.03	1,126,416,683.45
Interest receivable	3,524,615.12	7,011,095.89
Dividend receivable		
Other account receivable	229,428,159.94	302,622,013.53
Inventories	7,452,873,949.34	9,215,120,654.72
Assets held for sales		
Non-current asset due in 1 year		
Other current asset	387,259,423.54	404,119,874.38
Total of current assets	16,291,613,338.96	22,838,050,330.65
Non-current assets:		
Disposable financial asset	18,303,673.00	18,303,673.00
Expired investment in possess		
Long-term receivable		
Long term share equity investment	1,700,981,902.16	1,690,981,902.16
Property investment		

Fixed assets	17,179,043,906.45	14,089,675,221.83
Construction in progress	5,646,077,292.11	6,074,588,463.12
Engineering material	4,134,138.91	90,221,101.46
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	158,694,589.82	162,000,727.11
R & D petrol		
Goodwill		
Long-term expenses to be amortized		
Deferred income tax asset	562,072,018.42	81,964,982.51
Other non-current asset		
Total of non-current assets	25,269,307,520.87	22,207,736,071.19
Total of assets	41,560,920,859.83	45,045,786,401.84
Current liabilities		
Short-term loans	16,798,213,600.00	16,028,552,000.00
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Bill payable	1,651,808,822.92	732,475,382.04
Account payable	5,263,012,477.37	8,914,580,556.14
Advance payment	1,957,484,054.73	2,639,010,215.36
Employees' wage payable	34,194,188.88	32,213,350.61
Tax payable	9,986,022.56	7,979,826.50
Interest payable	70,113,698.63	5,080,000.00
Dividend payable		
Other account payable	324,906,037.82	327,382,843.61
Liabilities held for sales		
Non-current liability due in 1 year	1,434,004,649.14	308,740,000.00
Other current liability		
Total of current liability	27,543,723,552.05	28,996,014,174.26
Non-current liabilities:		
Long-term loan	1,005,919,974.09	814,627,465.85
Bond payable	1,490,352,572.75	

Including: preferred stock		
Sustainable debt		
Long-term payable		
Employees' wage payable		
Special payable		
Expected liabilities		
Deferred income	413,188,000.00	427,524,000.00
Deferred income tax liability		
Other non-current liabilities		
Total of Non-current liabilities	2,909,460,546.84	1,242,151,465.85
Total of liability	30,453,184,098.89	30,238,165,640.11
Owners' equity		
Share capital	3,136,000,000.00	3,136,000,000.00
Other equity instrument		
Including: preferred stock		
Sustainable debt		
Capital reserves	8,694,693,859.93	8,694,693,859.93
Less: Shares in stock		
Other comprehensive income		
Special reserves	393,372.05	430,777.94
Surplus reserves	961,105,529.85	961,105,529.85
Undistributed profit	-1,684,456,000.89	2,015,390,594.01
Total of owners' equity	11,107,736,760.94	14,807,620,761.73
Total of liabilities and owners' equity	41,560,920,859.83	45,045,786,401.84

3.Consolidated Income Statement

In RMB

Items	Report period	Same period of the previous year
I. Income from the key business	29,253,638,605.80	41,422,088,025.70
Incl: Business income	29,253,638,605.80	41,422,088,025.70
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	33,094,102,341.68	41,115,934,904.54

Incl: Business cost	29,811,895,016.85	38,489,119,026.43
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Insurance policy dividend paid		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	51,569,621.87	118,161,457.86
Sales expense	919,110,499.37	863,079,137.09
Administrative expense	733,933,299.88	899,624,299.29
Financial expenses	1,063,317,455.47	717,292,853.39
Asset impairment loss	514,276,448.24	28,658,130.48
Add: Gains from change of fir value (“-”for loss)		
Investment gain (“-”for loss)	7,226,589.08	20,845,473.00
Incl: investment gains from affiliates		
Gains from currency exchange (“-”for loss)		
III. Operational profit (“-”for loss)	-3,833,237,146.80	326,998,594.16
Add : Non-operational income	176,054,356.57	37,115,131.68
Including: Income from disposal of non-current assets	21,206,096.82	7,296,356.96
Less: Non business expenses	24,135,783.17	10,297,285.52
Incl: Loss from disposal of non-current assets	24,124,620.55	10,297,285.52
IV.Total profit(“-”for loss)	-3,681,318,573.40	353,816,440.32
Less: Income tax expenses	-440,390,216.16	38,943,288.16
V. Net profit	-3,240,928,357.24	314,873,152.16
Net profit attributable to the owners of parent company	-3,293,624,545.17	232,804,820.19
Minority shareholders' equity	52,696,187.93	82,068,331.97
VI. Other comprehensive income		
Net of profit of other comprehensive inco me attributable to owners of the parent co mpany.		

(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
(II) Other comprehensive income that will be reclassified into profit or loss.		
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets		
3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow hedges and losses		
5.Translation differences in currency financial statements		
6.Other		
7.Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	-3,240,928,357.24	314,873,152.16
Total comprehensive income attributable to the owner of the parent company	-3,293,624,545.17	232,804,820.19
Total comprehensive income attributable minority shareholders	52,696,187.93	82,068,331.97
VIII. Earnings per share		
(I) Basic earnings per share	-1.050	0.074
(II) Diluted earnings per share	-1.050	0.074

The current business combination under common control, the net profits of the combined party before achieved net profit of RMB 0, last period the combined party realized RMB 0.

Legal Representative: Zhao Zhongmin Person in charge of accounting: Han Ge Accounting Dept Leader: Wang Shaoyu

4. Income statement of the Parent Company

In RMB

Items	Amount in this period	Amount in last period
I. Income from the key business	28,523,101,618.99	41,634,258,361.21
Incl: Business cost	29,769,289,938.38	39,551,413,702.03
Business tax and surcharge	25,627,202.18	92,196,044.43
Sales expense	730,692,018.11	679,034,187.84
Administrative expense	675,861,313.03	833,935,376.24
Financial expenses	986,248,046.33	596,662,880.18
Asset impairment loss	514,222,418.93	28,039,768.05
Add: Gains from change of fair value (“-”for loss)		
Investment gain (“-”for loss)	7,226,589.08	172,968,147.30
Incl: investment gains from affiliates		
II. Operational profit (“-”for loss)	-4,171,612,728.89	25,944,549.74
Add : Non-operational income	172,498,611.64	33,814,507.51
Including: Income from disposal of non-current assets	19,820,758.05	7,287,133.61
Less: Non business expenses	24,039,513.56	10,297,285.52
Incl: Loss from disposal of non-current assets	24,039,513.56	10,297,285.52
III.Total profit(“-”for loss)	-4,023,153,630.81	49,461,771.73
Less: Income tax expenses	-480,107,035.91	5,347,510.63
IV. Net profit (“-”for net loss)	-3,543,046,594.90	44,114,261.10
V.Net of profit of other comprehensive i ncome		
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit pl ans of changes in net debt or net assets		
2.Other comprehensive income under th e equity method investee can not be recl assified into profit or loss.		
(II)		

Other comprehensive income that will be reclassified into profit or loss.		
1. Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2. Gains and losses from changes in fair value available for sale financial assets		
3. Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4. The effective portion of cash flow hedges and losses		
5. Translation differences in currency financial statements		
6. Other		
VI. Total comprehensive income	-3,543,046,594.90	44,114,261.10
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash flow statement

In RMB

Items	Amount in this period	Amount in last period
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	23,411,443,776.75	27,081,903,407.76
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		

Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Net increase of inter-bank fund received		
Net increase of trade financial asset disposal		
Net increase of repurchasing business		
Tax returned	797,597,007.61	125,801,169.55
Other cash received from business operation	362,548,861.72	355,359,346.31
Sub-total of cash inflow	24,571,589,646.08	27,563,063,923.62
Cash paid for purchasing of merchandise and services	24,253,340,775.32	21,366,796,915.86
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to staffs or paid for staffs	1,927,960,219.83	2,256,955,412.05
Taxes paid	343,995,637.61	527,920,890.61
Other cash paid for business activities	351,298,981.42	543,250,610.24
Sub-total of cash outflow from business activities	26,876,595,614.18	24,694,923,828.76
Cash flow generated by business operation, net	-2,305,005,968.10	2,868,140,094.86
II. Cash flow generated by investing		
Cash received from investment retrieving	1,747,000,000.00	8,214,370,000.00
Cash received as investment gains	7,226,589.08	20,845,473.00
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	21,753,471.24	4,317,974.80
Net cash received from disposal of subsidiaries or other operational units		

Other investment-related cash received		
Sub-total of cash inflow due to investment activities	1,775,980,060.32	8,239,533,447.80
Cash paid for construction of fixed assets, intangible assets and other long-term assets	3,472,745,508.10	642,437,425.53
Cash paid as investment	1,747,000,000.00	7,684,370,000.00
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	5,219,745,508.10	8,326,807,425.53
Net cash flow generated by investment	-3,443,765,447.78	-87,273,977.73
III. Cash flow generated by financing		
Cash received as investment		
Incl: Cash received as investment from minor shareholders		
Cash received as loans	24,859,581,641.78	20,842,507,551.86
Cash received from bond placing	1,486,500,000.00	
Other financing –related cash received	800,000,000.00	
Sub-total of cash inflow from financing activities	27,146,081,641.78	20,842,507,551.86
Cash to repay debts	24,800,789,257.57	17,417,163,487.98
Cash paid as dividend, profit, or interests	980,727,660.92	965,170,022.92
Incl: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	399,397,047.75	346,082,054.07
Sub-total of cash outflow due to financing activities	26,180,913,966.24	18,728,415,564.97
Net cash flow generated by financing	965,167,675.54	2,114,091,986.89
IV. Influence of exchange rate alternation on cash and cash equivalents	69,352,483.25	-20,346,548.36
V. Net increase of cash and cash equivalents	-4,714,251,257.09	4,874,611,555.66

Add: balance of cash and cash equivalents at the beginning of term	9,327,034,030.07	4,452,422,474.41
VI ..Balance of cash and cash equivalents at the end of term	4,612,782,772.98	9,327,034,030.07

6. Cash flow statement of the Parent Company

In RMB

Items	Amount in this period	Amount in last period
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	23,427,109,010.65	29,100,336,040.94
Tax returned	711,467,848.16	98,742,453.92
Other cash received from business operation	210,299,707.85	438,335,184.14
Sub-total of cash inflow	24,348,876,566.66	29,637,413,679.00
Cash paid for purchasing of merchandise and services	25,774,210,167.57	23,773,038,481.99
Cash paid to staffs or paid for staffs	1,817,930,712.94	2,139,961,256.89
Taxes paid	154,610,526.07	327,014,362.65
Other cash paid for business activities	60,248,461.32	480,494,224.57
Sub-total of cash outflow from business activities	27,806,999,867.90	26,720,508,326.10
Cash flow generated by business operation, net	-3,458,123,301.24	2,916,905,352.90
II.Cash flow generated by investing		
Cash received from investment retrieving	1,747,000,000.00	7,440,000,000.00
Cash received as investment gains	7,226,589.08	16,389,712.34
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	21,713,471.24	4,317,974.80
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow due to investment activities	1,775,940,060.32	7,460,707,687.14
Cash paid for construction of	3,446,420,670.56	636,628,096.53

fixed assets, intangible assets and other long-term assets		
Cash paid as investment	1,757,000,000.00	6,910,000,000.00
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	5,203,420,670.56	7,546,628,096.53
Net cash flow generated by investment	-3,427,480,610.24	-85,920,409.39
III.Cash flow generated by financing		
Cash received as investment		
Cash received as loans	23,419,954,378.62	18,594,014,000.00
Cash received from bond placing	1,486,500,000.00	
Other financing –related ash received	800,000,000.00	
Sub-total of cash inflow from financing activities	25,706,454,378.62	18,594,014,000.00
Cash to repay debts	22,260,440,315.08	15,336,096,665.14
Cash paid as dividend, profit, or interests	901,348,956.26	856,130,197.71
Other cash paid for financing activities	329,226,064.22	310,194,469.10
Sub-total of cash outflow due to financing activities	23,491,015,335.56	16,502,421,331.95
Net cash flow generated by financing	2,215,439,043.06	2,091,592,668.05
IV. Influence of exchange rate alternation on cash and cash equivalents	69,329,673.35	-17,606,654.45
V.Net increase of cash and cash equivalents	-4,600,835,195.07	4,904,970,957.11
Add: balance of cash and cash equivalents at the beginning of term	9,090,466,146.15	4,185,495,189.04
VI ..Balance of cash and cash equivalents at the end of term	4,489,630,951.08	9,090,466,146.15

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Amount in this period
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	Owner's equity Attributable to the Parent Company											Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit		
		preferred stock	Sustainable debt	Other									
I. Balance at the end of last year	3,136,000,000.00				9,114,845,542.05			430,777.94	961,105,529.85		2,172,180,473.24	452,296,861.52	15,836,859,184.60
Add: Change of accounting policy													
Correcting of previous errors													
Merger of entities under common control													
Other													
II. Balance at the beginning of current year	3,136,000,000.00				9,114,845,542.05			430,777.94	961,105,529.85		2,172,180,473.24	452,296,861.52	15,836,859,184.60
III. Changed in the current year								-37,405.89			-3,450,424,545.17	52,696,187.93	-3,397,765,763.13
(I) Total comprehensive income											-3,293,624,545.17	52,696,187.93	-3,240,928,357.24
(II) Investment or decreasing of capital by owners													
1. Ordinary Shares invested by shareholders													
2. Holders of other equity instruments invested capital													
3. Amount of shares paid and accounted as													

owners' equity														
4. Other														
(III) Profit allotment										-156,800,000.00		-156,800,000.00		
1. Providing of surplus reserves														
2. Providing of common risk provisions														
3. Allotment to the owners (or shareholders)										-156,800,000.00		-156,800,000.00		
4. Other														
(IV) Internal transferring of owners' equity														
1. Capitalizing of capital reserves (or to capital shares)														
2. Capitalizing of surplus reserves (or to capital shares)														
3. Making up losses by surplus reserves.														
4. Other														
(V). Special reserves										-37,405.89		-37,405.89		
1. Provided this year										34,967,129.18		34,967,129.18		
2. Used this term										35,004,535.07		35,004,535.07		
(VI) Other	0.00													
IV. Balance at the end of this term	3,136,000,000.00				9,114,845,542.05				393,372,961,105,529.85			-1,278,244,071.93	504,993,049.45	12,439,093,421.47

Amount in last year

In RMB

Items	Amount in last year												
	Owner's equity Attributable to the Parent Company											Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Commo n risk provision	Attributable profit		
		preferred stock	Sustai nable debt	Other									
I.Balance at the end of last year	3,136,000,000.00				9,114,845,542.05			210,972.68	956,694,103.74		2,100,587,079.16	370,228,529.55	15,678,566,227.18
Add: Change of accounting policy													
Correcting of previous errors													
Merger of entities under common control													
Other													
II.Balance at the beginning of current year	3,136,000,000.00				9,114,845,542.05			210,972.68	956,694,103.74		2,100,587,079.16	370,228,529.55	15,678,566,227.18
III.Changed in the current year							219,805.26	4,411,426.11		71,593,394.08	82,068,331.97	158,292,957.42	
(1) Total comprehensive income										232,804,820.19	82,068,331.97	314,873,152.16	
(II) Investment or decreasing of capital by owners													
1. Ordinary Shares invested by hare holders													
2. Holders of other equity instruments invested capital													
3. Allotment to the													

owners (or shareholders)													
4. Other													
(III) Profit allotment								4,411,426.11			-161,211,426.11		-156,800,000.00
1. Providing of surplus reserves								4,411,426.11			-4,411,426.11		
2. Providing of common risk provisions													
3. Allotment to the owners (or shareholders)											-156,800,000.00		-156,800,000.00
4. Other													
(IV) Internal transferring of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of surplus reserves (or to capital shares)													
3. Making up losses by surplus reserves.													
4. Other													
(V) Special reserves							219,805.26						219,805.26
1. Provided this year							35,149,380.86						35,149,380.86
2. Used this term							34,929,575.60						34,929,575.60
(VI) Other													
IV. Balance at the end of this term	3,136,000.00				9,114,845,542.05		430,777.94	961,105,529.85		2,172,180,473.24	452,296,861.52		15,836,859,184.60

8. Statement of change in owner's Equity of the Parent Company

Amount in this period

In RMB

Items	Amount in this period										
	Share Capital	Other Equity instrusment			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialize d reserve	Surplus reserves	Attribut able profit	Total of owners' equity
		preferre d stock	Sustain able debt	Other							
I.Balance at the end of last year	3,136,000.00				8,694,693,859.93			430,777.94	961,105,529.85	2,015,390,594.01	14,807,620,761.73
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II.Balance at the beginning of current year	3,136,000.00				8,694,693,859.93			430,777.94	961,105,529.85	2,015,390,594.01	14,807,620,761.73
III.Changed in the current year								-37,405.89		-3,699,846,594.90	-3,699,844,000.79
(1) Total comprehensive income										-3,543,046,594.90	-3,543,046,594.90
(II)Investment or decreasing of capital by owners											
1. Ordinary Shares invested by hareholders											
2. Holders of other equity instruments invested capital											
3. Allotment to the owners (or shareholders)											

4. Other											
(III) Profit allotment										-156,800,000.00	-156,800,000.00
1. Providing of surplus reserves											
2. Allotment to the owners (or shareholders)										-156,800,000.00	-156,800,000.00
3. Other											
(IV) Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves.											
4. Other											
(V) Special reserves								-37,405.89			-37,405.89
1. Provided this year								34,967,129.18			34,967,129.18
2. Used this term								35,004,535.07			35,004,535.07
(VI) Other											
IV. Balance at the end of this term	3,136,000.00				8,694,693,859.93			393,372.05	961,105,529.85	-1,684,456,000.89	11,107,736,760.94

Amount in last year

In RMB

Items	Amount in last year									
	Share	Other Equity instrument	Capital	Less:	Other	Specialize	Surplus	Attribut	Total	of

	Capital	preferre d stock	Sustain able debt	Other	reserves	Shares in stock	Compreh ensive Income	d reserve	reserves	able profit	owners' equity
I.Balance at the end of last year	3,136,00 0,000.00				8,694,693 ,859.93			210,972.6 8	956,694,1 03.74	2,132,4 87,759. 02	14,920,08 6,695.37
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II.Balance at the beginning of current year	3,136,00 0,000.00				8,694,693 ,859.93			210,972.6 8	956,694,1 03.74	2,132,4 87,759. 02	14,920,08 6,695.37
III.Changed in the current year								219,805.2 6	4,411,426 .11	-117,09 7,165.0 1	-112,465, 933.64
(1) Total comprehensive income										44,114, 261.10	44,114,26 1.10
(II)Investment or decreasing of capital by owners											
1. Ordinary Share s invested by hareh olders											
2. Holders of oth er equity instrume nts invested capital											
3. Allotment to the owners (or shareholders)											
4. Other											
(III) Profit allotment									4,411,426 .11	-161,21 1,426.1 1	-156,800, 000.00
1.Providing of surplus reserves									4,411,426 .11	-4,411,4 26.11	

2. Allotment to the owners (or shareholders)										-156,800,000.00	-156,800,000.00
3. Other											
(IV) Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves.											
4. Other											
(V) Special reserves								219,805.26			219,805.26
1. Provided this year								35,149,380.86			35,149,380.86
2. Used this term								34,929,575.60			34,929,575.60
(VI) Other											
IV. Balance at the end of this term	3,136,000.00				8,694,693,859.93			430,777.94	961,105,529.85	2,015,390,594.01	14,807,620,761.73

III. Company Profiles

Bengang Steel Plates Co., Ltd. (hereinafter referred to as “the Company”), as approved in Liao-Zheng (1997) No. 57 by Liaoning People’s Government on 27 March 1997, was incorporated as a joint stock limited company through public share offer of domestic listed foreign currency denominated shares (B shares) in the People’s Republic of China (the “PRC”) on 27 June 1997 by Benxi Iron and Steel (Group) Co., Ltd. (“Bengang Group”), through reorganization of operations, assets and liabilities of its plants, namely, Steel Smelting Plant, Primary Rolling Plant and Continuous Hot Rolling Plant.

As approved by China Securities Regulatory Commission, the Company issued 400,000,000 B-shares at RMB2.38 each in Shenzhen Stock Exchange on 10 June 1997. On 3 November 1997, the Company issued another 120,000,000 A-shares (Renminbi Common Shares) at RMB5.40 each, and listed in Shenzhen Stock Exchange since 15 January 1998. The capital shares were totalled to 1,136,000,000 shares including 616,000,000 shares held by the promoter.

As approved by China Securities Regulatory Commission, the Company issued 400,000,000 B-shares at RMB2.38 each in Shenzhen Stock Exchange on 10 June 1997. On 3 November 1997, the Company issued another 120,000,000 A-shares (Renminbi Common Shares) at RMB5.40 each, and listed in Shenzhen Stock Exchange since 15 January 1998. The capital shares were totalled to 1,136,000,000 shares including 616,000,000 shares held by the promoter.

On March 14 2006, according to the resolutions of the Shareholders' Meeting regarding share equity relocation, the Share Equity Relocation Scheme, Response to Bengang Steel Plate Co., Ltd. about Share Equity Relocation issued by Liaoning Provincial Government State-owned Asset Administrative Committee, Bengang Group – the only holder of non-negotiable state-owned legal person shares paid the consideration to the current shareholders to obtain the current option for the 40,800,000 shares of the total 616,000,000 shares it was holding. However the total of capital shares of Bengang Steel Plate was not changed through the share equity relocation action.

China Securities Regulatory Commission issued Zheng-Jian-Gong-Si-Zi [2006] 126 on June 30th 2006 and served to the Company on July 6th 2006. The Company was approved to place 2 billion Renminbi common shares particularly to Bengang Group and the proceeds would be used to purchase the related assets of the Group. On the same day, Bengang Group received circular Zheng-Jian-Gong-Si-Zi [2006] 127 issued by China Securities Regulatory Committee, and was exempted for the liability of undertaking the purchase offer. The liability was caused by subscribing of the 2 billion new shares and the total shareholding was thus increased to 2.5752 billion shares (account for 82.12% of the total capital shares of the Company). On August 28 2006, as approved by China Securities Depository & Clearing Corporation Ltd. Shenzhen Office, the registration and conditional placing procedures of the 2 billion new shares were completed. On September 28 2006, the privately placed shares were approved by Shenzhen Stock Exchange to be placed in the stock market. The new shares were placed in the market on October 9th 2006, with face value of RMB1.00 per share and the placing price was RMB4.6733 per share.

Up to December 31, 2015, the capital shares of Bengang Steel Plates Co., Ltd were amounted to 3,136,000,000 shares. The business license was numbered 210000004931633. The registered address is: 18th Gangtie Road, Pingshan, Benxi, Liaoning Province. The registered capital is RMB3,136,000,000. The legal representative is Zhao Zhongmin.

The parent company of Bengang Steel Plates Co., Ltd is Benxi Iron and Steel (Group) Co., Ltd. and the actual controller is the State-owned Assets Supervision and Administration Commission of the State Council of Liaoning province.

The company belongs to the ferrous metal smelting and rolling processing industry sectors. The main business activities of production and sales of ferrous metal products.

The above financial accounts were approved by the Board of Directors on April 27, 2016.

As of December 31, 2015, the consolidating range of the consolidated accounts is covering the following subsidiaries:

Name of the subsidiaries
Guangzhou Bengang Trade Co., Ltd.
Shanghai Bengang Metallurgy Tech. Ltd.
Bengang Steel Plate Liaoyang Orel Ball Co., Ltd.

Dalian Benruitong Automobile Material Technologies Co., Ltd.

Changchun Bengang Steel Sales Ltd.

Haerbin Bengang International Trading Ltd.

Nanjing Bengang Steel Material Sales Ltd.

Wuxi Bengang Steel Sales Ltd.

Xiamen Bengang Steel Sales Ltd.

Yantai Bengang Steel Sales Ltd.

Tianjin Bengang Steel Trading Ltd.

Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.

Benxi Bengang Steel Sales Ltd.

Shenyang Bengang Metallurgical Technology Co., Ltd.

The scope of the consolidated financial statements of the current period has been added the newly established subsidiaries of Benxi Bengang Steel Sales Co., Ltd and Shenyang Bengang Metallurgy Technology Co., Ltd.

IV. Basis of Preparation

1. Basis of preparation

The Company prepares its financial statements on perpetual basis and accrual basis, with accordance with the Enterprise Accounting Standard issued by the Department of Finance – the basic rules and multiple principles, as well as the proceeding instructions, interpretations, and other rules (regarded collectively as “The Enterprise Accounting Standard”, and also the Information Disclosure Rules No.15 – General rules of financial statements issued by China Securities Regulatory Commission.

2. Perpetual operation

The Company is in normal and healthy operation , 12 months have since continued viability of the reporting period.

V. Material Accounting Policies and Accounting Estimations

Note to detailed accounting policies and estimations:

The following contents are covering the detailed accounting policies and estimations made in accordance with the business practice of the Company.

1. Statement of compliance to the Enterprise Accounting Standard

The financial statements present truly and completely the financial position, operation results and cash flow of the company.

2. Accounting period

A fiscal year starts from January 1 and ends at December 31 of a calendar year.

3. Business circle

The Company's business circle covers 12 months.

4. Standard currency for bookkeeping

The Company uses Renminbi (RMB) as the standard currency for book keeping.

5. Accounting treatment of the merging entities under common control and different control

1. Business combination under common control

The assets and liabilities that the Company acquired in a business combination shall be measured on the basis of their carrying amount of acquiree's assets, liabilities (as well as the goodwill arising from the business combination) in the consolidated financial statement of the ultimate controller on the combining date.

As for the balance between the carrying amount of the net assets obtained by the Company and the carrying amount of the consideration paid by it (or the total par value of the shares issued), capital reserve needs to be adjusted. If the capital reserve is not sufficient, any excess shall be adjusted against retained earnings.

Business combination involving entities not under common control

The Company shall, on the acquisition date, measure the assets given and liabilities incurred or assumed by an enterprise for a business combination in light of their fair values, and shall record the balances between them and their carrying amounts into the profits and losses at the current period.

The Company shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as goodwill. The Company shall treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree into the profits and losses of the current period.

The intermediary costs and relevant management fee for the business combination now under same control paid by the acquirer, including the expenses for audit, assessment and legal services, shall be recorded into the profits and losses at the current period. The transaction expenses for the issuance of equity securities for the business combination shall be recorded into the initial recognition amount of equity securities.

6. Preparing method of consolidated financial statements

1. Consolidation range

The scope of consolidation of consolidated financial statements is determined based on control. All the subsidiaries have been consolidated into the scope of consolidation for this period ended.

2. Procedure of consolidation

The consolidated financial statements shall be presented by the parent based on the financial statements of the parent and its subsidiaries, and using other related information. When preparing consolidated financial statements, the parent shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group.

The accounting policy and accounting period of the subsidiaries within the consolidation scope shall be in accordance with those of the Company. If not, it is necessary to make the adjustment according to the Company's accounting policies and accounting period when preparing the consolidated financial statements.

For subsidiaries through acquisition that are now under common control, the financial statements are adjusted according to fair value of identifiable net assets on the acquisition date.

For subsidiaries through acquisition that are under common control, the assets, liabilities (as well as the goodwill arising from purchasing the subsidiary by the ultimate controller) are adjusted according to book value of net assets in the financial statements of the ultimate controller.

The owners' interests, profit or loss, and comprehensive income of the subsidiary attributable to the non-controlling shareholders shall be presented separately in the shareholders' equity of the consolidated balance sheet and under the item of net profit of the consolidated statement of comprehensive income and under the item of total comprehensive income. Where losses assumed by the minority exceed the minority's interests in the beginning equity of a subsidiary, the excess shall be charged against the minority's interests.

(1) Increase of new subsidiary and business

If the Company has a new subsidiary due to business combination under common control during a reporting period, it shall adjust the beginning balance in the consolidated statement of financial position when preparing consolidated statement of financial position. The revenue, expenses and profits of the subsidiaries from the acquisition date to the end of the reporting period are included in the Company's consolidated statement of comprehensive income. The cash flow of the subsidiaries from the acquisition date to the end of the reporting period is included in the Company's consolidated statement of cash flows. And meanwhile the Company shall adjust the relevant items of the comparative financial statements as if the reporting entity for the purpose of consolidation has been in existence since the date the ultimate controlling party first obtained control.

When the Company becomes capable of exercising control over an investee under common control due to additional investment or other reasons, Adjustment shall be made as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained control. The investment income recognized between date of previously obtaining equity investment and the date the acquiree and acquirer are under common control, which is later, and the combining date, other comprehensive income and other changes of net assets arising from the equity investment previously-held before obtaining the control the acquiree shall be adjusted against the prior retained earnings of the comparative financial statements and the current profit or loss respectively.

If it is now under common control, the Company shall not adjust the beginning balance in the consolidated statement of financial position when preparing consolidated statement of financial position. The revenue, expenses and profits of the subsidiaries from the acquisition date to the end of the reporting period are included in the parent company's consolidated statement of comprehensive income. The cash flow of the subsidiaries from the acquisition date to the end of the reporting period is included in the Company's consolidated statement of cash flows.

When the Company becomes capable of exercising control over an investee now under common control due to additional investment or other reasons, the acquirer shall remeasure its previously held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount shall be recognized as investment income for the period when the acquisition takes place. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized in relation to the acquiree's equity changes shall be transferred to profit or loss for the current period when the acquisition takes place. Other comprehensive income arising from remeasurement of defined benefit plan is excluded.

(2) Disposing subsidiary or business

1. General treatment

If the Company disposes a subsidiary during a reporting period, the revenue, expenses and profits of the subsidiary from the beginning of the reporting period to disposal date are included in the Company's consolidated statement of comprehensive income. The cash flow of the subsidiaries from the beginning of the reporting period to disposal date is included in the Company's consolidated statement of cash flows.

When the Company loses control over an investee due to partial disposal or other reasons, the acquirer shall remeasure the remaining equity interests in the acquiree to its fair value at the acquisition date. The difference, between sums of consideration received for disposal equity shares and fair value of the remaining shares, and sums of share of net assets of the subsidiary calculated continuously from the acquisition date or the combination date based on the previous shareholding proportion and goodwill, shall be recognized as investment income for the period when the Company loses control over acquiree. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized in relation to the acquiree's equity changes, and other equity changes rather than changes from net profit, other comprehensive income and profit distribution, shall be transferred to investment income for the current period when the Company loses control over acquiree. Other comprehensive income arising from remeasurement of defined benefit plan is excluded.

2. Disposing the subsidiary by multiple transactions

Where the Company loses control of a subsidiary in multiple transactions in which it disposes of its subsidiary in stages, in determining whether to account for the multiple transactions as a single transaction, the Company shall consider all of the terms and conditions of the transactions and their economic effects. One or more of the following may indicate that the Company shall account for the multiple arrangements as a single transaction:

- (a) Arrangements are entered into at the same time or in contemplation of each other;
- (b) Arrangements work together to achieve an overall commercial effect;
- (c) The occurrence of one arrangement is dependent on the occurrence of at least one other arrangement; and
- (d) One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions forms part of a bundled transaction which eventually results in loss of control of the subsidiary, these multiple transactions shall be accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets in each transaction prior to the loss of control shall be recognized in other comprehensive income and transferred to the profit or loss when the Company eventually loses control of the subsidiary.

If each of the multiple transactions which eventually results in loss of control of the subsidiary do not form part of a bundled transaction, apply the treatment of disposing partial long-term equity investments in a subsidiary without loss of control prior to the loss of control. After the loss of control, apply the treatment of disposing the subsidiary in common cases.

(3) Acquiring the subsidiary's equity interest held by non-controlling shareholders

Where the Company has acquired a subsidiary's equity interest held by non-controlling shareholders, the difference between the increase in the cost of long-term investments as a result of acquisition of non-controlling interests and the share of net assets of the subsidiary calculated continuously from the acquisition date or the combination date based on the new shareholding proportion shall be adjusted to the capital reserve(capital premium or share premium) in the consolidated financial statements. If the balance of the capital reserve is not sufficient, any excess shall be adjusted against retained earnings.

(4) Disposing partial long-term equity investments in a subsidiary without loss of control

When the Company disposes of a portion of the long-term equity investments in a subsidiary without loss of control, the difference between the amount of the consideration received and the corresponding portion of the net assets of the subsidiary calculated continuously from the acquisition date or the combination date related to the disposal of the long-term equity investments shall be adjusted to the capital reserve (capital premium or share premium) in the consolidated financial statements. If the balance of the capital reserve is not sufficient, any excess shall be adjusted against retained earnings.

7. Joint arrangement classification and accounting treatment

A joint arrangement is classified as either a joint operation or joint venture.

When the Company is joint operator of joint arrangement and has rights to the assets, and obligations for the liabilities, relating to the arrangement, it is classified as joint operation.

A joint operator shall recognize the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- (1) Its solely-held assets, and its share of any assets held jointly;
- (2) Its solely-assumed liabilities, and its share of any liabilities incurred jointly;
- (3) Its revenue from sales of its share of the output arising from the joint operation;
- (4) Its share of the revenue from the sale of the output by the joint operation; and
- (5) Its solely-incurred expenses and its share of any expenses incurred jointly.

8. Recognition basis of cash and cash equivalents

At preparing of cash flow statement, those investments, which are featured with short term (expire within 3 months since purchased), high liquidity, easy to convert to know cash, low in risk of value change, could be recognized as cash equivalents. Equity investment are not recognized as cash equivalents.

9. Translation of businesses and accounts in foreign currency

1. Trade in foreign currencies

Foreign currency transactions are translated into RMB at the current rate at the day of transactions.

The foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date, except those arising from the raising of special foreign debt for the purchase or construction of capitalizable assets thus shall be capitalized according to the borrowing costs capitalization principle, shall be recorded into the profits and losses at the current period. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date, of which the amount of functional currency shall not be changed. The foreign currency non-monetary items measured at the fair value shall still be translated at the spot exchange rate on the date of confirming the fair value and the balance of exchange arising from it shall be recorded into profits and losses at the current period of disposal or capital reserves.

2. Translation of foreign currency financial statements

The asset and liability items in the statement of financial position shall be translated at a spot exchange rate on the balance sheet date. Among the owner's equity items, except the ones as "undistributed profits", others shall be translated at the spot exchange rate at the time when they are incurred. The income and expense items in the statement of comprehensive income shall be translated at the spot exchange rate of the transaction date.

When disposing an overseas business, the Company shall shift the balance, which is presented under the items of the owner's equities in the statement of financial position and arises from the translation of foreign currency financial statements related to this overseas business, into the disposal profits and losses of the current period. If the overseas business is disposed of partially, the Company shall calculate the balance arising from the translation of foreign currency statements of the part of disposal based on the disposal rate and shall shift them into the profits and losses of the current period.

10. Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

1. Categorizing of financial instruments

The classification of financial assets and financial liabilities at initial recognition are as follows: financial assets or financial liabilities designated at fair value through current profit and loss, including: trading financial investment, held-to-maturity investment, loans and receivables, available-for-sale investment and other financial liabilities.

2. Recognition and measurement of financial instruments

(1) The financial assets(financial liabilities) at fair value through profit or loss includes:

The financial assets (financial liabilities) at fair value through profit or loss are recognized initially at fair value (minus cash dividends declared but not received or bond interest matured but not drawn yet). The relevant transaction cost is recognized in the income statement when occurred.

Interests or cash dividends during the period of holding are recognized as investment gains. The fair value will be adjusted and accounted as current gain/loss.

When disposed, the differences between fair value and initial amount are recognized as investment gains, and thus adjust the gain/loss of fair value.

(2) Held-to-maturity investment

The Held-to-maturity investments are recognized initially at fair value (minus bond interest matured but not drawn yet). The relevant transaction cost is recognized in the income statement when occurred.

The held-to-maturity investments are measured at amortized cost using the effective interest rate. The interest income is recognized as investment income. The effective interest will be determined at the initial recognition and will not be changed in the holding period or within the applicable period.

When disposing the held-to-maturity investment, the difference between the investing proceeds and the carrying value is recognized as investment income.

(3) Receivables

Receivables from selling products and rendering services or receivable of other company not including the receivables with quoted price in the active market (including: accounts receivable, other receivables, notes receivable, prepayments, long-term receivables) are measured at contract price; if the receivables is of financing nature, it shall be recognized at the present value initially.

When disposing the receivables, the difference between the proceeds and the carrying value is recognized in the income statement.

(4) Available for sale financial assets

Available for sale financial assets are initially recorded at fair value plus any directly attributable transaction costs on the trade date and subsequently re-measured at fair value. The price including the declared but not received bond interest or cash dividend is recognized as a separate item.

The Company recognizes the interest or cash dividends as investment income. At each balance sheet date, available-for-sale financial assets are measured at fair value and the fair value changes are recognized in the capital reserve - other capital reserve.

The difference between the proceeds of the disposal and the carrying value shall be recognized as investment income. And the related fair value change in the shareholders' equity shall be transferred out, and recorded as investment income.

(5) Other financial liabilities

For other financial liabilities, they are initially recognized at fair value plus any directly attributable transaction costs. After the initial recognition, the other financial liabilities are measured at amortized cost.

3. Basis of recognition and accounting of financial asset transferring

Where an enterprise has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset.

To judge whether the transfer of a financial asset can satisfy the conditions as prescribed in these Standards for stopping the recognition of a financial asset, the enterprise shall pay more attention to the essential of the transfer of the financial asset.

(1) Book value of the financial asset to be transposed;

(2) The sum of price received due to the transposition, and the accumulation of change in fair value originally accounted as owners' equity (when the asset to be transposed is saleable financial asset).

If the transfer of partial financial asset satisfies the conditions to stop the recognition, the entire book value of the transferred

financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value, and the difference between the amounts of the following 2 items shall be included into the profits and losses of the current period :

- (1) The book value of the portion whose recognition has been stopped;
- (2) The sum of consideration of the portion whose recognition has been stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in the owner's equities which is corresponding to the portion whose recognition has been stopped (in the event that the financial asset involved in the transfer is a financial asset available for sale).

If the transfer of financial assets does not satisfy the conditions to stop the recognition, it shall continue to be recognized as financial assets and the consideration received shall be recognized as financial liabilities.

4. Termination of financial liability recognition

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where an enterprise (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

Where an enterprise makes substantial revisions to some or all of the contractual stipulations of the existing financial liability, it shall terminate the recognition of the existing financial liability or part of it, and at the same time recognize the financial liability after revising the contractual stipulations as a new financial liability.

Where the recognition of a financial liability is totally or partially terminated, the enterprise concerned shall include into the profits and losses of the current period the gap between the carrying amount which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed).

Where an enterprise buys back part of its financial liabilities, it shall distribute, on the repo day, the carrying amount of the whole financial liabilities in light of the comparatively fair value of the part that continues to be recognized and the part whose recognition has already been terminated. The gap between the carrying amount which is distributed to the part whose recognition has terminated and the considerations it has paid (including the noncash assets it has transferred out and the new financial liabilities it has assumed) shall be recorded into the profits and losses of the current period.

5. Determination of the fair value

The fair values of the financial assets or financial liabilities measured at fair value shall be determined by reference to the quoted prices in the active market.

6. Impairment provision of the financial assets (not including accounts receivables)

The Company shall carry out impairment review for the financial assets at the balance sheet date except for the financial assets at fair value through profit or loss. Where there is any objective evidence proving that such financial asset has been impaired, an impairment provision shall be made.

(1) Impairment of available-for-sale financial assets

An impairment provision shall be made where the fair value of the held-to-maturity financial assets drops significantly at the balance sheet date or the trend of decrease is expected not to be temporary after taking various factors into consideration. The accumulative losses arising from the decrease of the fair value of the owners' equity which was directly included shall be transferred out and recorded as impairment loss.

Where any available-for-sale debt instruments is recognized as having suffered from any impairment loss, if there is any objective evidence proving that the value of the said debt instruments has been restored, and it is objectively related to the events that occur after such loss is recognized, the impairment-related losses as originally recognized shall be reversed and be recorded into the profits and losses of the current period.

Impairment losses incurred by investment transactions of available-for-sale equity instruments shall not be reversed through profits and losses.

The criteria for “serious” level of the decrease of fair value of available-for-sale financial instruments are as follows: the decrease of fair value for the equity investment with the active transaction in a market of good liquidity is normally 50%. The decrease of fair value of the equity investment without good market liquidity is normally 30%; the criteria for “non-temporary” decrease of fair value is continuous decrease over 12 months; the cost of investment is based on the purchase price.

(2) Impairment of held-to-maturity investment

The impairment of the held-to-maturity investment can be measured by reference to the measurement of the impairment of accounts receivables.

11. Account receivable

(1) Bad debt provision on receivable accounts with major amount individually

Basis of recognition or standard amount of individual account with large amount	Balance of account receivable RMB10 million; other account receivable RMB5 million or over.
Basis of bad debt provision	The impairment test should be assessed individually for each individually significant receivable. If there is evidence indicating the receivables have been impaired, the difference between the present value of the future cash flows and the book value of receivables shall be recognized as bad debt provision and shall be recorded into the profits and losses at the current period.

(2) Receivable accounts on which bad debt provisions are provided as groups

Name of the portfolio	Basis of providing bad debt provisions
Receivable account with minor amount and tested individually and not impaired	Age analysis method

Accounts on age basis in the portfolio:

Applicable Not applicable

Age	Rate of provision on receivable accounts	Rate of provision on other receivable accounts
1—2 years	5.00%	5.00%
2—3 years	20.00%	20.00%
Over 3 years	100.00%	100.00%

Accounts on percentage basis in the portfolio in the group:

Applicable Not applicable

Accounts on other basis in the portfolio in the group:

Applicable Not applicable

(3) Receivable accounts with minor amount but bad debt provisions are provided individually

Basis of providing bad debt individually	When there is solid evidence showing that it is not retrievable.
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Basis of bad debt provision	When there is solid evidence showing that the possibility of retrieving is minor, the account shall be tested for impairment individually and bad debt provision shall be provided at the estimated unrecoverable amount.
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12. Inventories

1. Categories of inventory

Inventories include material in transit, raw material, low-valued consumables, work in process, finished goods, materials for consigned processing, etc.

2. Pricing of inventory on delivery

When inventories are delivered, the effective costs are recognized by weighted average method.

3. Recognition of realizable net value of inventory and providing of inventory impairment provision

The net realizable value of inventories (finished products, stock commodity, material etc.) held for direct selling in the daily business activity shall be calculated by deducting the estimated sale expense and relevant taxes from the estimated sale price of inventories. The net realizable value of inventories for further processing in the daily business activity shall be calculated by deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of inventories. The net realizable value of inventories held for the execution of sales contracts or labor contracts shall be calculated on the ground of the contract price. If an enterprise holds more inventories than the quantities subscribed in the sales contract, the net realizable value of the excessive part of the inventories shall be calculated on the ground of the general sales price.

The Company shall make provision for loss on decline in value of inventories on the ground of each item of inventories at the year end. For inventories with large quantity and relatively low unit prices, the provision for loss on decline in value of inventories shall be made on the ground of the categories of inventories.

Net realizable value of inventories are market price at balance date unless any indication that the market price at balance date appears abnormally.

The net realizable value of inventory at the year-end is based on the market price at the balance sheet date.

4. Inventory basis

The Company use perpetual inventory system.

5. Amortizing of low-value consumables and packaging materials

(1) Low-valued consumables should be amortized in full amount on issuance.

(2) Packing materials should be amortized in full amount on issuance.

13. Categorizing of asset held for sale

The Company's component (or non-current asset) will recognize as held-for-sale while satisfied the followed conditions simultaneously:

(1) The component can be promptly sold at its existing status only according to the practice terms in connection with disposal of this kind of assets;

(2) The Company has already made resolution on disposal of such component, such as approved by shareholders in line with regulations, have already approved by general meeting or relevant authority;

(3) The Company entered into irrevocable transfer agreement with the transferee;

(4) This transfer will be completed within one year.

14. Long-term equity investment

1. Criteria of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies. If the Company could exert significant influence over the investee, the investee is the associate of the Company.

2. The initial cost of long-term equity investment from business acquisition

(1) Long-term equity investment formed by merger

For the acquisition under the common control, if the consideration of the acquiring enterprise is that it makes payment in cash, transfers non-cash assets, bears its debts, or issues equity securities, it shall, on the date of acquisition, regard the share of the book value of the owner's equity of the acquired enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment borne by the acquiring party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. The direct cost for the business combination of the combining party, including the expenses for audit, assessment and legal services, shall be recorded into the profits and losses at the current period.

For the combination not under the common control, the combination costs shall be the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control on the acquiree. Agency fees incurred for business combination by the acquirer, including audit fee, legal services, evaluation and consultation fee, shall be recorded in current profits and losses when incurred. Trading costs of issuance cost of equity securities or debt securities as the consideration for business combination by the acquirer shall be recorded in initial cost of such equity securities or debt securities. For a business combination realized by two or more transactions of exchange, the combination costs shall be the sum of the costs of all separate transactions. Where any future event that is likely to affect the combination costs is stipulated in the combination contract or agreement, if it is likely to occur and its effects on the combination costs can be measured reliably, the acquirer shall record the said amount into the combination costs.

(2) Long-term equity investment obtained by other ways

The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid.

Long-term equity investment obtained by placing of equity stocks is recognized for initial investment cost at the fair value of the stock.

If the exchange of non-monetary assets is commercial in nature and the fair values of both the assets received and surrendered can be reliably measured, the fair value of the assets surrendered shall be used as the basis for determining the cost of the assets received, unless there is any exact evidence showing that the fair value of the assets received is more reliable. Where any non-monetary assets transaction does not meet the conditions as prescribed above, the carrying value and relevant payable taxes of the assets surrendered shall be the initial cost of the assets received.

Long-term equity investment obtained through debt reorganizing is recognized for initial investment cost at fair value.

3. Subsequent measurement and profit or loss recognition

(1) Cost method

The Company adopts cost method for the long term investment in subsidiary company. Under the cost method, an investing enterprise shall, in accordance with the attributable share of the net profits or losses of the invested entity, recognize the investment profits or losses except the dividend declared but unpaid, which is included in the payment when acquiring the investment.

(2) Equity method

A long-term equity investment in an associate or a joint venture shall be accounted for using the equity method. Where the initial investment cost of a long-term equity investment exceeds an investor's interest in the fair values of an investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial cost is less than the investor's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference shall be credited to profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

The Company shall recognize its share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the investor. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, and the carrying amount of the long-term equity investment shall be adjusted accordingly.

The investor shall recognize its share of the investee's net profits or losses after making appropriate adjustments based on the fair values of the investee's identifiable net assets at the acquisition date.

The unrealized profits or losses resulting from transactions between the investor and its associate or joint venture shall be eliminated in proportion to the investor's equity interest in the investee, based on which investment income or losses shall be recognized. Any

losses resulting from transactions between the investor and investee which are attributable to asset impairment shall be recognized in full.

If the transaction of investment or sale of assets among the Company and associate and joint venture and the assets is a business, it shall apply the treatment mentioned in Note 2 (5) "The accounting treatment for Business combination under/now under common control" and Note 2 (6) "Consolidation of Financial Statements".

When the Company recognizes the losses of invested enterprise, it shall follow the following sequence: First of all, offset the book value of long term equity investment. If the book value of long term equity is insufficient to dilute, the investing enterprise shall recognize the net losses of the invested enterprise until the book value of the long-term equity investment and other long-term rights and interests which substantially form the net investment made to the invested entity are reduced to zero. If the company still has the obligation to undertake extra losses per contract, and then estimated liabilities shall be recognized into current profit and loss accordingly to the estimated obligation.

(3) Disposal of long-term equity investment

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount shall be recognized in profit or loss for the current period.

When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

Those owner's equity recognized other than the change of net profits or loss, other comprehensive income, profit distribution of the invested entity shall be transferred proportionally into profit or loss of current period, other comprehensive income arising from the remeasurement of defined benefit plan is excluded.

When an investor can no longer exercise joint control of or significant influence over an investee due to partial disposal of equity investment or other reasons, the remaining equity investment shall be accounted for in accordance with "Accounting Standard for Business Enterprises No. 22-Financial instruments: recognition and measurement". The difference between the fair value and the carrying amount at the date of the loss of joint control or significant influence shall be charged to profit or loss for the current period. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method.

Those owner's equity recognized other than the change of net profits or loss, other comprehensive income, profit distribution of the invested entity shall be transferred into profit or loss of current period in full when the Company cease to adopt the equity method.

When the Company can no longer exercise control over an investee due to partial disposal of equity investment or other reasons, and with the retained interest, still has joint control of, or significant influence over, the investee, when preparing the individual financial statements, the investor shall change to the equity method and adjust the remaining equity investment as if the equity method had been applied from the date of the first acquisition. If the investor cannot exercise joint control of or significant influence over the investee after partial disposal of equity investment, the remaining equity investment shall be accounted for in accordance with "Accounting Standard for Business Enterprises No.22-Financial instruments: Recognition and Measurement", and the difference between the fair value and carrying amount at the date of the loss of control shall be charged to profit or loss for the current period.

When the equity investment disposed is acquired through business combination due to additional investment or other reasons, in stand-alone financial statement, the remaining equity investment shall adopt cost method or equity method, any other comprehensive income and other owner's interests previously recognized of the previously-held equity investment under the equity method shall be transferred proportionally.

For those remaining equity investment accounted for in accordance with "Accounting Standard for Business Enterprises No.22-Financial instruments: Recognition and Measurement" after disposal, other comprehensive income and other owner's interests previously recognized shall be transferred to profit or loss in full.

15. Investment property

Measurement mode

Measured by cost method

Depreciation or amortization method

The term "investment properties" refers to the real estate held for generating rent and/or capital appreciation. The investment properties include:

- (1) The land use right which has already been rented;
- (2) The land use right which is held and prepared for transfer after appreciation; and
- (3) The building which has already been rented (including buildings self-constructed or developed for rent after completion or buildings being built or developed for future rent).

The investment properties shall be measured by the cost model. For the investment properties measured at cost model and building for rent, the same depreciation policy shall be adopted as that of fixed assets; for land use right, the same amortization policy shall be adopted as that of intangible assets.

16. Fixed assets

(1) Basis of recognition

The term "fixed assets" refers to the tangible assets that simultaneously possess the features as follows: (1) They are held for the sake of producing commodities, rendering labor service, renting or business management; and (2) Their useful life is in excess of one fiscal year.

(2) Depreciation

Categories	Basis of depreciation	Depreciation Period	Retain value rate	Annual depreciation ratio
Houses & buildings	Straight average on period	8-40 years	0	2.50%-12.50%
Equipment & machinery	Straight average on period	4-18 years	3	5.39%-24.25%
Vehicle and other equipment	Straight average on period	5-18 years	3	5.39%-19.40%

(3) Recognition and pricing of fixed asset leased by financing

When one of the following conditions was satisfied, it will be recognized as asset leased by financing:

- (1) The ownership will be under the possession of the Company upon expiration of leasing period;
- (2) The option to acquire the asset is open to the Company, and with a price far lower than the fair value of the asset on execution of the option.
- (3) The leasing period is taking the majority part of its useful life;
- (4) There is no material difference between the current value of the lowest rental at the starting date and the fair value of the asset. At the starting date, the Company recorded the lower one of fair value and the current value of the lowest rental as the book value of the leased asset, the lowest rental payment as the book value of long term payable, and the difference was recorded as unrecognized financing expenses.

17. Construction-in-process

The cost of fixed assets transferred from a construction in progress includes all the necessary expenses incurred for bringing the asset to the expected conditions for use. Construction in progress is transferred to fixed asset when it has reached its working condition for its intended use. In case the final project accounts have not been completed or approved, the asset shall be transferred to fixed assets at an estimated value by considering project budget, cost or actual cost of the project and etc., and the depreciation of the said fixed assets shall be provided in accordance with the Company's accounting policy since it has reached its working condition for its intended use. After the project accounts have been approved, the estimated values shall be adjusted based on the actual cost, but those

provided deprecation shall not be adjusted.

18. Borrowing expenses

1. Recognition principles for capitalizing of borrowing expenses

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings.

Borrowing expenses occurred to the Company that can be accounted as purchasing or production of asset satisfying the conditions of capitalizing, are capitalized and accounted as cost of related asset. Other borrowing expenses are recognized as expenses according to the occurred amount, and accounted into gain/loss of current term.

The term "assets eligible for capitalization" shall refer to the fixed assets, investment real estate, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

When a borrowing expense satisfies all of the following conditions, it is capitalized:

- (1) Asset expense has already occurred. Asset expenses include cash payment, non-cash asset transferring, or undertaking of debt with interest done for purchasing or producing of assets.
- (2) The borrowing expense has already occurred.
- (3) Purchasing or production activity, which is necessary for the asset to reach the useful status, has already started.

2. Capitalizing period of borrowing expenses

The capitalization period shall refer to the period from the commencement to the cessation of capitalization of the borrowing costs, excluding the period of suspension of capitalization of the borrowing costs.

Capitalizing of borrowing expenses terminates when the purchased or produced asset reaches the supposed useful or saleable status.

When purchasing or producing of part of the asset, which satisfies the capitalizing conditions, has finished and could be used separately, capitalizing of borrowing expenses for this part of asset is terminated.

Where each part of an asset under acquisition and construction or production is completed separately and is ready for use or sale during the continuing construction of other parts, but it cannot be used or sold until the asset is entirely completed, the capitalization of the borrowing costs shall be ceased when the asset is completed entirely.

3. The suspension of capitalization of borrowing costs

If the construction or production of assets satisfying the capitalizing conditions is suspended abnormally for over 3 months, capitalizing of borrowing expenses shall be suspended. Borrowing expenses occurred in the suspension period are recognized as expenses and recorded to current income account, until the construction or production is resumed. If the suspension is an essential process to make the asset usable or sellable, capitalizing of borrowing expenses shall be carried forward.

4. Method of calculating the capitalized amount of borrowing costs

For interest expense (minus the income of interests earned on the unused borrowing loans as a deposit in the bank or investment income earned on the loan as a temporary investment) and the ancillary expense incurred to a specifically borrowed loan, those incurred before a qualified asset under acquisition, construction or production is ready for the intended use or sale shall be capitalized at the incurred amount when they are incurred, and shall be recorded into the costs of the asset eligible for capitalization;

The enterprise shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

19. Intangible assets

(1) Price, useful age, and impairment test

1. Evaluating of intangible assets

(1) Initial measurement is based on cost upon acquisition

The cost of an intangible asset on acquisition include the purchase price, relevant taxes and other necessary disbursements which may be directly attributable to bringing the intangible asset to the conditions for the expected purpose. If the payment for an intangible asset is delayed beyond the normal credit conditions and it is of the financing nature, the cost of the intangible asset shall be determined on the basis of the present value of the purchase price.

For intangible assets obtained from debt restructuring as settlement of liabilities from debtors, initial recognition is based on its fair value, and the difference between the debt restructured and the fair value of the intangible assets are recognized in the current profit and loss.

For intangible assets obtained from non-monetary transactions with commercial substance, and the fair value of the assets obtained or surrendered can be reliably measured, the initial recognition of the asset obtained is based on the fair value of the asset surrendered, unless there is strong evidence that the fair value of the asset obtained is more reliable. For intangible assets obtained through non-monetary transactions which do not meet the above criteria, the initial recognition is based on the book value of the assets surrendered and the relevant taxes payable. No gain or loss will be recognized.

(2) Subsequent Measurement

The Company shall analyze and judge the beneficial period of intangible assets upon acquisition.

Intangible assets with finite beneficial period shall be amortized under the straight-line method during the period when the intangible asset can bring economic benefits to the enterprise. If it is unable to estimate the beneficial period of the intangible asset, it shall be regarded as an intangible asset with uncertain service life and shall not be amortized.

2. Estimated useful lives of intangible assets with limited useful lives

Item	Estimated useful life	Criteria
Land use right	50 years	Land use right certificate

At the end of the year, review the amortization method and finite useful life of intangible life.

There is no difference of amortization method and useful life as expected.

3. Determination of intangible assets with uncertain useful lives

As of the balance sheet date, , the useful life of the intangible assets is still uncertain.

(2) Accounting policies for expenses of internal research

1. Classification criteria for internal research phase and development phase

The specific standards of differentiating research stage and development stage of internal R&D projects:

Research stage is the planned research for obtaining knowledge of new technology, the preparation for further development.

Development stage is applying specific researching results and other technologies to some plans or designs to produce new material, devices and products.

2. Criteria of capitalization of development expenditure

Expenditures during the development phase of internal research and development projects shall be recognized as intangible assets when they meet all the following criteria:

- (1) It is feasible technically to complete the intangible assets for use or sale;
- (2) The intention to complete and use or sell the intangible assets is present;
- (3) The method of which the intangible assets generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;

(4) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and

(5) The development expenditures of the intangible assets can be reliably measured.

The development expenditures for its internal research and development projects of the Company shall be recorded into the profit or loss for the current period if the above said conditions are not satisfied simultaneously. The research expenditures for its internal research and development projects of an enterprise shall be recorded into the profit or loss for the current period when incurred.

20. Impairment of long-term assets

For long-term assets under the cost model such as fixed assets, construction in progress, intangible assets etc., the Company shall perform impairment tests at the period end if there is clear indication of impairment.

If the recoverable amounts of long-term assets are less than their carrying amounts, the carrying amounts of the assets shall be written down to their recoverable amounts. The write-downs are recognized as impairment losses and charged to current profit and loss. The recoverable amounts of long-term assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. The Company shall estimate its recoverable amount on an individual basis. Where it is difficult to do so, it shall determine the recoverable amount of the group assets on the basis of the asset group to which the asset belongs. The term "group assets" refers to a minimum combination of assets by which the cash flows could be generated independently

The goodwill shall be subject to an impairment test at least at the end of each year.

When the Company makes an impairment test of assets, it shall, as of the purchasing day, apportion the carrying value of the business reputation formed by merger of enterprises to the relevant asset groups by a reasonable method. Where it is difficult to do so, it shall be apportioned to the relevant combinations of asset groups.

When apportioning the carrying value of the business reputation to the relevant asset groups or combinations of asset groups, it shall be apportioned on the basis of the proportion of the fair value of each asset group or combination of asset groups to the total fair value of the relevant asset groups or combinations of asset groups. Where it is difficult to measure the fair value reliably, it shall be apportioned on the basis of the proportion of the carrying value of each asset group or combination of asset groups to the total carrying value of the relevant asset groups or combinations of asset groups.

When making an impairment test on the relevant asset groups or combination of asset groups containing business reputation, if any evidence shows that the impairment of asset groups or combinations of asset groups is possible, the Company shall first make an impairment test on the asset groups or combinations of asset groups not containing business reputation, calculate the recoverable amount, compare it with the relevant carrying value and recognize the corresponding impairment loss. Then the Company shall make an impairment test of the asset groups or combinations of asset groups containing business reputation, and compare the carrying value of these asset groups or combinations of asset groups (including the carrying value of the business reputation apportioned thereto) with the recoverable amount. Where the recoverable amount of the relevant assets or combinations of the asset groups is lower than the carrying value thereof, it shall recognize the impairment loss of the business reputation.

Impairment losses on long-term assets shall not be reversed in subsequent accounting periods once recognized.

21. Long-term expenses to be amortized

Long-term expenses are those which already occurred and amortizable to the current period and proceeding periods for over one year.

Long-term expenses are amortized straightly to the beneficiary period.

22. Employee wages

(1) Accounting treatment for short employee benefit

The Company shall recognized , in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to the profit or loss or cost of an asset for the current period.

Payments made by an enterprise of social security contributions for employees, payments of housing funds, and union running costs employee education costs provided in accordance with relevant requirements shall, in the accounting period in which employees provide services, be calculated according to prescribed bases and percentages in determining the amount of employee benefits.

The employee benefits which are non-monetary benefits shall be measured at fair value if it could be measured reliably.

(2) Accounting treatment of post-employment benefits

1) Defined contribution plan

The Company shall recognize, in the accounting period in which an employee provides service, pension fund and unemployment fund for employees as a liability according to the local government regulations. The amount shall be calculated according to local prescribed bases and percentages in determining the amount of employee benefits, with a corresponding charge to the profit or loss or cost of an asset for the current period.

2) Defined benefit plan

None

(3) Accounting treatment of termination benefits

When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal, When the Company recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

(4) Accounting treatment of other long-term employee benefits payable

None

23. Anticipated liabilities

1) Recognition Criteria of estimated liabilities

The obligation pertinent to a Contingency (litigation, guarantees, loss contract, restructuring) shall be recognized as an estimated liabilities when the following conditions are satisfied simultaneously:

- (1) That obligation is a current obligation of the enterprise;
- (2) It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation; and
- (3) The amount of the obligation can be measured in a reliable way.

2) Measurement of estimated liabilities

The estimated debts shall be initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

To determine the best estimate, an enterprise shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies. If the time value of money is of great significance, the best estimate shall be determined

after discounting the relevant future outflow of cash.

The best estimate shall be conducted in accordance with the following situations, respectively:

If there is a continuous range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be determined in accordance with the average estimate within the range, that is, the average of the upper and lower limit.

If there is not a sequent range for the necessary expenses and if the outcomes within this range are not equally likely to occur, the best estimate shall be determined as follows:

- (1) If the Contingencies concern a single item, it shall be determined in the light of the most likely outcome.
- (2) If the Contingencies concern two or more items, the best estimate shall be calculated and determined in accordance with all possible outcomes and the relevant probabilities.

When all or some of the expenses necessary for the liquidation of an estimated debts of an enterprise is expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The amount recognized for the reimbursement shall not exceed the book value of the estimated debts.

24. Revenue

1. Recognition Criteria for the Revenue from sale of goods

(1) The general principle of revenue recognition and measurement

The Company has transferred to the buyer the significant risks and rewards of ownership of the goods; and retained neither continuing managerial involvement which usually relates to the ownership nor exerts effective control over the goods sold. The relevant amount of revenue can be measured reliably, the economic benefits related to the transaction will flow into the enterprise; and the relevant costs incurred or to be incurred can be measured reliably. Revenue from the sale of goods may be recognized.

(2) The specific criteria of revenue recognition and measurement

The amount of sale of goods is recognized according to the contract or agreement terms.

The company mainly sells products such as steel. Domestic revenue is recognized need to meet the following criteria: The company has agreed to deliver the product to the buyer under the contract, the amount of revenue and product sales has been determined, the money has been recovered or made payment vouchers and related economic benefits are likely to flow, product-related the cost can be measured reliably. Export revenue is recognized must meet the following conditions: According to the contract the company has a product declaration, departure, made the bill of lading, and the sales revenue amount has been determined, the money has been recovered or made payment vouchers and related economic benefits are likely to flow, costs associated with the product can be measured reliably.

2. Recognition Criteria for the Revenue from alienating of Assets Use Rights

(1) The general principle

When it is probable that economic benefits in relation to the transaction will flow into the enterprise; and the amount of revenues can be measured reliably. The Company shall ascertain the amount of revenues from the transfer of Assets Use Right based on the following circumstances respectively:

- (1) Interest income shall be calculated based on the duration of which the Company's cash is used by others and the actual interest rate; or
- (2) Royalty revenue shall be calculated based on the period and method of charging as stipulated in the relevant contract or agreement.

(2) The evidence of recognition of Revenue from alienating of Assets Use Rights

- (1) The agreement alienating of Assets Use Rights of has been signed and provided to users; and
- (2) The timing for collecting the fee is due.

3. Recognition Criteria for the Revenue from Providing Labor Services and Construction Contracts under Percentage of Completion Method

Revenue from providing labor services are recognized under the percentage of completion method if the outcome of the labor service provision transaction can be reliably measured. Percentage completed is determined by measurement of work completed.

Total revenue from providing of labor services is determined based on the received or receivable amount stipulated in the contract or agreement, unless the received or receivable amount as stipulated in the contract or agreement is unfair. The Company shall, on the date of the balance sheet, ascertain the current revenue from providing labor services by multiplying the total amount of revenues from providing labor services with the percentage completion, less cumulative revenues recognized in the previous accounting

periods. At the same time, the enterprise shall recognize current cost of labor services by multiplying the total estimated cost of providing of labor services with percentage completion less cumulative costs recognized in the previous accounting periods.

If the result of a transaction concerning the providing of labor services cannot be reliably measured at the balance sheet date, it shall be measured as follows:

- (1) If the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized to the extent of the cost of labor services incurred, and the cost of labor services shall be recognized; or
- (2) If the cost of labor services incurred is not expected to compensate, the cost incurred shall be recognized in the current profit and loss, and no revenue from the providing of labor services shall be recognized.

25. Government Subsidies

- (1) Determination basis and accounting for government grants related to assets

A government subsidy means the monetary or non-monetary assets obtained free of charge by the Company from the government. Government subsidies consist of the government subsidies pertinent to assets and government subsidies pertinent to income.

If clear evidence shows that conditions for granting the finance support fund can be met and the finance support fund is supposed to be received, the amount of receivable can be recognized.

(2) Determination basis and accounting for government grants related to income

The government subsidies pertinent to fixed assets and intangible assets acquired and constructed shall be recognized as deferred income and equally recognized over the useful lives of the relevant assets as non-operating income.

The government subsidies pertinent to incomes to subsidize future expenses shall be recognized as deferred income and transferred to non-operating income in the period during which the expenses subsidized is recognized. Government subsidies to subsidize past expenses or losses shall be recognized in the statement of comprehensive income in the period during which the subsidy is received.

26. Deferred income tax assets/ deferred income tax liabilities

The Company shall recognize the deferred income tax liabilities arising from a deductible temporary difference to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference.

As for any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax assets shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

All taxable temporary differences shall be recognized as deferred tax liabilities with certain limited exceptions.

Exceptions when deferred tax assets and deferred tax liabilities are not recognized include: initial recognition of goodwill; initial recognition of an asset or liability in a transaction or event that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The Company shall offset deferred tax assets and deferred tax liabilities if, and only if: (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either: (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

27. Leasing

(1) Accounting treatment of operating lease

1) The rents paid for operating leases shall be recorded in the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs paid by the Company shall be recorded into the profits and losses of the current period

If the lessor has shouldered any expense related to the lease which shall have been borne by the Company, the Company shall deduct these expenses from the total rental expense and the remaining rental expense shall be allocated to each period during the lease term

2) The rents collected from operating leases shall be recorded in the profits and losses of the current period by using the straight-line method over each period of the whole lease term in which free lease period is included. The initial direct costs paid by the Company shall be recorded into the profits and losses of the current period. The initial direct costs shall be capitalized if it is material, and be allocated to each period as per the basis for rental revenue recognition.

If the Company has shouldered any expense related to the lease which shall have been borne by the lessee, the company shall deduct these expenses from the total rental revenue and the remaining rental revenue shall be allocated to each period during the lease term.

(2) Accounting treatment of Financial leasing

1) Leased in asset

On the lease beginning date, a lessee shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the initial book value, recognize the amount of the minimum lease payments as the initial book value of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges.

The lessee shall adopt the effective interest rate method to calculate and recognize the financing charge in the current period. The unrecognized financing charge shall be amortized to each period during the lease term.

28. Other significant accounting policies and change of accounting estimate

Has been discontinued operations of the Company is to meet the Company disposed of or classified as held for sale, at the time of operation and preparation of financial statements can be separately identified part of the following conditions:

(1) This part represents the composition of a separate major business or a major business area;

(2) This part is a part intended for an independent or a major business areas mainly engaged in the disposal program;

(3) This part is just to re-sell the subsidiary acquired

29. Change of material accounting policies and estimations

(1) Material accounting policies

Applicable; Not applicable

(2) Material estimations

Applicable; Not applicable

VI. Taxation

1. Types and rates of taxes

Taxes	Tax references	Applicable tax rates
VAT	Calculated on tax law from selling goods and taxable services based on the calculation of output tax, after deduction of input tax deductibility of the current period, the balance part of VAT payable	17%、11%、6%
Operational tax	Revenue of leasing and taxable services	5%
City maintenance and construction tax	Paid upon actual amount of operational tax and VAT	7%、5%

Enterprise income tax	Taxable income	25%
Property tax	The balance of the building's original costs minus 30% of original costs	1.2%
Education surcharge	Paid upon actual amount of operational tax and VAT	3%、2%

Statement on different taxpayers within the Company

Name of the taxpayer	Tax rate
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2. Preference tax rate

None

VII. Notes to Consolidated Financial Statements

1. Monetary fund

In RMB

Items	Closing balance	Opening balance
Cash in stock	72,220.66	14,168.01
Bank deposit	4,612,384,032.13	9,283,113,740.33
Other monetary fund	528,024,257.18	509,812,501.06
Total	5,140,480,509.97	9,792,940,409.40

Other statements

Notes: No funds are deposited abroad at the year-end.

The details of restricted monetary funds

Items	Closing balance	Opening balance
Margin for bank acceptance bill	508,347,736.99	155,906,379.33
Guarantee for Yield Enhancement Products		310,000,000.00
Foreign exchange deposit	19,350,000.00	
Total	527,695,736.99	465,906,379.33

2. Derivate financial assets

Applicable; Not applicable

3. Notes receivable

1) Notes receivable disclosed by category

In RMB

Items	Closing balance	Opening balance
Bank acceptance bill	2,446,693,577.16	2,045,638,618.35
Commercial acceptance bill	2,988,984.00	43,400,642.78
Total	2,449,682,561.16	2,089,039,261.13

2) The pledged acceptance bill at the year-end

In RMB

Items	Amount on pledge
Bank acceptance bill	718,925,665.16
Total	718,925,665.16

3) The amount of Notes receivable endorsed over but not yet matured at the year-end.

In RMB

Items	Amount of terminate recognition at year end	Unrecognized ending balance
Bank acceptance bill	3,453,866,361.89	
Total	3,453,866,361.89	

4) Notes receivable has been transferred into accounts receivable due to inability of drawer to meet acceptance bill at the year-end.

In RMB

Items	Amount transferred to receivable accounts at year end
Other notes	

4. Account receivable

(1) Accounts receivable disclosed by category

In RMB

Categories	Closing balance				Book value	Opening balance				
	Book balance		Bad debt provision			Book balance		Bad debt provision		Book value
	Amount	Proportio	Amount	Proportio		Amount	Proportio	Amount	Proportion	

		n		n			n			
Account receivable withdrawal bad debt provision by group of credit risk characteristics	642,517,001.01	100.00%	153,932,376.29	23.96%	488,584,624.72	630,346,107.53	100.00%	142,579,065.31	22.62%	487,767,042.22
Total	642,517,001.01	100.00%	153,932,376.29	23.96%	488,584,624.72	630,346,107.53	100.00%	142,579,065.31	22.62%	487,767,042.22

Receivable accounts with large amount individually and bad debt provisions were provided

Applicable; Not applicable

Account receivables on which bad debt provisions are provided on age basis in the group:

Applicable Not applicable

In RMB

Age	Closing balance		
	Account receivable	Bad debt provision	Rate
Segments within 1 year			
within 1 year	404,591,894.02		
Subtotal of within 1 year	404,591,894.02		
1-2 years	37,248,268.67	1,862,413.43	5.00%
2-3 years	60,758,594.33	12,151,718.87	20.00%
Over 3 yrs	139,918,243.99	139,918,243.99	100.00%
Total	642,517,001.01	153,932,376.29	23.96%

Remarks on categories of receivable account

1. Providing of bad debt provision on single receivable account with major amount

Standard for recognition of major amount single account:

Balance of account receivable RMB10 million; other account receivable RMB5 million or over.

Providing method of bad debt provisions on **single receivable account with major amount**

The impairment test should be assessed individually for each individually significant receivable. If there is evidence indicating the receivables have been impaired, the difference between the present value of the future cash flows and the book value of receivables shall be recognized as bad debt provision and shall be recorded into the profits and losses at the current period.

2. Account receivable withdrawal bad debt provision by group of credit risk characteristics:

Basis of recognition for portfolios	
The portfolio:	Receivable account with minor amount and tested individually and not impaired
Basis of bad debt provision	

The portfolio:	Age analysis method
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Accounts on age basis in the portfolio in the Group:

Age	Rate for receivables (%)	Rate for other receivables (%)
Within 1 year, (included)		
1-2 years (included)	5	5
2-3 years (included)	20	20
Over 3 years	100	100

3、 Receivable accounts with minor amount but bad debt provision provided individually upon

(1) Reason of providing bad debt individually: concrete evidence showing that the account is irretrievable

(2) Basis of providing bad debt provisions:

When there is solid evidence showing that the possibility of retrieving is minor, the account shall be tested for impairment individually and bad debt provision shall be provided at the estimated unrecoverable amount.

Receivable accounts on which bad debt provisions are provided on percentage analyze basis in a portfolio

Applicable; Not applicable

Receivable accounts on which bad debt provisions are provided by other ways in the portfolio

(2) Receivable accounts written back or retrieved in the report period

Bad debt provision provided this period was RMB11,353,310.98.

Bad debt provision written back was RMB0.00 in the period.

Significant items of retrieving or writing back of bad debt provisions:

In RMB

Name of the companies	Amount retrieved or written back	way of retrieving
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(3) Receivable accounts actually written off in the report period

In RMB

Items	Amount written off
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Significant amount written off:

In RMB

Name of the companies	Property of the receivable account	Amount written off	Reason of writing off	Written off procedures	Created by related transaction or not
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Statement on writing off of receivable accounts.

(4) Top 5 debtors in the receivable accounts

Name of the companies	Closing balance		
	Account receivable	Proportion in the total receivable account %	Bad debt provision
Benxi North Iron Industry Co., Ltd.	107,133,739.89	16.67	
Benxi Nanfen Xinhe metallurgical furnace Co Ltd	87,379,647.78	13.60	
Liaoyang Petroleum Tube Co., Ltd.	35,689,868.98	5.55	3,341,228.18
Bengang B refractory material Co., Ltd.	33,705,712.51	5.25	
Huayou Steel Tube Co., Ltd.	32,873,213.55	5.12	5,891,750.53
Total	296,782,182.71	46.19	9,232,978.71

(5) Recognition of receivable accounts terminated**5. Prepayment****(1) Prepayment presented by ages:**

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
within 1 year	423,542,198.08	74.32%	1,127,829,597.09	91.23%
1-2 years	139,209,276.37	24.43%	49,267,318.09	3.99%
2-3 years	7,100,476.24	1.25%	47,476,893.75	3.84%
Over 3 years			11,740,195.80	0.94%
Total	569,851,950.69	--	1,236,314,004.73	--

Remarks on the unsettled prepayment due over 1 year:

Mainly prepayment for goods not mature yet according to the agreement.

(2) Top 5 prepayment categorized upon objects

Objects	Closing balance	Percentage in total prepayment at year end
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	183,337,641.74	32.17
Changzhou Baoling Heavy Machinery Co., Ltd.	56,217,782.56	9.87
Zhongye Shanya Heavy Industry	52,720,022.00	9.25

Wuhan Dushi Environmental protection Engineering Technology Co., Ltd.	50,515,000.00	8.86
Jiangsu Kexing Industrial Equipment Manufacturing Co., Ltd.	36,992,022.40	6.49
Total	379,782,468.70	66.64

Other notes

6. Interest receivable

(1) Categorized on interests receivable

In RMB

Items	Closing balance	Opening balance
Fixed deposit	3,073,233.31	7,011,095.89
Interest on bond	451,381.81	
Total	3,524,615.12	7,011,095.89

7. Other account receivable.

(1) Other receivables disclosed by category

In RMB

Categories	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Amount		Amount	Proportion	Amount	Proportion	
Other Account receivable withdrawal bad debt provision by group of credit risk characteristics	216,153,715.77	99.20%	66,224,838.51	30.64%	149,928,877.26	318,333,531.48	99.46%	62,365,433.45	19.59%	255,968,098.03
Other Account receivable with no large amount and withdrawal bad debt provision for single item	1,740,000.00	0.80%			1,740,000.00	1,740,000.00	0.54%			1,740,000.00
Total	217,893,715.77	100.00%	66,224,838.51	30.39%	151,668,877.26	320,073,531.48	100.00%	62,365,433.45	19.48%	257,708,098.03

	715.77		38.51		77.26	,531.48		3.45		8.03
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Other receivable accounts with large amount and were provided bad debt provisions individually at end of period.

Applicable; Not applicable

Other account receivables on which bad debt provisions are provided on age basis in the group:

applicable Not Applicable

In RMB

Age	Closing balance		
	Other account receivable	Bad debt provision	Rate
Segments within 1 year			
	135,062,001.55		
Subtotal of within 1 year	135,062,001.55		
1-2 years	12,543,045.74	627,152.29	5.00%
2-3 years	3,688,727.82	737,745.56	20.00%
Over 3 yrs	64,859,940.66	64,859,940.66	100.00%
Total	216,153,715.77	66,224,838.51	30.64%

Remarks on categories of receivable account

1. Providing of bad debt provision on single receivable account with major amount

Standard for recognition of major amount single account:

Balance of account receivable RMB10 million; other account receivable RMB 5 million or over.

Providing method of bad debt provisions on **single receivable account with major amount**

The impairment test should be assessed individually for each individually significant receivable. If there is evidence indicating the receivables have been impaired, the difference between the present value of the future cash flows and the book value of receivables shall be recognized as bad debt provision and shall be recorded into the profits.

2. Receivables tested by portfolio:

Basis of recognition for portfolios	
The portfolio:	Receivable account with minor amount and tested individually and not impaired
Basis of bad debt provision	
The portfolio:	Age analysis method

Accounts on age basis in the portfolio:

Age	Rate for receivables (%)	Rate for other receivables (%)
Within 1 year, (included)		

1-2 years (inclusive)	5	5
2-3 years (inclusive)	20	20
Over 3 years	100	100

3、 Receivable accounts with minor amount but bad debt provision provided individually upon

(1) Reason of providing bad debt individually: concrete evidence showing that the account is irretrievable

(2) Basis of providing bad debt provisions:

When there is solid evidence showing that the possibility of retrieving is minor, the account shall be tested for impairment individually and bad debt provision shall be provided at the estimated unrecoverable amount.

Other receivable accounts in the portfolio on which bad debt provisions were provided on percentage basis

Applicable; Not applicable

Other receivable accounts in the portfolio on which bad debt provisions were provided on other basis

Applicable; Not applicable

(2) Receivable accounts written back or retrieved in the report period

Bad debt provision provided this period was RMB3,859,405.06.

Bad debt provision written back was RMB0.00 in the period.

Significant items of retrieving or writing back of bad debt provisions:

In RMB

Name of the companies	Amount written back or retrieved	way of retrieving
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None

(3) Writing off of other receivable accounts in the period

In RMB

Items	Amount written off
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Writing off of material other receivable accounts in the period

In RMB

Name of the companies	Property of account	Amount written off	Reason of writing off	Written off procedures	Created by related transaction or not
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Statements on writing off of other receivable accounts.

(4) Other receivables disclosed by nature

In RMB

Account property	Closing balance of book value	Opening balance of book value
Accounts	151,337,358.60	121,294,479.69

Export tax rebate	32,772,729.71	130,825,472.18
Margin and deposit	3,571,060.87	4,598,002.52
Others	8,296,700.68	6,609,889.80
Input tax to be deducted	21,915,865.91	56,745,687.29
Total	217,893,715.77	320,073,531.48

(5) Top five debtors at the year-end

In RMB

Name of the companies	Nature of account	Closing balance	Age	Percentage of total other receivables	Provision for bad debts
Tax bureau	Export tax refund	21,915,865.91	Within 1 year	10.06%	
Bengang Group International Trading Co., Ltd.	Current account	14,007,043.70	Within 1 year	6.43%	
Huozhou Coal & Electricity Group Co., Ltd.	Current account	4,341,257.18	Over 3 years	1.99%	4,341,257.18
Zhejiang Sunon Furniture Manufacturing Co., Ltd.	Current account	2,785,401.00	1-2 years	1.28%	139,270.05
Liaoning Huaweixuan coal Co., Ltd.	Current account	2,261,360.00	Over 3 years	1.04%	2,261,360.00
Total	--	45,310,927.79	--	20.80%	6,741,887.23

(6) Receivable accounts involving the government

In RMB

Name of the companies	Title of the projects	Closing balance	Age at end of period	Predicted time and amount of receiving
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None

10. Inventories**(1) Categories of inventory**

In RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Raw materials	5,527,236,707.17	4,894,918.76	5,522,341,788.41	6,399,017,393.13	4,894,918.76	6,394,122,474.37
Product in process	1,011,630,448.37	192,850,188.37	818,780,260.00	1,194,892,927.05	44,360,110.69	1,150,532,816.36
Products in stock	2,566,825,937.84	306,213,543.83	2,260,612,394.01	3,510,656,117.98	46,897,590.79	3,463,758,527.19
Total	9,105,693,093.38	503,958,650.96	8,601,734,442.42	11,104,566,438.16	96,152,620.24	11,008,413,817.92

(2) Inventory impairment provision

In RMB

Items	Opening balance	Increased current period		Decreased current period		Closing balance
		Provided	Others	Written back or off	Others	
Raw materials	4,894,918.76					4,894,918.76
Product in process	44,360,110.69	192,850,188.37		44,360,110.69		192,850,188.37
Products in stock	46,897,590.79	306,213,543.83		46,897,590.79		306,213,543.83
Total	96,152,620.24	499,063,732.20		91,257,701.48		503,958,650.96

(3) Statement on part of the inventory balance which was the capitalized borrowing expenses**9. Non-current asset due in 1 year**

In RMB

Items	Closing balance	Opening balance
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Other notes

10. Other current assets

In RMB

Items	Closing balance	Opening balance
Prepaid income tax	225,000,858.03	226,679,352.76
VAT and input tax to be deducted	206,359,683.18	230,825,156.67
Total	431,360,541.21	457,504,509.43

Other Notes

11. Disposable financial asset**(1) Sellable financial assets**

In RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Sellable equity instruments:	20,271,278.63		20,271,278.63	20,271,278.63		20,271,278.63
On cost basis	20,271,278.63		20,271,278.63	20,271,278.63		20,271,278.63
Total	20,271,278.63		20,271,278.63	20,271,278.63		20,271,278.63

(2) Sellable financial assets on fair value at end of period

In RMB

Categories of sellable financial assets	Available-for-sale equity instruments	Debit instruments sellable		Total

(3) Sellable financial assets on cost at end of period

In RMB

Company invested in	Book balance				Impairment provision				Percentage of share in the firm %	Cash dividend of the current term
	At beginning of term	Increased this period			At beginning of term	Increased this period	Decreased this period	At end of term		
Zhejiang Bengang Jingrui Steel Processing Ltd.	1,967,605.63			1,967,605.63					20.00%	
Suzhou	3,888,980.			3,888,980.					20.00%	

Bengang Industrial Co., Ltd.	00			00						
China Steel Shanghai Steel Processing Co., Ltd.	14,414,693.00			14,414,693.00					15.00%	
Total	20,271,278.63			20,271,278.63					--	

(4) Change of impairment of sellable financial assets in the report period

In RMB

Categories of sellable financial assets	Available-for-sale equity instruments	Debit instruments sellable		Total

12. Fixed assets

(1) Particulars of fixed assets

In RMB

Items	Houses & buildings	Equipment & machinery	Transportation equipment	Total
I. Original value				
1. Opening balance	10,224,039,014.58	33,098,746,490.42	773,132,017.21	44,095,917,522.21
2. Increased amount of the period	371,113,704.05	4,312,915,260.75	71,926,666.66	4,755,955,631.46
(1) Outsourcing	5,018,594.77	10,541,500.17	816,274.43	16,376,369.37
(2) Transferred in from construction in process	366,095,109.28	4,302,373,760.58	71,110,392.23	4,739,579,262.09
(3) Increased by merger				
3. Decreased this period	19,604,190.88	266,419,500.67	8,242,111.52	294,265,803.07
(1) Disposed	19,604,190.88	266,419,500.67	8,242,111.52	294,265,803.07
4. Closing balance	10,575,548,527.75	37,145,242,250.50	836,816,572.35	48,557,607,350.60
II. Accumulative				

depreciation				
1. Opening balance	4,216,854,550.82	22,179,825,053.52	544,196,523.38	26,940,876,127.72
2. Increased this period	493,877,936.59	1,323,685,256.12	7,319,201.80	1,824,882,394.51
(1) Provision	493,877,936.59	1,323,685,256.12	7,319,201.80	1,824,882,394.51
3. Decreased this period	11,248,910.51	245,820,206.26	8,095,922.10	265,165,038.87
(1) Disposed	11,248,910.51	245,820,206.26	8,095,922.10	265,165,038.87
4. Closing balance	4,699,483,576.90	23,257,690,103.38	543,419,803.08	28,500,593,483.36
III. Impairment provision				
1. Opening balance	8,208,087.85	2,551,052.65		10,759,140.50
2. Increased this period				
(1) Provision				
3. Decreased this period				
(1) Disposed				
4. Closing balance	8,208,087.85	2,551,052.65		10,759,140.50
IV. Book value				
1. Book value at end of period	5,867,856,863.00	13,885,001,094.47	293,396,769.27	20,046,254,726.74
2. Book value at beginning of period	5,998,976,375.91	10,916,370,384.25	228,935,493.83	17,144,282,253.99

(2) Fixed assets temporarily in idle status

In RMB

Items	Original book value	Accumulated depreciation:	Impairment provision	Book value	Note

(3) Fixed asset by financial leasing

In RMB

Items	Original book value	Accumulated depreciation:	Impairment provision	Book value

(4) Fixed assets leased out on finance

In RMB

Items	Closing book value
Houses & buildings	58,903,607.19
Equipment & machinery	192,341.83
Transportation equipment	377,447.55
Total	59,473,396.57

(5) Fixed assets not granted certificate of property

In RMB

Items	Book value	Reason for certificate not granted
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Other Notes

13. Construction-in-process**(1) Particulars of construction-in-process**

In RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Cool rolling high strength steel rebuilding	3,451,712,764.91		3,451,712,764.91	1,925,107,936.24		1,925,107,936.24
hot galvanizing project of No.3 hot rolling factory	335,752,700.00		335,752,700.00			
Reconstruction project of coke dry cooling of No.2 Coke Workshop				1,163,586,592.69		1,163,586,592.69
Production line of electro-galvanized steel plates for automobile				1,090,509,377.96		1,090,509,377.96
Environmental reconstruction of converter and the 180t dephosphorization converter	153,224,111.93		153,224,111.93	581,647,629.27		581,647,629.27

360 M2 sintering machine	973,980,424.51		973,980,424.51	466,556,730.02		466,556,730.02
Reconstruction of hot-rolling equipment	4,230,929.56		4,230,929.56	279,613,089.64		279,613,089.64
The new energy control center project	226,586,153.73		226,586,153.73	218,595,249.81		218,595,249.81
Information system project	223,389,048.63		223,389,048.63	183,662,781.72		183,662,781.72
Softening water supplying project				62,631,414.86		62,631,414.86
Upgrade the surface quality of Benxi Steel Poxiang strip detector				50,023,398.37		50,023,398.37
Department of transportation passenger dedicated to supporting the transformation of the South	47,995,690.74		47,995,690.74	41,847,818.94		41,847,818.94
Silicon steel engineering						
Other	229,752,469.26		229,752,469.26	62,393,703.15		62,393,703.15
Total	5,646,624,293.27		5,646,624,293.27	6,126,175,722.67		6,126,175,722.67

(2) Material change in construction-in-progress

In RMB

Projects	Budget	Opening balance	Increased current period	Amount transferred to fixed asset	Other deduction	Closing balance	Ratio of accumulative input on budget	Progress	Accumulate of interest capitalized	Including: interest capitalized this term	Capitalization ratio of current period	Fund recourse
Cool rolling high strength steel rebuilding	6,100.00	1,925.10	1,526.60			3,451.71	56.59%	60%	305,147.	224,111.	5.10%	Other
	0,000.00	7,936.24	4,828.67			2,764.91			840.47	638.71		
hot galvanizing project of No.3 hot rolling factory	869,180.00		335,752.700.00			335,752.700.00	38.63%	40%				Other

Reconstruction project of coke dry cooling of No.2 Coke Workshop	1,354,130.00	1,163,586.59	117,935,327.78	1,281,521,920.47			95.01%	100%	106,875,819.78	45,989,616.80	5.10%	Other
Production line of electro-galvanized steel plates for automobile	1,244,500.00	1,090,509,377.96	145,892,272.15	1,236,401,650.11			99.78%	100%	183,155,876.21	30,883,843.16	5.10%	Other
Environmental reconstruction of converter and the 180t dephosphorization converter	1,778,644,000.00	581,647,629.27	22,834,248.54	451,257,765.88	153,224,111.93		84.32%	90%	127,847,567.31	22,583,329.89	5.10%	Other
360 M2 sintering machine	1,277,738,000.00	466,556,730.02	554,105,269.43	46,681,574.94	973,980,424.51		80.15%	85%	35,595,290.38	25,132,788.66	5.10%	Other
Reconstruction of hot-rolling equipment	332,870,000.00	279,613,089.64	4,230,929.56	279,613,089.64	4,230,929.56		85.27%	90%				Other
The new energy control center project	284,100,000.00	218,595,249.81	26,468,627.93	18,477,724.01	226,586,153.73		86.26%	90%	35,162,607.14	10,896,590.68	5.10%	Other
Informatization project	390,380,000.00	183,662,781.72	39,726,266.91		223,389,048.63		90.00%	96%	34,177,972.63	9,174,540.49	5.10%	Other
Softening water supplying project	75,540,000.00	62,631,414.86	3,259,480.98	65,890,895.84			87.23%	100%	2,918,150.76			Other
Upgrade the surface quality of Benxi Steel Poxiang	58,500,000.00	50,023,398.37		50,023,398.37			87.00%	100%				Other

strip detector												
Benxi Puxiang enhance product quality equipment upgrade project	111,650,000.00		80,122,249.90	80,122,249.90			72.00%	100%				Other
Department of transportation passenger dedicated to supporting the transformation of the South	55,980,000.00	41,847,818.94	6,147,871.80			47,995,690.74	85.74%	90%	2,670,862.49	1,219,971.88	5.10%	Other
Silicon steel engineering	934,450,000.00		26,313,618.46	26,313,618.46			88.00%	100%	16,197,745.48			Other
Other	0.00	62,393,703.15	1,371,189,422.43	1,203,275,374.47	555,281,858.5	229,752,469.26			4,345,164.93	3,660,150.53	5.10%	Other
Total	14,867,664,000.00	6,126,175,722.67	4,260,583,114.54	4,739,579,262.09	555,281,858.5	5,646,624,293.27	--	--	854,094,897.58	373,652,470.80		--

Notes: The mortgage loan at the year-end is the mortgage loan of RMB 14,220 thousand provided from Bengang Group Finance Co., Ltd. to subsidiary Dalian Benruitong Automobile Material Technology Co., Ltd (hereinafter referred to as Dalian Benruitong). Collateral for the mortgage is Dalian Benruitong's manufacturing equipment and the highest mortgage balance is RMB 110,000 thousand. From the financial company to obtain 100 million yuan credit.

The pledge loan at the year-end includes domestic orders financing short-term loan RMB 1,396,740,000.00 acquired from Industrial & Commercial Bank of China Benxi Branch, export commercial bill financing

short-term loan USD 370,135,200.00 acquired from Agricultural Bank of China Benxi Branch, and receivable factor short-term loan RMB 200,000,000.00 acquired from Agricultural Bank of China Benxi Branch.

(3) Impairment provision provided on construction in process

In RMB

Items	Provided this period	Reason to provide
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Other notes

14. Project material

In RMB

Items	Closing balance	Opening balance
Special equipment	4,152,880.79	90,221,101.46
Total	4,152,880.79	90,221,101.46

Other notes

Balance of project goods decreased by RMB886,068,220.67 (95.40%) from the opening balance, which was caused by increasing of delivery of equipment purchased for reconstruction project of high strength steel production.

15. Intangible assets

(1) Profiles of intangible assets

In RMB

Items	Land using right	Patent	Non-patent technologies	Computer software	Total
I. Original book value					
1. Opening balance	296,245,314.76			141,509.43	296,386,824.19
2. Increased this period					
(1) Purchase					
(2) Internal R&D					
(3) Increased by merger					
3. Decreased this period					
(1) Disposal					
4. Closing balance	296,245,314.76			141,509.43	296,386,824.19
II. Accumulative amortizing					

1. Opening balance	24,913,882.78			12,971.66	24,926,854.44
2. Increased this period	5,924,906.29			14,150.89	5,939,057.18
(1) Provision	5,924,906.29			14,150.89	5,939,057.18
3. Decreased this period					
(1) Disposal					
4. Closing balance	30,838,789.07			27,122.55	30,865,911.62
III. Impairment provision					
1. Opening balance					
2. Increased this period					
(1) Provision					
3. Decreased this period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Book value at end of period	265,406,525.69			114,386.88	265,520,912.57
2. Book value at beginning of period	271,331,431.98			128,537.77	271,459,969.75

There isn't any intangible asset constituted by internal R&D in the period.

(2) Property certificate not granted yet:

In RMB

Items	Book value	Reason for certificate not granted
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Other notes

16. Deferred income tax assets/ deferred income tax liabilities

(1) Deferred income tax asset not deducted

In RMB

Items	Closing balance		Opening balance	
	Deductible provisional differences	Deferred income tax asset	Deductible provisional differences	Deferred income tax asset

Asset impairment provision	734,875,006.26	183,718,751.57	311,856,259.50	77,964,064.88
Internal trade profit not realized	-20,995,185.07	-5,248,796.27	57,740,326.46	14,435,081.62
Deductible loss	1,494,830,936.71	373,707,734.18		
Depreciation or amortization difference	333,978,859.03	83,494,714.76	333,978,859.03	83,494,714.76
Welfare for retired employee	6,946,500.22	1,736,625.06	8,513,359.96	2,128,339.99
Employee wages payable	18,088,405.91	4,522,101.48	13,889,056.69	3,472,264.17
Total	2,567,724,523.06	641,931,130.78	725,977,861.64	181,494,465.42

(2) Deferred income tax liabilities not deducted

In RMB

Items	Closing balance		Opening balance	
	Taxable provisional difference	Deferred income tax liability	Taxable provisional difference	Deferred income tax liability

(3) Deferred income tax asset or liability at net amount after deduction

In RMB

Items	Amount neutralized between deferred income tax asset and liability at end of period	Closing balance of deferred income tax asset or liability after deduction	Amount neutralized between deferred income tax asset and liabilities at opening of period	Opening balance of deferred income tax asset or liability after deduction
Deferred income tax asset		641,931,130.78		181,494,465.42

(4) Details of unrecognized deferred income tax asset

In RMB

Items	Closing balance	Opening balance
Deductible loss	2,912,363,442.38	476,157,419.26
Total	2,912,363,442.38	476,157,419.26

(5) Deductible losses of unrecognized deferred income tax asset due in next period

In RMB

Year	Amount at end of term	Initial amount	Note

2016		796,317.70	
2017	405,383,631.05	405,183,089.47	
2018	267,988,139.50	70,178,012.09	
2019	179,596,211.65		
2020	2,059,395,460.18		
Total	2,912,363,442.38	476,157,419.26	--

Other notes:

17. Short-term loans

(1) Categories of short-term loans

In RMB

Items	Closing balance	Opening balance
Pledge loan	1,966,875,200.00	
Mortgage loan	14,220,000.00	
Guarantee loan	10,586,898,400.00	10,609,754,000.00
Credit loan	5,571,891,996.60	7,578,191,675.93
Total	18,139,885,596.60	18,187,945,675.93

Statement on categories of short-term loans.

The closing pledge loan includes the domestic order financing short-term loan, 1,396,740,000 yuan, borrowed from ICBC Benxi Branch, exporter bill financing short-term US dollar loan, amounting to 370,135,200 yuan, borrowed from business department of ABC Benxi Branch, and accounts payable factoring, 200,000,000 yuan, acquired from business department of ABC Benxi Branch. The closing mortgage loan is that Benxi Iron & Steel Group Financial Co., Ltd. Provides a mortgage loan of 14,220,000 yuan for its subsidiary Dalian Benruitong Automobile Material Technology Co., Ltd. (hereinafter referred to as "Dalian Benruitong"), with the production equipment of Dalian Benruitong as the guarantee, and the highest balance of security guarantee is 110,000,000 yuan.

Short-term loans expired but not repaid was RMB0.00 at end of period, including material amounts as following:

In RMB

Loans from	Closing balance	Interest rate	Date of mature	Overdue interest

Other notes:

18. Notes payable

In RMB

Categories	Closing balance	Opening balance
Bank acceptance	2,110,511,950.79	822,581,591.46

Total	2,110,511,950.79	822,581,591.46
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Notes payable mature as of end of period was RMB0.00.

19. Account payable

(1) Payables

In RMB

Items	Closing balance	Opening balance
Trade payable	4,045,710,114.68	7,845,961,373.04
Labour service	47,556,941.28	24,340,661.56
Project and equipment accounts payable	455,338,318.37	501,029,342.01
Maintaining	464,461,747.57	407,080,221.51
Others	2,833,542.57	2,537,206.06
Total	5,015,900,664.47	8,780,948,804.18

(2) Material payable aged over 1 year

In RMB

Items	Closing balance	Reason of not paid or transferred
Benxi Iron steel (Group) Mining Co., Ltd.	675,232,923.26	Not cleared yet
Zhongye Jiaonai Engineering Technology Co., Ltd.	77,144,807.61	Not cleared yet
Jixi Huasheng Fengyuaxuan Coal Co., Ltd.	66,005,916.07	Not cleared yet
Hangzhou Tianshen Material Co., Ltd.	21,330,633.40	Not cleared yet
Total	839,714,280.34	--

Other notes:

20. Account received in advance

(1) Advances received

In RMB

Items	Closing balance	Opening balance
Trade collected in advance	1,815,443,452.05	3,144,418,091.52
Total	1,815,443,452.05	3,144,418,091.52

(2) Material advances received for over 1 year

In RMB

Items	Closing balance	The reason for not repaid or carried forward
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21. Wage payable**(1) Wage payable**

In RMB

Items	Opening balance	Increased this period	Decreased this period	Closing balance
I. Short-term wages	26,870,591.59	1,646,064,041.64	1,643,425,989.69	29,508,643.54
II. Post-job welfare – provision plan		261,368,947.32	261,368,947.32	
III. Dismissing compensation	8,513,359.96	49,910.91	1,616,770.65	6,946,500.22
Total	35,383,951.55	1,907,482,899.87	1,906,411,707.66	36,455,143.76

(2) Short-term wages

In RMB

Items	Opening balance	Increased this period	Decreased this period	Closing balance
(1) Salary, bonus, allowance and subsidy	16,980,558.52	1,325,523,468.43	1,322,213,535.48	20,290,491.47
(2) Employee welfare		26,364,154.99	26,364,154.99	
(3) Social Insurance	666,677.44	121,228,999.24	121,242,204.74	653,471.94
Including: Medical insurance		89,315,611.21	89,315,611.21	
Work injury insurance	666,677.44	31,909,377.38	31,922,582.88	653,471.94
Maternity insurance		4,010.65	4,010.65	
(4) Housing	6,853,473.00	132,967,780.72	132,971,620.72	6,849,633.00
(5) Union funds and staff education fee	2,367,273.37	38,975,393.60	39,630,229.10	1,712,437.87
Others	2,609.26	1,004,244.66	1,004,244.66	2,609.26
Total	26,870,591.59	1,646,064,041.64	1,643,425,989.69	29,508,643.54

(3) Defined contribution plans

In RMB

Items	Opening balance	Increased this period	Decreased this period	Closing balance
Basic pension fund		249,181,176.27	249,181,176.27	
Unemployment insurance		12,187,771.05	12,187,771.05	
Total		261,368,947.32	261,368,947.32	

Other notes:

22. Tax payable

In RMB

Items	Closing balance	Opening balance
VAT	23,631,817.37	9,556,213.59
Operational tax	-47,954.05	246,231.69
Enterprise income tax	6,788,181.39	12,951,594.58
City maintenance and construction tax	2,015,344.46	302,020.62
Property tax	1,475,601.50	246,528.48
Education surtax	10,211,765.05	7,953,883.39
Others	1,119,772.63	1,066,709.41
Total	45,194,528.35	32,323,181.76

Other notes:

23. Interest payable

In RMB

Items	Closing balance	Opening balance
Long-term loan interest with installments		5,080,000.00
Interest of corporation bond	70,113,698.63	
Short-term borrowing interests payable	844,988.33	21,855,067.99
Total	70,958,686.96	26,935,067.99

Material overdue interest payments:

In RMB

Loans from	Amount overdue	Causation of overdue

Other notes:

24. Other account payable.**(1) Other payables disclosed by nature**

In RMB

Items	Closing balance	Opening balance
Deposit	3,280,020.39	3,698,444.41
Deposit	128,048,589.14	121,211,291.67
Current account	270,090,696.48	295,686,710.10
Others	43,315,398.89	48,719,569.65
Total	444,734,704.90	469,316,015.83

(2) Significant other payables ageing over one year

In RMB

Items	Closing balance	Unpaid/un-carry over reason
Benxi Steel (Group) Ltd.	179,539,999.52	Not cleared yet
Guangzhou Benjin Electronic & Machinery Equipment Co., Ltd.	10,088,825.00	Not cleared yet
Total	189,628,824.52	--

Other notes:

25. Non-current liabilities due in one year

In RMB

Items	Closing balance	Opening balance
Long-term loans due in 1 year	944,004,649.14	591,740,000.00
Long-term account payable due in 1 year	490,000,000.00	
Total	1,434,004,649.14	591,740,000.00

Other explanation:

On December 30, 2015, the company signed a Financing After-sales Leaseback Contract with Liaoning Hengyi Financing Leasing Co., Ltd. (hereinafter referred to as "Hengyi Leasing"), with the purchasing price of leasing assets of 490,000,000 and the leasing term from December 30, 2015 to December 30, 2016.

26. Long-term loans**(1) Categories of long-term loans**

In RMB

Items	Closing balance	Opening balance
Guarantee loan	995,919,974.09	642,377,465.85
Credit loan	10,000,000.00	172,250,000.00
Total	1,005,919,974.09	814,627,465.85

Statement on categories of long-term loans:

Other statements, including interest scales:

27. Bond payable

(1) Bond payable

In RMB

Items	Closing balance	Opening balance
Corporate bond	1,490,352,572.75	
Total	1,490,352,572.75	

(2) Change of bond payable (exclude other financial instruments such as preference shares or perpetual liabilities)

In RMB

15	1,500,000	February	3 years	1,500,000	1,500,000			9,647,427		1,490,352
Bengang	,000.00	5,2015		,000.00	,000.00			.25		,572.75
01										
Total	--	--	--	1,500,000	1,500,000			9,647,427		1,490,352
				,000.00	,000.00			.25		,572.75

(3) Statement on conditions and date of corporation bond converting to shares

(4) Statement on other financial instruments categorized as financial liabilities

Particulars about other financial instruments issued externally such as preference shares or perpetual bonds.

Change of financial instruments issued externally such as preference shares or perpetual bonds

In RMB

Financial instruments issued externally	At beginning of term		Increased this period		Decreased this period		At end of term	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Statements on basis of categorizing of other financial instruments as financial liabilities.

Other statements

Statement about bonds payable:

The company issued bonds publicly on February 5, 2015. The face value was 1,500,000,000 yuan, and there were 1500 million shares, with the face value per share of 100 yuan. The issuance price was 100 yuan/ share, with a period of 3 years and the nominal interest rate of 5.17%. The value date was February 5, 2015 and the interest payment date is February 5 in three consecutive years, ranging from 2016 to 2018. The interest is paid annually and the principal shall be paid at a time upon the expiration.

Benxi Iron & Steel Group Co., Ltd. provides a joint liability guarantee for the corporate bond publicly issued this time in full, unconditionally and irrevocably. The scope of guarantee includes the principle, interest, liquidated damage, damage awards, expenses spent on actualization of creditors' rights of the bonds. The term of guarantee commences on the bond issuance date and ends in 12 months after the expiry of bonds.

28. Deferred income

In RMB

Items	Opening balance	Increased this period	Decreased this period	Closing balance	Cause
Government subsidy	427,524,000.00	10,700,000.00	25,036,000.00	413,188,000.00	
Total	427,524,000.00	10,700,000.00	25,036,000.00	413,188,000.00	--

Government subsidy items involved:

In RMB

Liability projects	Opening balance	New subsidy in current period	Amount transferred to non-operational income	Other changes	Closing balance	Asset-related or income-related
Desulfuration project of 220t/h furnace	1,600,000.00		800,000.00		800,000.00	Related to assets
MES project fund	8,600,000.00		1,720,000.00		6,880,000.00	Related to assets
Environment treatment project of Benxi City	1,080,000.00		540,000.00		540,000.00	Related to assets
Second batch of Funding for National Cleaned Manufacture Demonstration Project	2,400,000.00		800,000.00		1,600,000.00	Related to assets
Subsidiary for industrial energy control center demonstration project	11,600,000.00				11,600,000.00	Related to assets
Environment	22,942,000.00		5,234,000.00		17,708,000.00	Related to assets

Pollution Renovation Project						
Environment Renovation Project and Regional Basin Environment Protection Project	2,180,000.00		500,000.00		1,680,000.00	Related to assets
Energy-saving Technological Transformation Fiscal Reward Project	8,862,000.00		2,954,000.00		5,908,000.00	Related to assets
Cool rolling high strength steel rebuilding	250,000,000.00				250,000,000.00	Related to assets
desulfuration project of 2*265 square meter burning line	2,000,000.00		1,000,000.00		1,000,000.00	Related to assets
Water treatment project of 2*265 square meter burning line	6,760,000.00		3,380,000.00		3,380,000.00	Related to assets
Reconstruction of dust remover of the 360m ³ burning line	120,000.00		60,000.00		60,000.00	Related to assets
Automobile High-class Electrolytic Zinc Steel Plate Production Line Project	41,040,000.00				41,040,000.00	Related to assets
Heat recycling and desulfuration project of the burning line	21,020,000.00		4,204,000.00		16,816,000.00	Related to assets
Water treatment factory reconstruction project	4,500,000.00		1,500,000.00		3,000,000.00	Related to assets
Fund for introducing of overseas R&D team	4,000,000.00				4,000,000.00	Related to assets
Disulfuration project of the 7 boilers of the Power Plant	24,000,000.00				24,000,000.00	Related to assets

Waste liquid processing project of Coke Factory	400,000.00		100,000.00		300,000.00	Related to assets
Special fund for importing of overseas technologies	14,420,000.00		884,000.00		13,536,000.00	Related to assets
Benggang Automobile sheet engineering laboratory of Engineering		1,000,000.00			1,000,000.00	Related to assets
Research and development of high strength steel for third generation automobile		2,900,000.00			2,900,000.00	Related to assets
Flue gas desulfurization project of the 360 burning line		1,000,000.00	200,000.00		800,000.00	Related to assets
Special funds for environmental protection		5,800,000.00	1,160,000.00		4,640,000.00	Related to assets
Total	427,524,000.00	10,700,000.00	25,036,000.00		413,188,000.00	--

Other statements

1. 220t/h Boiler Desulfurization: According to “Notice about the first batch of Provincial Environmental Protection Special Funding Project of 2006” (Liao Huan Fa ‘2006’ No. 65) and “Notice about the first batch of Provincial Environmental Protection Special Funding Project of 2008” (Liao Huan Fa ‘2008’ No. 29) issued by Department of Environmental Protection of Liaoning Province and Liaoning Provincial Finance Department, RMB 4 million was received for this project. The project was completed in December 2011 and the funding was to be amortized in the next 5 years from 2012.

2. MES Project Special Fund: According to “Notice about National Budget Investment Plan of 2010 of Key Industry Development and Technology Innovation (3rd batch) and Industrial SMEs Technology Innovation of Benxi” (Ben Fa Gai Fa ‘2010’ No. 285) issued by Benxi Development and Reform Commission, Benxi Economy and Informatization Commission and Benxi SME Bureau, RMB 8.6 million was received for this project. The project was completed in December 2014 and the funding was to be amortized in the next 5 years from 2015.

3. Municipal Environmental Pollution Renovation Project: According to “Notice about Benxi Environmental Pollution Renovation Project of 2011” (Ben Huan Fa ‘2011’ No. 53) issued by Bureau of Environmental Protection of Benxi and Bureau of Finance of Benxi, RMB 2.7 million was received and used for the reform of 265 square meters sinter machine tail ESP and the reform of three car tippers dumpers with new spray and dust catcher facilities in raw material plant 2. The project was completed and the funding was to be amortized in the next 5 years from 2012.

4. Second batch of Funding for National Cleaned Manufacturing Demonstration Project: According to “Notice about the second batch of Funding for National Cleaned Manufacturing Demonstration of 2013” (Cai Jian ‘2013’ No. 681) issued by Ministry of Finance of PRC, RMB 4 million was received and used for the reform of the phenol cyanide sewage treatment system in coking plant. The project was completed in 2013 and the funding was to be amortized in the next 5 years from 2013.

5. Industrial Enterprise Energy Management Center Construction Demonstration Project: According to “Notice about Appropriation of Governmental Subsidy of Industrial Enterprise Energy Management Center Construction Demonstration

Project of 2009” (Liao Cai Zhi Qi ‘2009’ No. 868) issued by Liaoning Provincial Finance Department, RMB 11.6 million was received for this project for the construction of new energy controlling center. The project is under implementation.

6. Environment Pollution Renovation Project: According to “Notice about Appropriation of Funding Plan of Benxi Environment Pollution Renovation Project” (Ben Huan Fa ‘2012’ No. 78) issued by Bureau of Environmental Protection of Benxi, RMB 12.07 million was received and used for the reform of environmental protection facilities in coking plant and iron making plant. The project was completed in 2013 and the funding is amortized in the next 5 years from 2013.

In 2014, according to “Notice about the first batch of Benxi Environmental Protection Special Funding Project of 2013” (Ben Huan Fa ‘2013’ No. 85) issued by Bureau of Environmental Protection of Benxi, another RMB 14.10 million was received and used for the one 360 Square meter mesintering machine desulfurization project in iron works. The project was completed in 2014 and the funding was to be amortized in the next 5 years from 2015.

7. Environment Renovation Project and Regional Basin Environment Protection Project: According to “Notice about the second batch of Funding Plan of Benxi Environment Renovation Project and Regional Basin Environment Protection Project” (Ben Huan Fa ‘2012’ No. 81) issued by Bureau of Environmental Protection of Benxi, RMB 2 million was received. Among the received funding, 1.7 million was used for one 265 Square meter mesintering machine desulfurization project. This project was completed in 2014 and the funding was to be amortized in the next 5 years. The other 0.3 million was used for the renovation of batching and dust eliminating of the second sintering plant of iron making plant. This project was completed in 2013 and the funding was to be amortized in the next 5 years.

In 2014, according to “Notice about the Funding Plan of The Blue Sky Project Of 2013” (Ben Cai Fa ‘2014’ No. 52), RMB 0.4 million was received and used for the renovation of dust elimination project of the iron making plant. The project was completed in 2013 and the funding was to be amortized in the next years.

8. Energy-saving Technological Reform Fiscal Reward Project: According to “Notice about the first batch of Implementation Plan of Energy-saving Technological Reform Fiscal Reward Project” (Fa Gai Huan Zi ‘2009’ No. 2483) issued by National Development and Reform Commission, RMB 14.77 million was received and used for the Boiler Reform Project of CCPP in power plant. The project was completed in 2013 and the funding was to be amortized in the next 5 years from 2013.

9. High Strength Cool-rolling Renovation Project: According to “Notice about Appropriation of Enterprise Technology Reform Loan Fiscal Subsidy of 2012” (Liao Cai Zhi Qi ‘2012’ No. 715) issued by Liaoning Provincial Finance Department, RMB 50 million was first received. Then in 2013 another RMB 50 million was received according to “Notice about Appropriation of the fourth Fiscal Subsidy Plan for Enterprise Technology Reform” (Liao Jing Xin Tou Zi ‘2013’ No. 241) issued by Liaoning Provincial Economy and Informatization Commission and Liaoning Provincial Finance Department, and RMB 100 million was received according to “Notice about National Budget Investment Project Subsidy for Technology Reform of 2012” (Fa Gai Ban Chan Ye ‘2012’ No. 1642) issued by Office of National Development and Reform Commission and Office of Ministry of Industry and Details Technology of PRC in current period. In 2014, 50 million was received according to the “Notice about Appropriation of the second batch of Discount Interest Funds for the Loans for Enterprise Technical Reformation of 2014” (Liao Cai Zhi Qi ‘2014’ No. 289) issued by Liaoning Provincial Finance Department. The project is expected to be completed in 2016.

10. 2*265 Square Meter Sintering Machine Desulfurization Project: According to “Notice about the second batch of Budget of Environmental Protection Special Funding Project of 2009 in Liaoning Province” (Liao Cai Zhi Jing ‘2009’ No. 1076) issued by Liaoning Provincial Finance Department, RMB 5 million was received for this project. The project was completed in December 2011 and the funding was to be amortized in the next 5 years from 2012.

In 2014, according to “Notice about the Funding Plan of The Blue Sky Project Of 2013” (Ben Cai Fa ‘2014’ No. 52), another RMB 0.6 million was received and the fund was transferred into profit and loss of current period.

11. 2*265 Square Meter Sintering Machine Polluted Water Project: According to “Notice about Budget of National Pollution Discharge Special Funding Project of 2009” (Liao Cai Zhi Jing ‘2009’ No. 1153) issued by Liaoning Provincial Finance Department, RMB 16.90 million was received for this project. The project was completed in December 2011 and the funding was to be amortized in the next 5 years from 2012.

12. Automobile High-class Electrolytic Zinc Steel Plate Production Line Project : According to “Notice about Key Industry Revitalization and First Technology Reform Project Construction Expansion and National Debt Investment Budget” issued by Liaoning Provincial Development and Reform Commission, RMB 41.04 million was received for this project. The project was completed in December 2015 and the funding was to be amortized in the next 5 years from 2016.

13. Sintering Machine Residue Heat Usage and Desulfurization Project: According to “Notice about the third batch of National Budget of Investment Plan for Key Industrial and Technology Reform Project of 2011” (Liao Fa Gai Tou Zi ‘2011’ No. 1319) issued by Liaoning Provincial Development and Reform Commission, a total amount of RMB 21.02 was to be appropriated. First RMB 17.86 million was received for this project in 2012. In 2014, another RMB3.16 million was received. The project was completed in 2014 and the funding was to be amortized in the next 5 years from 2015.

14. Polluted Water Treatment Project: According to “Notice about the third batch of National Funding for Environmental Pollution Renovation Project of Liaohhe Basin” (Liao Cai Zhi Jing ‘2010’ No. 1072) issued by Liaoning Provincial Finance Department, RMB 7.5 million was received for this project. The project was completed in December 2013 and the funding was to be amortized in the next 5 years from 2013.

15. Overseas R&D Team Introduction Fund:

- 1) According to “Notice about Appropriation for Overseas R&D Team Introduction Funding Supported by The Government of 2008” (Liao Wai Zhuan ‘2008’ No. 71) issued by Liaoning Provincial Administration of Foreign Experts Affairs, RMB 1 million was received for overseas R&D team introduction of cold-rolling grain-oriented silicon steel project. This project is now under implementation.
- 2) According to “Notes about Project of Overseas R&D Team Introduction in Liaoning Province” (Liao Wai Zhuan Han ‘2012’ No. 47) issued by Liaoning Provincial Administration of Foreign Experts Affairs, RMB 0.5 million was received for overseas R&D team introduction of the manufacture technology of electro-galvanizing plate used in automobile. This project is now under implementation.
- 3) According to “Notice about Project of Overseas R&D Team Introduction in Liaoning Province” (Liao Wai Zhuan Han ‘2012’ No. 48) issued by Liaoning Provincial Administration of Foreign Experts Affairs, RMB 0.5 million was received for overseas R&D team introduction of the manufacture technology of cold-rolling steel with high strength used in automobile. This project is now under implementation.
- 4) According to “Notice about Project of Overseas R&D Team Introduction in Liaoning Province” (Liao Wai Zhuan Han ‘2013’ No. 46) issued by Liaoning Provincial Administration of Foreign Experts Affairs, RMB 0.5 million was received for overseas R&D team introduction of the manufacture technology of 300 series stainless steel cold-rolling. This project is now under implementation.
- 5) According to “Notice about Project of Overseas R&D Team Introduction in Liaoning Province” (Liao Wai Zhuan Han ‘2013’ No. 47) issued by Liaoning Provincial Administration of Foreign Experts Affairs, RMB 0.5 million was received for overseas R&D team introduction of the reform of the cooling equipment used in 2300 series hot-rolling line. This project is now under implementation.
- 6) According to “Notes about Project of Overseas R&D Team Introduction in Liaoning Province” (Liao Wai Zhuan Han ‘2013’ No. 137) issued by Liaoning Provincial Administration of Foreign Experts Affairs, RMB 0.5 million was received for the production of automobile cold rolled dual phase steels. This project is now under implementation.
- 7) According to “Notes about Project of Overseas R&D Team Introduction in Liaoning Province” (Liao Wai Zhuan Han ‘2014’ No. 54) issued by Liaoning Provincial Administration of Foreign Experts Affairs, RMB 0.5 million was received the production of hot dip galvanized sheet of high surface quality for automobile. This project is now under implementation.

16. 7 Boilers’ Flue Gas Desulfurization Renovation Project: According to “Notice about the Budget Index of the second batch of Provincial Environmental Protection Special Funding Project of 2014” (Liao Cai Zhi Jing ‘2014’ No. 338) issued by RMB 2.4 million was received. The Company implemented the flue gas desulfurization renovation of three 240t/h boilers, two coal-fired high pressure boilers and one gas fired high pressure boiler. The project is under implementation.

17. Management and Salt Extracting of Desulfurization Waste Project: According to “Notice about the first batch of Benxi Environmental Protection Special Funding Project of 2013” (Ben Huan Fa ‘2013’ No. 85) issued by Bureau of Environmental Protection of Benxi, RMB 0.5 million was received. The project was completed in December 2013, and the funding was to be amortized in the next 5 years from 2014.

18. Overseas Advanced Technology Introduction Funding:

- 1) According to “Note about the Appropriation of the Provincial Special Funding for Introduction of Overseas Advanced Technology of 2013” (Liao Cai Zhi Qi ‘2013’ No. 1084) issued by Liaoning Provincial Finance Department, RMB 10 million was received and used for the production technology progress of high-grade electro galvanized sheet. This project is now under implementation.
- 2) According to “Note about the Appropriation of the Provincial Special Funding for Introduction of Overseas Advanced Technology of 2013” (Liao Cai Zhi Qi ‘2013’ No. 1084) issued by Liaoning Provincial Finance Department, RMB 4.42 million was received and used for the technology progress of 1700MM unit. The project was completed in December 2014 and the funding was to be amortized in the next 5 years from 2015.

19. In accordance with the Issuance of Notice on the Basic Construction of the Third Batch of Project Investment Plan in Benxi 2014 (No. 339 of BFG[2014]), Benxi auto sheet engineering laboratory project was applied and the company received a subsidy of 1 million yuan from Benxi Bureau of Finance, This project is now under implementation.

20. In accordance with the *Notice on Project Approval of of the First Batch of Scientific Technology Plan in Liaoning 2015* (Liaoning Scientific Technology Office), the R&D project of third-generation auto high-strength steel was submitted and the company received a subsidy of 2.9 million yuan from Liaoning Finance Department, This project is now under implementation.

21. In accordance with the Issuance of *Notice on Blue Sky Engineering Project Capital Plan 2014* (No.20 of BCF[2015]), the 360 sintering machine flue gas desulfurization project in iron works was submitted and the company received the project asset of 1 million yuan from Benxi Bureau of Finance. The project was completed in December 2014 and the funding was to be amortized in the next 5 years from 2015.

22. In accordance with the *Special Environmental Protection Funds in Benxi 2014* (No. 104 of BHF[2014]) special environmental protection funds were applied, and the company received a subsidy of 5.8 million yuan from Benxi Bureau of Finance. Wherein, 1 million was used for disposing the smoke dust produced from 3 sets of 220 T/H coal-fired boilers in the power station, and the project was completed in 2014 and since 2015, it was transformed

into profit and loss in 5 years; 1.8 million yuan was used for the low-nitrogen combustion transformation for one set of 220 T/H coal-fired boiler, The project was completed in December 2014 and the funding was to be amortized in the next 5 years from 2015.while the rest 3 million yuan was used for transforming the fuel dust remover in the second sintering plant. The project was completed in December 2014 and the funding was to be amortized in the next 5 years from 2015.

29. Share capital

In RMB

	Balance in year-begin	Changed (+, -)					Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal	
Total of capital shares	3,136,000,000.00						3,136,000,000.00

Other notes:

30. Capital reserves

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium	8,998,928,073.23			8,998,928,073.23
Other capital reserves	115,917,468.82			115,917,468.82
Total	9,114,845,542.05			9,114,845,542.05

Notes:

31. Other comprehensive income

In RMB

Items	Opening balance	Reporting period					Closing balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Income tax expense	After-tax attribute to the parent compaqny	After-tax attribute to minority shareholder	

Other notes:

32. Special reserves

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Safety production cost	430,777.94	35,035,241.18	35,072,647.07	393,372.05
Total	430,777.94	35,035,241.18	35,072,647.07	393,372.05

Notes:

33. Surplus reserves

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	961,105,529.85			961,105,529.85
Total	961,105,529.85			961,105,529.85

Notes :

34. Retained profits

In RMB

Items	Reporting period	Last period
Opening balance of retained profits before adjustments	2,172,180,473.24	2,100,587,079.16
Opening balance of retained profits after adjustments	2,172,180,473.24	2,100,587,079.16
Add: Net profit attributable to owners of the Company	-3,293,624,545.17	232,804,820.19
Less: Withdrawal of statutory surplus reserves		4,411,426.11
Dividend of common stock payable	156,800,000.00	156,800,000.00
Closing retained profits	-1,278,244,071.93	2,172,180,473.24

List of adjustment of opening retained profits: 1) RMB0.00 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations. 2) RMB0.00 opening retained profits was affected by changes on accounting policies. 3) RMB0.00 opening retained profits was affected by correction of significant accounting errors. 4) RMB0.00 opening retained profits was affected by changes in combination scope arising from same control. 5) RMB0.00 opening retained profits was affected totally by other adjustments.

35. Operating income and operating cost

In RMB

Items	2015	2014
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	Revenue	Cost	Revenue	Cost
Principal business	27,452,962,527.12	28,154,149,434.65	39,041,774,116.14	36,352,691,545.89
Other business	1,800,676,078.68	1,657,745,582.20	2,380,313,909.56	2,136,427,480.54
Total	29,253,638,605.80	29,811,895,016.85	41,422,088,025.70	38,489,119,026.43

36. Business tax and surcharges

In RMB

Items	2015	2014
Business tax	274,427.66	458,953.40
City maintenance and construction tax	29,657,164.15	68,223,587.42
Educational surcharge	21,638,030.06	49,478,917.04
Total	51,569,621.87	118,161,457.86

Other notes:

37. Sales expenses

In RMB

Items	2015	2014
Freight	609,808,842.96	529,994,866.92
Port surcharges	199,336,639.67	144,715,016.86
Agency fee	54,293,066.93	76,696,525.74
Package fee	17,287,739.31	70,689,568.13
Salary and benefits	20,904,851.21	23,644,577.77
Other	17,479,359.29	17,338,581.67
Total	919,110,499.37	863,079,137.09

Other notes:

Sales expenses have increased by RMB 56,031,362.28 compared with last year at the rate of 6.49%. It's mainly because of the increased external transportation expenditure which is caused by the increased settlement of CIF paid by our company.

38. Administrative expenses

In RMB

Items	2015	2014
Salary and benefits	233,971,706.69	261,461,752.56
Repair Fee	150,013,456.13	238,256,015.21
Taxes	92,514,576.97	97,438,517.02

Land use right fee	57,426,000.00	57,426,000.00
Depreciation	24,380,562.83	56,582,336.18
Social security expense	45,336,211.03	53,094,382.15
Pollution discharge fee	28,607,476.00	27,492,350.00
Water resources fee	17,001,160.00	17,063,680.00
Housing fund	10,146,420.00	11,427,050.00
Heating fee	6,809,717.20	10,801,016.24
Entertainment expense	4,226,627.81	5,342,597.66
Amortization of intangible assets	4,248,197.90	4,248,197.90
Freight	2,762,637.66	2,467,196.26
Lease expense	1,822,459.28	1,768,910.14
Other	54,666,090.38	54,754,297.97
Total	733,933,299.88	899,624,299.29

Other notes:

Administrative expenses have decreased by RMB 165,690,999.41 compared with last year at the rate of 18.42%, It's mainly because our company has strengthened the budget index on the basis of market changes by taking measures to dramatically squeeze costs.

39. Financial expenses

In RMB

Items	2015	2014
Interest expenses	693,469,408.37	731,877,272.55
Less: Interest income	34,026,570.83	38,738,942.33
Exchange loss	376,746,455.44	-16,374,043.45
Other	27,128,162.49	40,528,566.62
	1,063,317,455.47	717,292,853.39
Total	1,063,317,455.47	717,292,853.39

Other notes:

Financial expenses have increased by RMB 346,024,602.08 compared with last year at the rate of 48.24%. It's mainly because of the increased exchange loss of foreign currency loans.

40. Asset impairment loss

In RMB

Items	2015	2014
1. Loss for bad debts	15,212,716.04	7,622,281.44
2. Impairment of inventories	499,063,732.20	21,035,849.04

Total	514,276,448.24	28,658,130.48
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Other notes:

41. Investment income

In RMB

Items	2015	2014
Bank short-term financial products revenue	7,226,589.08	20,845,473.00
Total	7,226,589.08	20,845,473.00

Other notes:

The yield of bank's financial products is actually the revenue earned by companies through buying the preservation-based financial products.

42. Non-operating income

In RMB

Items	2015	2014	The amount recognized in non-operating profit
Total of Non-current assets disposal income	19,820,758.05	7,296,356.96	21,206,096.82
Including: Fixed assets disposal income	21,206,096.82	7,296,356.96	21,206,096.82
Debt restructuring gain	12,200,032.42	5,940,400.95	12,200,032.42
Government subsidies	136,992,233.61	18,722,224.00	136,992,233.61
Fines and the penalty income	661,135.12	2,417,393.48	661,135.12
Other	4,994,858.60	2,738,756.29	4,994,858.60
Total	176,054,356.57	37,115,131.68	176,054,356.57

Government subsidies recorded into current profits and losses:

In RMB

Items	Distribution entity	Distribution reason	Nature type	Whether influence the profits or losses of the year or not	Whether Special subsidy or not	Reporting period	Same period of last year	Related to the assets/income
Deferred revenue transfer						25,036,000.00	17,372,224.00	
Special fund for bringing in R&D						500,000.00		

teams outside China								
Award fund for closing down outdated production facilities and saving energy						19,500,000.00		
Special assistance fund for environmental protection						91,456,233.61		
Government financing							50,000.00	
Tax returns							1,300,000.00	
Enterprise development fund						500,000.00		
Total	--	--	--	--	--	136,992,233.61	18,722,224.00	--

Other notes:

(1) According to the Circular of the Shenyang Huali Energy Equipment Manufacturing Co., Ltd. Concerning the Close the 86 Projects of Bring in R&D Teams Exemplified by “72.5KV and 126KV New Environmentally Friendly Gas Insulated Metal Enclosed Switchgear” (Department of Labor and Social Security of Liaoning Province, No. 243, [2014]), our company has received 500,000 yuan as assistance fund from the Bureau of Foreign Experts Affairs of Benxi city. The fund will be used to develop the project of the hot rolling thicker high-end pipeline steel which has been finished in May, 2014. In 2015, the project has transfer profit and loss.

(2) Award fund for closing down outdated production facilities and saving energy. According to the Circular of Issuing the Central-government Budget Index of Energy-saving Special Funds (Award for Closing Outdated Production Facilities) in 2014 (Financial Index Enterprises in Liaoning province, No. 1075, [2014]), our company has received 19,500,000 yuan as assistance fund from Department of Finance of Liaoning province for awarding our demolition of two 4.3-meter coke ovens. The demolition work has been finished in 2014. In 2015, the project has transfer profit and loss.

(3) The special assistance fund for environmental protection. According to the Circular of Special Assistance Fund for Environmental Protection (Local Bureau of Finance, No. 174, [2014]), our company has received 91,456,200 yuan as the special fund from the Bureau of Finance of Benxi city for the environmental protection cost. In 2015, the project has transfer profit and loss.

(4) Enterprise development fund. We have received the enterprise development fund from the Bureau of Finance of Dalian Bonded Area.

43. Non-operating expense

In RMB

Items	2015	2014	The amount recognized in
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			non-operating profit
Non-current assets disposal loss	24,039,513.56	10,297,285.52	24,124,620.55
Including: Fixed assets disposal loss	24,124,620.55	10,297,285.52	24,124,620.55
Fines and overdue paymen	11,162.62		11,162.62
Total	24,135,783.17	10,297,285.52	24,135,783.17

Notes :

44. Income tax expense

(1) Lists of income tax expense

In RMB

Items	Reporting period	Same period of last year year
Current income tax expense	20,638,504.62	35,650,711.67
Deferred income tax expense	-461,028,720.78	3,292,576.49
Total	-440,390,216.16	38,943,288.16

(2) Adjustment process of accounting profit and income tax expense

In RMB

Items	Reporting period
Total profits	-3,681,318,573.40
Current income tax expense accounted by tax and relevant regulations	-920,329,643.34
Influence of income tax before adjustment	298,204.39
Influence of not deductible costs, expenses and losses	577,750.30
Influence of deductible losses of deferred income tax assets derecognized used in previous period	-57,646,882.53
Influence of deductible temporary difference or deductible losses of deferred income tax assets derecognized in reporting period.	536,710,355.02
Income tax expense	-440,390,216.16

Other notes

45. Notes of statement of cash flows

1. Cash received related to other operating activities

In RMB

Items	Reporting period	Same period of last year
Withdraw of current accounts, advance for	205,201,226.09	202,468,658.12

another		
Interest income	34,026,570.83	38,738,942.33
Special subsidy income	122,656,233.61	108,680,000.00
Non-operating income	633,960.32	2,671,341.33
Other	30,870.87	2,800,404.53
Total	362,548,861.72	355,359,346.31

Notes :

(2) Other cash paid relevant to operating activities

In RMB

Items	Reporting period	Same period of last year
Of which: Current account and advance for another	230,339,040.56	149,809,671.15
Administrative expenses	60,477,057.28	292,747,521.57
Sales expenses	56,331,692.81	91,416,865.68
Bank charges	3,807,258.40	6,460,084.12
Other	343,932.37	2,816,467.72
Total	351,298,981.42	543,250,610.24

Notes :

(3) Other cash received relevant to investment activity

In RMB

Items	Reporting period	Same period of last year
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Notes :

(4) Other cash paid relevant to investment activity

In RMB

Items	Reporting period	Same period of last year
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Notes :

(5) Other cash received relevant to financing activities

In RMB

Items	Reporting period	Same period of last year
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Of which: Note , letter of guarantee and credit	310,000,000.00	
Financing lease	490,000,000.00	
Total	800,000,000.00	

Notes :

(6) Other cash paid relevant to financing activitie

In RMB

Items	Reporting period	Same period of last year
Of which: Note , letter of guarantee and credit	371,791,357.66	338,513,571.57
Financing service fee	27,605,690.09	7,568,482.50
Total	399,397,047.75	346,082,054.07

Notes :

46. Supplementary information to cash flow statement**(1) Supplementary information to cash flow statement**

In RMB

Supplementary materials	Reporting period	Last period
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	-3,240,928,357.24	314,873,152.16
Add: Provision for impairment of assets	514,276,448.24	28,658,130.48
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	1,824,882,394.51	1,998,507,273.26
Amortization of intangible assets	5,939,057.18	5,939,057.18
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	2,918,523.73	3,000,928.56
Financial cost (gains: negative)	1,070,215,863.81	749,571,711.60
Investment loss (gains: negative)	-7,226,589.08	-20,845,473.00
Decrease in deferred income tax assets (gains: negative)	-460,436,665.36	3,292,576.49
Decrease in inventory (gains: negative)	1,998,873,344.78	522,343,929.65
Decrease in accounts receivable from	395,827,676.24	-45,175,455.87

operating activities (gains: negative)		
Increase in payables from operating activities (decrease: negative)	-4,409,347,664.91	-692,025,735.65
Net cash flows generated from operating activities	-2,305,005,968.10	2,868,140,094.86
2. Investing and financing activities that do not involving cash receipts and payment:	--	--
3. Net increase in cash and cash equivalents	--	--
Closing balance of cash	4,612,782,772.98	9,327,034,030.07
Less: Opening balance of cash	9,327,034,030.07	4,452,422,474.41
Net increase in cash and cash equivalents	-4,714,251,257.09	4,874,611,555.66

(2) Net Cash paid of obtaining the subsidiary

In RMB

	Amount
Of which:	--
Of which:	--
Of which:	--

Other notes:

(3) Net Cash receive of disposal of the subsidiary

In RMB

	Amount
Of which:	--
Of which:	--
Of which:	--

Other notes:

(4) The structure of cash and cash equivalents

In RMB

Items	Ending balance	Beginning balance
1. Cash	4,612,782,772.98	9,327,034,030.07
Including: Cash on hand	72,220.66	14,168.01
Bank deposits available on demand	4,612,384,032.13	9,327,019,862.06
Other monetary funds available on demand	326,520.19	
3. Ending balance of cash and cash	4,612,782,772.98	9,327,034,030.07

equivalents		
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Other notes:

47. The assets with the ownership or use right restricted

In RMB

Items	Closing book value	Restricted reason
Monetary capital	527,695,736.99	Notes payable It's used to issue notes payable and purchase foreign exchange
Notes receivable	718,925,665.16	Issue notes payable
Fixed assets	28,440,000.00	Mortgage loans
Account receivable and order	1,966,875,200.00	Loans
Total	3,241,936,602.15	--

Other notes:

48. Foreign currency monetary items

1. Foreign currency monetary items

In RMB

Items	Ending balance in foreign currency	Exchange rate at the year-end	Ending balance translated to RMB
Of which: USD	114,132,557.29	6.4936	741,131,173.99
EUR	27,790,063.04	7.0952	197,176,055.26
HKD	969,716.09	0.8378	812,428.14
EUR	106,577,023.48	7.0952	756,185,297.09
JPY	278,112,000.00	0.0539	14,983,284.00
Non-current liabilities due within 1 year			780,506,042.14
Of which: USD Loans	100,000,000.00	6.4936	649,360,000.00
Euro loans	18,483,769.61	7.0952	131,146,042.14
Short term loans			7,636,473,600.00
Of which: USD Loans	1,176,000,000.00	6.4936	7,636,473,600.00

Other notes:

(2) Note to oversea entities including: for significant oversea entities, shall disclose main operating place, recording currency and selection basis, if there are changes into recording currency, shall also disclose the reason.

Applicable Not applicable

VIII. Changes of merge scope

1. Business merger not under same control

(1) Business merger not under same control in reporting period

In RMB

Name of acquiree	Time and place of gaining the stock rights	Cost of gaining the stock rights	Proportion of stock rights	Way to gain the stock rights	Purchase date	Recognition basis of purchase date	Income of acquiree during the purchase date to period-end	Net profits of acquiree during the purchase date to period-end

Other notes:

(2) Combined cost and goodwill

In RMB

Combination cost	
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Note to determination method, consideration and changes of fair value of combined cost:

The main formation reason for the large goodwill:

Other notes:

(3) The identifiable assets and liabilities of acquiree at purchase date

In RMB

	Fair value on purchase date	Book value on purchase date

The recognition method of the fair value of identifiable assets and liabilities:

Contingent liability of acquiree undertaken by business merger:

Other notes:

(4) The profit or loss from equity held by the date before acquisition in accordance with the fair value measured again

Whether there is a transaction that through multiple transaction step by step to realize enterprises merger and gaining the control during the reporting period

Yes No

(5) Note to merger could not be determined reasonable consideration or Identifiable assets, Fair value of liabilities of the acquiree at acquisition date or closing period of the merge

(6) Other notes

2. Business combination under the same control

(1) Business combination under the same control during the reporting period

In RMB

Combined party	Proportion of the profits	Basis	Combination date	Recognition basis of combination date	Income from the period-begin to the date of the combination	Net profits from the reporting period to the date of the combination	Income during the period of comparison	Net profits during the period of comparison

Other notes:

(2) Combination cost

In RMB

Combination cost	
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Note to contingent consideration or other changes:

Notes:

(3) The book value of the assets and liabilities of the combined party at combining date

In RMB

	Combination date	Period-end of last period

Contingent liabilities of the combined party undertaken in combination

Notes:

3. Counter purchase

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets , liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process.

4. The disposal of subsidiary

Whether there is a single disposal of the investment to subsidiary and lost control

Yes No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in reporting period

Yes No

5. Other reasons for the changes in combination scope

Notes to reasons for the changes in combination scope (Newly established subsidiary and subsidiary of liquidation) and relevant information:

The scope of the consolidated financial statements of the current period has been added the newly established subsidiaries of Benxi Bengang Iron and Steel Sales Co., Ltd and Shenyang Bengang Metallurgy Technology Co., Ltd.

6. Other

IX. Equity in other entities

(1) Equity in subsidiaries

1. Constitution of enterprise group

Name of the subsidiaries	Principal place of business	Registered address	Nature of business	Shareholding ratio		Acquiring method
				Direct	Indirect	
Xiamen Bengang Steel Sales Co., Ltd.	Xiamen	Xiamen	Sales	100.00%		Business combination under common control
Wuxi Bengang Steel Sales Co., Ltd.	Wuxi	Wuxi	Sales	100.00%		Business combination under common control

Tianjin Bengang Steel Trading Co., Ltd.	Tianjin	Tianjin	Sales	100.00%		Business combination under common control
Nanjing Bengang Material Sales Co., Ltd.	Nanjing	Nanjing	Sales	100.00%		Business combination under common control
Yantai Bengang Steel Sales Co., Ltd.	Yantai	Yantai	Sales	100.00%		Business combination under common control
Harbin Bengang Steel & Iron Sales Co., Ltd.	Harbin	Harbin	Sales	100.00%		Business combination under common control
Changchun Bengang Steel & Iron Sales Co., Ltd.	Changchun	Changchun	Sales	100.00%		Business combination under common control
Guangzhou Bengang Iron & Steel Trading Co., Ltd.	Guangzhou	Guangzhou	Sales	100.00%		Establishment
Shanghai Bengang Metallurgy Science and Technology Co., Ltd.	Shanghai	Shanghai	Sales	100.00%		Establishment
Bengang Steel Plates Liaoyang Pellet Co., Ltd.	Liaoyang	Liaoyang	Manufacturing	100.00%		Establishment
Dalian Benruitong Automobile Material Eechnology Co., Ltd.	Dalian	Dalian	Manufacturing	65.00%		Establishment
Bengang Puxing Cold-rolled Sheet Co., Ltd.	Benxi	Benxi	Manufacturing	75.00%		Business combination under common control

Benxi Bengang Steel Sale Co., Ltd.	Benxi	Benxi	Sales	100.00%		Establishment
Shenyang Bengang Metallurgy Technology Co., Ltd.	Shenyang	Shenyang	Sales	100.00%		Establishment

Notes: other non-current liabilities shall belong to equity of SIH Divestiture Assets. Through the above Contract on Entrusted Management of Divestiture Assets and Liabilities, the Company has actually controlled SX Company's Divestiture Assets which become a business entity with control rights by entrusted business mode.

Basis of determine whether the Company is the agent or the principal: :

Other notes:

(2) Significant not wholly owned subsidiary

In RMB

Name of the subsidiary	Shareholding proportion of minority shareholder	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at closing period
Bengang Puxiang Cold-rolled Sheet Co., Ltd.	25.00%	57,478,394.98		475,746,272.70
Dalian Benruitong Automobile Material Echnology Co., Ltd.	35.00%	-4,782,207.05		29,246,776.75

Holding proportion of minority shareholder in subsidiary different from voting proportion:

Other notes:

(3) The main financial information of significant not wholly owned subsidiary

In RMB

Name of the subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Bengang Puxiang Cold-rolled Sheet Co., Ltd.	1,467,41	2,567,81	4,035,22	2,132,23		2,132,23	1,804,90	2,768,70	4,573,61	2,900,54		2,900,54
	1,809.82	1,403.90	3,213.72	8,122.92		8,122.92	8,327.93	7,380.04	5,707.97	4,197.11		4,197.11
Dalian	191,638,	168,790,	360,429,	276,866,		276,866,	522,882,	175,596,	698,479,	601,253,		601,253,

Bennu ing Automob ile Material Eechnolo gy Co., Ltd.	815.72	370.49	186.21	966.92		966.92	668.78	493.34	162.12	494.12		494.12
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In RMB

Name of the subsidiary	Reporting period				Same period of last year			
	Operation revenue	Net profit	Total comprehensive income	Operating cash flow	Operation revenue	Net profit	Total comprehensive income	Operating cash flow
Bengang Puxiang Cold-rolled Sheet Co., Ltd.	5,239,528,443.20	229,913,579.94	229,913,579.94	1,135,756,087.02	7,637,854,206.21	313,362,749.40	313,362,749.40	-59,710,793.05
Dalian Benruitong Automobile Material Eechnology Co., Ltd.	352,172,227.41	-13,663,448.71	-13,663,448.71	16,246,522.90	364,867,029.36	10,650,413.18	10,650,413.18	12,972,741.53

Other notes:

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt**(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements**

Other notes:

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary**(1) Note to owner's equity share changed in subsidiary****(2) The transaction's influence to equity of minority shareholders and attributable to the owner's equity of the parent company**

In RMB

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Other notes

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Name	Main operating place	Registration place	Nature of business	Holding percentage(%)		Accounting treatment of the investment of joint venture or associated enterprise
				Directly	Indirectly	

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

(2) Main financial information of significant joint venture

In RMB

	Closing balance/ reporting period	Opening balance /last period

Other notes

(3) Main financial information of significant associated enterprise

In RMB

	Closing balance/ reporting period	Opening balance /last period

Other notes

(4) Summary financial information of insignificant joint venture or associated enterprise

In RMB

	Closing balance/ reporting period	Opening balance /last period
Joint venture:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprise:	--	--
The total of following items according to the shareholding proportions	--	--

Other notes

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

(6) The excess loss of joint venture or associated enterprise

In RMB

Name	The cumulative recognized losses in previous accumulatively derecognized	The derecognized losses or the share of net profit in reporting period	The noncumulative unrecognized losses in reporting period

Other notes

(7) The unrecognized commitment related to joint venture investment

(8) Contingent liabilities related to joint venture or associated enterprise investment

4. Significant common operation

Name	Main operating place	Registration place	Nature of business	Proportion /share portion	
				Directly	Indirectly

Notes to holding proportion or share portion in common operation different from voting proportion:

Naught Basis of common operation as a single entity, classify as common operation Naught

Other notes:

5. Equity of structure entity not including in the scope of consolidated financial statements

Related notes to structure entity not including in the scope of consolidated financial statements

6. Other

X. The risk related financial instruments

(1) Credit risk

Credit risk refers to a financial loss to a party due to failure to discharge an obligation by the counterparties. The Company is exposed to credit risk arising from customers' failure to discharge an obligation in sales on credit. In order to minimize the credit risk, the management of the Company is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts.

In addition, the Company strictly approves the line of credit, and only sells on credit to important customers for newly-developed products. In the monitoring of credit risk of customers, the Company sorts customers into groups by their credit characteristics. Those customers which are rated as "high risk" will be put in the restricted client list. The Company can only sell to these customers on credit with additional approval; otherwise the Company must ask for a corresponding deposit in advance.

(2) Market risk

Market risk of financial instruments refers to fluctuations of fair value or future cash flows due to market price changes, including currency risk, interest rate risk, and other price risk.

1. Interest rate risk

Interest rate risk refers to fluctuations of fair value or future cash flows due to market rate changes. The Company's exposure to currency risk is primarily arising from variable-rate bank balances and variable-rate borrowings. Currently, the Company does not have a specific policy to manage its interest rate risk. The management will carefully choose financing methods, and combine fixed interest rate with variable interest rate, short-term obligations with long-term obligations. By using effective interest rate risk management methods, the Company closely monitors interest rate risk and will consider interest-rate swaps to acquire an expected structure of interest rates shall the need arise.

Although these measures may not ensure that the Company completely avoids the risk of paying at a risk higher than market risk, or that the cash flow risk relevant to interest income fluctuations is completely eliminated, in the opinion of the management, these measures could achieve a reasonable balance among these risks.

2. Currency risk

Currency risk refers to fluctuations of fair value or future cash flows due to exchange rate changes. The Company has been constantly working on the adjustment of the organizational framework of risk management and optimization of debt structures to lower the currency risk.

(3) Liquidity risk

Liquidity risk refers to the risk of shortage of funds which occurs in fulfilling the obligation of settlement in a manner of delivering cash or other financial assets. The Company's policy is to maintain sufficient cash to meet maturing obligations. Liquidity risk is centralized controlled by the Company's finance department. Through the monitoring of unrestricted cash and cash equivalents, bank acceptance bills due in short time and the continues forecasting of cash flow in the next 12 months, the finance department ensures that the Company has sufficient cash to meet obligations in all predicted reasonable circumstances.

The following table details the Company's mature date of residual contract value of underivative financial liabilities to repay according to the contract terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

In RMB' 0000

Items	Closing balance				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Trade and other account payable					
Loans					
Total					

XI. The disclosure of the fair value**1. Closing fair value of assets and liabilities calculated by fair value**

In RMB

Items	Closing fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
II. Inconsistent fair value measurement	--	--	--	--

2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1**3. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 2****4. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level****5. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3****6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels****7. Changes in the valuation technique in the current period and the reason for change****8. Fair value of financial assets and liabilities not measured at fair value****9. Other****XII. Related party transactions****(1) Details of parent company**

In RMB

Name of parent company	Place of Registry	Nature of Business	Registered capital	Share proportion (%)	Voting rights (%)
Benxi Steel (Group) Co., Ltd.	Benxi	Manufacturing	53.69	78.37%	78.37%

Bengang Group Co., Ltd.	Benxi	Manufacturing	180.00	78.37%	78.37%
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Notes:

The ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of Liaoning Province.

2. Subsidiaries of the Company

For details of subsidiaries of the Company please refer to Note 7 “Equity in other entities”.

3. Information on the joint ventures and associated enterprises of the Company

See details to Notes.

Information on other joint venture and associated enterprise of occurring related party transactions with the Company in reporting period, or form balance due to related party transactions in previous period:

Name	Relationship
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Notes

4. Information on other related parties of the company

Name	Relationship
Bengang Group International Trading Co., Ltd.	Same parent company
Bengang Group Hong Kong Co., Ltd.	Both belong to Benxi Iron and Steel (Group) Co., Ltd.
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Same parent company
Benxi Beiying Steel and Iron (Group) Co., Ltd.	Both belong to Bengang Group Co., Ltd.
Benxi Beiying Steel and Iron Import and Export Co., Ltd.	Both belong to Bengang Group Co., Ltd.
Bengang Electronics and Gas Co., Ltd.	Same parent company
Benxi Steel (Group) Real-estate Development Co., Ltd.	Same parent company
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Same parent company
Benxi Steel (Group) Engineering Inspection Co., Ltd.	Same parent company
Benxi Steel (Group) Machinery Co., Ltd.	Same parent company
Benxi Steel (Group) Construction Co., Ltd.	Same parent company
Benxi Steel (Group) Mining Co., Ltd.	Same parent company
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Same parent company
Benxi Steel (Group) Designing Institute	Same parent company
Benxi Steel (Group) Industrial Development Co., Ltd.	Same parent company
Benxi Steel (Group) Details and Automatic Tech. Co., Ltd.	Same parent company
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Same parent company
Benxi Steel (Group) Metallurgy Residues Co., Ltd	Same parent company

Benxi Steel (Group) Medical Co., Ltd.	Same parent company
Benxi Steel (Group) News Center	Same parent company
Benxi Steel and Iron (Group) Zhengtai Construction Materials Co., Ltd.	Same parent company
Benxi Steel (Group) Drilling Tools Co., Ltd.	Same parent company
Benxi New Career Development Co., Ltd.	Same parent company
Dalian Boluole Steel Tube Co., Ltd.	Same parent company
Guangzhou Free Trade Zone Bengang Sales Co., Ltd.	Both belong to Benxi Iron and Steel (Group) Co., Ltd.
Liaoning Bengang Steel & Iron Trading Co., Ltd.	Both belong to Benxi Iron and Steel (Group) Co., Ltd.
Liaoning Hengtai Heavy Machinery Co., Ltd.	Both belong to Bengang Group Co., Ltd.
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Both belong to Bengang Group Co., Ltd.
Liaoning Metallurgy Technician College	Same parent company
Liaoning Metallurgy Technician College	Same parent company
Shanghai Bengang Steel & Iron Trading Co., Ltd.	Both belong to Benxi Iron and Steel (Group) Co., Ltd.
Tianjin Bengang Steel Plates Process and Logistics Co., Ltd.	Both belong to Benxi Iron and Steel (Group) Co., Ltd.
Suzhou Bengang Industrial Co., Ltd.	Sharing company
Shanghai Bengang Steel Sale Co., Ltd.	Both belong to Benxi Iron and Steel (Group) Co., Ltd.
Shanghai Bengang Iron&Steel Trading Co., Ltd.	Both belong to Benxi Iron and Steel (Group) Co., Ltd.
Bengang Group Finance Co., Ltd.	Same parent company
Liaoning Hengyi Financing Leasing Co., Ltd.	Same parent company

Other notes

5. List of related-party transactions

(1) Information on acquisition of goods and reception of labor service

Information on acquisition of goods and reception of labor service

In RMB

Related party	Content	Reporting period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Benxi Steel (Group) Co., Ltd.	Repair fee	156,995,932.00		No	242,612,000.00
Benxi Steel (Group) Co., Ltd.	Land leasing fee	57,426,000.00		No	57,426,000.00
Bengang Cold-rolled	Products	301,149.02		No	2,700,852.96

Stainless Steel Dandong Co., Ltd.					
Benxi Steel (Group) Mining Co., Ltd.	Labor cost	22,066,231.92		No	23,975,366.26
Benxi Steel (Group) Mining Co., Ltd.	Raw material	3,529,686,845.22		No	4,960,292,952.48
Benxi Steel (Group) Mining Co., Ltd.	Freight	3,285,528.39		No	7,078,380.11
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Raw material	112,923,767.84		No	202,309,450.59
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Processing fee	2,354,615.81		No	5,649,998.15
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Products			No	
Benxi Steel (Group) Real-estate Development Co., Ltd	Raw material	68,418,889.13		No	75,908,131.46
Benxi Steel (Group) Machinery Co., Ltd.	Spare parts	143,456,620.55		No	184,943,074.58
Benxi Steel (Group) Machinery Co., Ltd.	Repair services	17,054,485.17		No	18,200,854.49
Benxi Steel (Group) Construction Co., Ltd.	Spare parts	17,029,336.27		No	13,238,023.74
Benxi Steel (Group) Construction Co., Ltd.	Engineerng fee	332,746,256.10		No	327,804,663.06
Benxi Steel (Group) Construction Co., Ltd.	Repair services	89,957,365.25		No	148,737,386.73
Benxi Steel (Group) Construction Co., Ltd.	Raw material	9,962,827.47		No	11,368,797.87
Benxi Steel (Group) Construction Co., Ltd.	Freight	3,753,482.85		No	

Benxi Steel (Group) Industrial Development Co., Ltd.	Spare parts	40,819,559.76		No	39,990,571.27
Benxi Steel (Group) Industrial Development Co., Ltd.	Raw material	194,581,308.15		No	310,169,440.85
Benxi Steel (Group) Industrial Development Co., Ltd.	Repair services	11,359,570.02		No	11,694,340.32
Benxi Steel (Group) Industrial Development Co., Ltd.	Freight	6,180,532.47		No	7,404,777.74
Benxi Steel (Group) Industrial Development Co., Ltd.	Engineerng fee	2,098,041.03		No	860,556.76
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Raw material and spare part	12,767,449.91		No	6,954,598.56
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Engineerng fee	117,176,790.75		No	103,089,546.01
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Repair fee	92,544,131.55		No	113,504,562.26
Bengang Electronics and Gas Co., Ltd.	Raw material	99,783,576.65		No	120,658,677.32
Bengang Electronics and Gas Co., Ltd.	Engineerng fee	5,370,735.62		No	
	Repair services	16,601,553.00		No	13,924,881.00
Benxi High-tech Drilling Tools Manufacturing Co., Ltd.	Spare parts	1,009,624.60		No	1,321,877.59

Benxi New Career Development Co., Ltd.	Labor protection fee	8,491,191.16		No	8,532,675.66
Benxi New Career Development Co., Ltd.	Raw material and supplementary material	1,676,502.22		No	475,998.01
Liaoning Metallurgy Technician College	Training fee	824,826.00		No	4,160.00
Liaoning Metallurgy Technician College	Spare parts	16,920,934.56		No	13,251,551.18
Liaoning Metallurgy Technician College	Raw material			No	
Liaoning Bengang Steel & Iron Trading Co., Ltd	Raw material			No	
Liaoning Metallurgy Technician College	Engineerng fee	6,022,457.96		No	2,624,073.74
Liaoning Metallurgy Technician College	Repair services	2,410,382.44		No	1,865,579.10
Bengang Group International Trading Co., Ltd.	Agency fee	54,293,066.92		No	76,696,525.74
Bengang Group International Trading Co., Ltd.	Port surcharges	198,820,038.51		No	191,969,393.41
Benxi Steel (Group) Details and Automatic Tech. Co., Ltd.	Repair services	19,119,302.07		No	11,406,015.70
Benxi Steel (Group) Details and Automatic Tech. Co., Ltd.	Engineerng fee	30,075,834.95		No	14,583,119.65
Benxi Steel (Group) Details and Automatic Tech.	Repair services	895,000.00		No	2,526,435.90

Co., Ltd.					
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Heating costs	12,903,359.25		No	12,075,111.45
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Raw material	91,819.00		No	101,090.00
Benxi Steel (Group) Designing Institute	Project fee			No	
Benxi Steel (Group) Designing Institute	Design fees	13,659,630.09		No	659,433.97
Benxi Beiyong Steel & Iron (Group) Co., Ltd	Raw material	4,346,775,459.27		No	6,028,843,984.85
Benxi Beiyong Steel & Iron (Group) Co., Ltd	Energy & Power	436,208,616.25		No	380,323,917.23
Benxi Beiyong Steel & Iron (Group) Co., Ltd	Freight	7,027,658.79		No	9,546,982.92
Benxi Beiyong Steel & Iron (Group) Co., Ltd	Labor cost	57,660,744.70		No	67,224,247.20
Benxi Beiyong Steel & Iron (Group) Co., Ltd	Spare parts	16,441,779.44		No	72,997,642.11
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Raw material and spare part	103,154,730.62		No	82,005,850.02
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Raw material and spare part	11,860,625.86		No	5,474,547.03
Liaoning Hengtai Heavy Machinery Co. Ltd	Repair services	26,706,131.29		No	15,019,391.00
Bengang Group Co., Ltd.	Property management fee	845,519.59		No	845,519.59
Total		10,540,597,817.44			14,010,873,007.62

Information of sales of goods and provision of labor service

In RMB

Related party	Content	reporting period	Same period of last year
Benxi Steel (Group) Electronics and Gas Co., Ltd.	Energy&Power		1,486,244.49
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Raw material & supplementary materials & spare parts	525,654.68	12,252,752.21
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Products	1,217,061.50	
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Equipment		
Benxi Beiyong Steel & Iron (Group) Co., Ltd	Raw material & supplementary materials & spare parts	169,480,778.72	457,680,890.78
Benxi Beiyong Steel & Iron (Group) Co., Ltd	Products	7,796,704.77	381,370,255.97
Benxi Beiyong Steel & Iron (Group) Co., Ltd	Energy&Power	67,872,442.47	381,370,255.97
Benxi Beiyong Steel & Iron (Group) Co., Ltd	Agency fees		
Benxi Steel (Group) Real-estate Development Co., Ltd.	Energy&Power	1,157,857.73	2,289,678.98
Benxi Steel (Group) Real-estate Development Co., Ltd.	Raw material & supplementary materials & spare parts		964,418.84
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Energy&Power	620,542.93	745,176.05
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Products	479,283,307.13	620,145,123.90
Benxi Steel (Group) Machinery Co., Ltd.	Products	5,824,073.17	5,878,316.87
Benxi Steel (Group) Machinery Co., Ltd.	Energy&Power	18,903,308.87	18,249,215.95
Benxi Steel (Group) Machinery Co., Ltd.	Raw material & supplementary materials & spare parts	5,553,512.07	61,273,746.94
Benxi Steel (Group) Machinery Co., Ltd.	Agency fees		
Benxi Steel (Group) Construction Co., Ltd.	Energy&Power	4,570,010.42	3,400,641.32

Benxi Steel (Group) Construction Co., Ltd.	Raw material & supplementary materials & spare parts	124,092,277.20	167,615,132.67
Benxi Steel (Group) Construction Co., Ltd.	Agency fees		
Benxi Steel (Group)Mining Co.,Ltd.	Energy&Power	719,503,408.46	752,161,271.76
Benxi Steel (Group)Mining Co.,Ltd.	Raw material & supplementary materials & spare parts	123,073,209.81	111,696,319.30
Benxi Steel (Group)Mining Co.,Ltd.	Freight income	8,509,546.19	10,296,907.09
Benxi Steel (Group)Mining Co.,Ltd.	Agency fees		
Benxi Steel (Group)Mining Co.,Ltd.	Products	6,626,252.87	5,174,274.31
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Energy&Power	31,529,338.29	30,071,359.53
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Raw material & supplementary materials & spare parts	26,467,318.81	39,516,557.61
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Freight income		850,386.17
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Agency fees		
Benxi Steel (Group) Industrial Development Co., Ltd.	Energy&Power	9,284,767.55	8,490,290.46
Benxi Steel (Group) Industrial Development Co., Ltd.	Products	531,180.84	8,052,351.24
Benxi Steel (Group) Industrial Development Co., Ltd.	Raw material & supplementary materials & spare parts	96,014,167.53	127,354,046.44
Benxi Steel (Group) Details and Automatic Tech. Ltd.	Energy&Power	201,887.98	134,283.47
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Energy&Power	1,021,735.33	1,212,897.70
Benxi Steel (Group) Construction & Repairing Co.,	Raw material & supplementary materials &	4,203,216.71	4,183,020.79

Ltd.	spare parts		
Benxi Steel (Group) Metallurgy Residues Co., Ltd., Ltd.	Energy&Power	4,208,751.57	3,680,220.58
Benxi Steel (Group) Metallurgy Residues Co., Ltd., Ltd.	Raw material & supplementary materials & spare parts	23,774,531.92	70,034,697.50
Benxi Steel (Group) Metallurgy Residues Co., Ltd., Ltd.	Freight income		181,550.34
Benxi Steel (Group) Metallurgy Residues Co., Ltd., Ltd.	Agency fees		
Benxi Steel (Group) Metallurgy Residues Co., Ltd., Ltd.	Products	6,789,036.68	5,225,685.17
Benxi Steel & Iron (Group) Co., Ltd	Energy&Power	55,504,627.45	80,875,223.56
Benxi Steel & Iron (Group) Co., Ltd	Raw material & supplementary materials & spare parts	8,961,629.82	12,158,411.92
Benxi Steel & Iron (Group) Co., Ltd	Agency fees		
Benxi New Career Development Co., Ltd.	Energy&Power	411,176.39	415,956.94
Benxi New Career Development Co., Ltd.	Raw material & supplementary materials & spare parts		569,949.90
Dalian Boluole Steel Tube Co., Ltd.	Products	5,195,152.00	8,560,250.35
Liaoning Bengang Steel & Iron Trading Co., Ltd	Products	587,660,157.07	748,646,488.28
Liaoning Metallurgy Technician College	Raw material & supplementary materials & spare parts		350.00
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Products		56,231,682.62
Tianjing Bengang Longxing Steel Process Co., Ltd.	Products		
Benxi Steel (Group) Medical Co., Ltd.	Raw material & supplementary materials & spare parts		605,123.03
Benxi Steel (Group) Medical	Energy&Power	133,971.12	185,122.94

Co., Ltd.			
Benxi Steel and Iron (Group) Zhengtai Construction Materials Co., Ltd.	Raw material & supplementary materials & spare parts		12,306.67
Benxi Steel and Iron (Group) Zhengtai Construction Materials Co., Ltd.	Energy&Power	2,282.28	45,906.57
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd	Energy&Power	15,181,630.22	14,907,614.46
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd	Raw material & supplementary materials & spare parts	14,393,413.36	36,272,604.41
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd	Products	3,591,259.99	36,272,604.41
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd	Agency fees		
Suzhou Bengang Industrial Co., Ltd.	Products	162,369,246.20	317,411,901.89
Bengang Group Finance Co., Ltd.	Energy&Power	14,792.38	
Benxi Steel (Group) Co., Ltd.	Energy&Power	119,041.45	
Total		2,802,174,261.93	4,606,209,468.35

Notes

(2) Related trusteeship/contract**Lists of related trusteeship/contract:**

In RMB

Name of the entruster/contract	Name of the trustee/contract or	Type	Initial date	Due date	Pricing basis	Income recognized in the reporting period
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Notes:

Lists of entrust/contractee

In RMB

Name of the entruster/contract	Name of the trustee/contract	Type	Initial date	Due date	Pricing basis	Change recognized in the
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ee	tor					reporting period
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(3) Information of related lease

The company was lessor:

In RMB

Name of lessee	Category of leased assets	The lease income confirmed in this year	The lease income confirmed in last year
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Warehouse and other	475,500.00	500,000.00

The company was lessee:

In RMB

Lessor	Lease capital category	Lease charges of 2015	Lease charges of 2014
Benxi Iron & Steel (Group) Co. Ltd	2300 Hot rolling product line	243,576,194.11	243,853,012.45
Benxi Iron & Steel (Group) Co. Ltd	Land use right	57,426,000.00	57,426,000.00
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	1780 Hot rolling product line	137,619,792.50	131,897,500.00

Notes:

(1) The Company leases 2300 hot rolling product line from the Group. Lease period lasts from 1 January 2012 to 31 December 2014. Lease charges are negotiated between the lessor and the lessee based on the original cost, depreciation, and national taxation of the product line, with consideration of conditions of production and equipment performance.

(2) The Company leases land use right from the Group. Lease period lasts from 15 April 2009. The leasing fee is determined by the area of the land which is 7,669,068.17 square meters. Average price is RMB 0.624 per Square meter per month; hence annual rent is RMB 57,426,000.00.

(3) The Company leases 1780 hot rolling product line from Benxi Beiyong Steel & Iron (Group) Co., Ltd. The lease term lasts from 1 January 2014 to 31 December 2016. Lease charges are negotiated between the lessor and the lessee based on the original cost, depreciation, and national taxation of the product line, with consideration of conditions of production and equipment performance. The annual rent shall not exceed RMB 150,000,000.00.

(4) Related-party guarantee**The Company was guarantor:**

In RMB

Secured party	Guarantee amount	Start date	End date	Execution accomplished or not
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The company was secured party

In RMB

Guarantor	Guarantee amount	Start date	End date	Execution accomplished or not
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Bengang Group Co., Ltd.	45,000,000.00	July 30,2015	July 1,2016	No
Bengang Group Co., Ltd.	250,000,000.00	January 9,2015	January 9,2016	No
Bengang Group Co., Ltd.	200,000,000.00	January 23,2015	January 23,2016	No
Bengang Group Co., Ltd.	140,000,000.00	May 14,2015	May 14,2016	No
Bengang Group Co., Ltd.	200,000,000.00	May 14,2015	May 14,2016	No
Bengang Group Co., Ltd.	160,000,000.00	May 28,2015	May 28,2016	No
Bengang Group Co., Ltd.	200,000,000.00	May 28,2015	May 28,2016	No
Bengang Group Co., Ltd.	300,000,000.00	July 17,2015	July 17,2016	No
Bengang Group Co., Ltd.	250,000,000.00	October 30,2015	October 30,2016	No
Bengang Group Co., Ltd.	250,000,000.00	October 30,2015	October 30,2016	No
Bengang Group Co., Ltd.	230,000,000.00	November 20,2015	November 20,2016	No
Bengang Group Co., Ltd.	250,000,000.00	November 20,2015	November 20,2016	No
Bengang Group Co., Ltd.	240,000,000.00	November 20,2015	November 20,2016	No
Bengang Group Co., Ltd.	220,000,000.00	November 20,2015	November 20,2016	No
Bengang Group Co., Ltd.	200,000,000.00	November 20,2015	November 20,2016	No
Bengang Group Co., Ltd.	180,000,000.00	November 20,2015	November 20,2016	No
Bengang Group Co., Ltd.	170,000,000.00	November 20,2015	November 20,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel (Group) Co., Ltd.	150,000,000.00	November 11, 2015	November 10,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel (Group) Co., Ltd.	100,000,000.00	November 11, 2015	November 8,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel (Group) Co., Ltd.	200,000,000.00	November 19,2015	November 16,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel (Group) Co., Ltd.	200,000,000.00	November 19,2015	November 18,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel (Group) Co., Ltd.	80,000,000.00	December 8,2015	December 6,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel (Group) Co., Ltd.	200,000,000.00	December 8,2015	December 7,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel	200,000,000.00	December 31,2015	December 8,2016	No

(Group) Co., Ltd.				
Bengang Group Co., Ltd.	130,000,000.00	June 30,2015	June 28,2016	No
Bengang Group Co., Ltd.	130,000,000.00	June 30,2015	June 29,2016	No
Bengang Group Co., Ltd.	649,360,000.00	August 21,2015	August 15,2016	No
Bengang Group Co., Ltd.	519,488,000.00	May 29,2015	May 18,2016	No
Bengang Group Co., Ltd.	324,680,000.00	July 28,2015	June 15,2016	No
Bengang Group Co., Ltd.	324,680,000.00	July 28,2015	July 15,2016	No
Bengang Group Co., Ltd.	649,360,000.00	November 30,2015	November 29,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel (Group) Co., Ltd.	207,795,200.00	September 17,2015	March 15,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel (Group) Co., Ltd.	162,340,000.00	September 24,2015	March 22, 2016	No
Benxi Iron and Steel (Group) Co., Ltd.	584,424,000.00	May 14,2015	May 13,2016	No
Benxi Iron and Steel (Group) Co., Ltd.	974,040,000.00	December 8,2015	December 7,2016	No
Benxi Iron and Steel (Group) Co., Ltd.	642,866,400.00	December 8,2015	December 7,2016	No
Benxi Iron and Steel (Group) Co., Ltd.	83,000,000.00	July 30,2015	July 2,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel (Group) Co., Ltd.	100,000,000.00	February 10,2015	January 27,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel (Group) Co., Ltd.	200,000,000.00	June 30,2015	June 29,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel (Group) Co., Ltd.	200,000,000.00	July 31,2015	June 30,2016	No
Bengang Group Co., Ltd. Benxi Iron and Steel (Group) Co., Ltd.	100,000,000.00	October 21,2015	October 20,2016	No
Bengang Group Co., Ltd	220,000,000.00	October 30,2015	October 30,2016	No
Bengang Group Co., Ltd	180,000,000.00	November 11,2015	November 11,2016	No
Bengang Group Co., Ltd	160,000,000.00	December 28,2015	December 28,2016	No
Benxi Iron and Steel	14,983,284.00	October 10,1999	September 10,2027	No

(Group) Co., Ltd.				
Benxi Iron and Steel (Group) Co., Ltd.	649,360,000.00	August 20,2014	May 2,2016	No
Bengang Group Co., Ltd.	15,000,000.00	December 29,2014	March 21,2017	No
Bengang Group Co., Ltd.	87,000,000.00	March 26,2015	March 21, 2019	No
Bengang Group Co., Ltd.	100,000,000.00	June 25,2015	September 21,2021	No
Bengang Group Co., Ltd.	24,000,000.00	December 9,2015	March 21,2022	No
Bengang Group Co., Ltd.	2,363,834.49	June 25,2015	September 30,2025	No
Bengang Group Co., Ltd.	80,759,907.82	August 20,2015	September 30,2025	No
Bengang Group Co., Ltd.	16,948,659.00	August 20,2015	September 30,2019	No
Bengang Group Co., Ltd.	43,724.03	June 25,2015	April 30,2026	No
Bengang Group Co., Ltd.	5,288,302.03	June 25,2015	April 30,2026	No
Bengang Group Co., Ltd.	28,871.15	December 28,2015	April 30,2026	No
Bengang Group Co., Ltd.	64,328,730.70	December 28,2015	April 30,2026	No
Bengang Group Co., Ltd.	36,858,219.46	June 25,2015	April 30,2020	No
Bengang Group Co., Ltd.	13,181,490.94	December 28,2015	April 30,2020	No
Bengang Group Co., Ltd.	5,017,002.51	June 25,2015	June 30,2025	No
Bengang Group Co., Ltd.	143,462,446.56	June 25,2015	June 30,2025	No
Bengang Group Co., Ltd.	4,635,745.98	December 27,2015	June 30,2025	No
Bengang Group Co., Ltd.	47,711,087.05	June 25,2015	June 30,2019	No
Bengang Group Co., Ltd.	39,025,541.32	December 28,2015	June 30,2019	No
Bengang Group Co., Ltd.	5,101,985.76	June 25,2015	October 31,2025	No
Bengang Group Co., Ltd.	102,545,570.06	June 25,2015	October 31,2025	No
Bengang Group Co., Ltd.	46,421,327.98	December 28,2015	October 31,2025	No
Bengang Group Co., Ltd.	65,605,445.03	June 25,2015	October 31,2019	No
Bengang Group Co., Ltd.	1,258,865.86	December 28,2015	October 31,2019	No
Bengang Group Co., Ltd.	4,323,079.89	June 25,2015	August 31,2025	No
Bengang Group Co., Ltd.	123,389,325.28	June 25,2015	August 31,2025	No
Bengang Group Co., Ltd.	2,565,624.32	December 28,2015	August 31,2025	No
Bengang Group Co., Ltd.	51,455,798.09	June 25,2015	August 31,2019	No
Bengang Group Co., Ltd.	6,787,938.82	December 28,2015	August 31,2019	No
Bengang Group Co., Ltd.	18,222,815.02	December 28,2015	July 30,2019	No

Notes

(5) Inter-bank lending of capital of related parties

In RMB

Related party	Amount borrowed and loaned	Initial date	Due date	Notes
Borrowed				
Benxi Steel (Group) Co.,Ltd.	18,263,032.96	April 28,2015	April 27,2016	
Benxi Steel (Group) Co.,Ltd.	11,369,384.16	June 4,2015	June 3,2016	
Benxi Steel (Group) Co.,Ltd.	32,699,579.48	October 12,2015	October 11, 2016	
Benxi Steel (Group) Co.,Ltd.	22,120,000.00	November 14,2015	November 13,2016	
Bengang Group Finance Co., Ltd.	14,220,000.00	December 25,2015	December 24,2016	
Total	98,671,996.60			
Loaned				

(6) Related party asset transfer and debt restructuring

In RMB

Related party	Content	Reporting period	Same period of last year

(7) Rewards for the key management personnel

In RMB

Items	Reporting period	Same period of last year
Rewards for the key management personnel	2,228,000.00	2,506,100.00

(8) Other related party transactions

Our situation of loan from, interest payment and deposit in Finance Co., Ltd. of Benxi Iron and Steel Group

In RMB'0000

Items	Beginning balance	Increase	Decrease	End balance	Notes
Deposit				109,766.10	1.
Loan		1,422.00		1,422.00	2.

1. The interest income of our deposit in the Finance Co., Ltd. of Benxi Iron and Steel Group(hereinafter referred to as the Finance

Co., Ltd.) in 2015 was 741,700 yuan.

2. Our subsidiary corporation, the Dalian Benruitong Automotive Materials Co., Ltd. (hereinafter referred to as the Dalian Benruitong) got 100 million yuan as credit granting from Finance Co., Ltd. by pledging its machines worthy 110 million yuan which was also the value of highest principle balance of guaranteed creditor's right. The Dalian Benruitong borrowed 14.22 million yuan from the Finance Co., Ltd. within the credit. In 2015, the loan interest paid was 12,700 yuan. By the end of 2015, there was still 12,700 yuan as interest needed to be paid to the Finance Co., Ltd

(2) Our situation of interest payment to and loan from Benxi Iron and Steel (Group) Co., Ltd.

In RMB'0000

Items	Beginning balance	Increase	Decrease	End balance
Loan	9,259.17	9,795.20	10,609.17	8,445.20

The details of borrowing balance by the end of 2015 are as follows:

In RMB

Related-party	Borrowing	Loan amount	Starting date	Due date
Benxi Steel (Group) Co.,Ltd.	Entrust loans through ChinaGuangfa Bank.Benxi Branch	18,263,032.96	2015/4/28	2016/4/27
Benxi Steel (Group) Co.,Ltd.	Entrust loans through ChinaGuangfa Bank.Benxi Branch	11,369,384.16	2015/6/4	2016/6/3
Benxi Steel (Group) Co.,Ltd.	Entrust loans through Bengang Group Finance Co., Ltd.	32,699,579.48	2015/10/12	2016/10/11
Benxi Steel (Group) Co.,Ltd.	Entrust loans through Bengang Group Finance Co., Ltd.	22,120,000.00	2015/11/13	2016/11/12
Total		84,451,996.60		

In the 2015, the loan interest paid is 5.7856 million. By the end of 2015, there was still 832,300 yuan as interest needed to be paid to Benxi Iron and Steel (Group) Co., Ltd.

6. Receivables and payables of the related parties

(1) Receivables of the Company

In RMB

Items	Related party	Ending balance		Beginning balance	
		Book balance	Bad debts provision	Book balance	Bad debts provision
Notes receivable	Benxi Beiyong Steel & Iron (Group) Co., Ltd	50,380,000.00			
Notes receivable	Benxi Steel (Group) Machinery Co., Ltd.	2,120,000.00			
Notes receivable	Benxi Steel (Group) Construction Co.,	41,778.50			

	Ltd.				
Notes receivable	Benxi Steel (Group)Mining Co., Ltd.	350,000.00			
Notes receivable	Benxi Steel (Group) Industrial Development Co., Ltd.	300,000.00			
Notes receivable	Benxi Steel (Group)Co., Ltd.	200,000.00			
Notes receivable	Liaoning Hengtai Heavy Machinery Co., Ltd.	500,000.00			
	Subtotal:	53,891,778.50			
Accounts receivable	Benxi Beiyong Steel & Iron (Group) Co., Ltd	107,133,739.89			
Accounts receivable	Bengang Electronics and Gas Co., Ltd.	2,585,049.23	191,538.38	2,832,523.83	137,573.58
Accounts receivable	Benxi Steel (Group) Machinery Co., Ltd.	54,698,244.18	1,553,819.73	24,275,958.45	406,446.86
Accounts receivable	Benxi Steel (Group) Construction Co., Ltd.	14,262,384.92	5,167,326.30	34,403,576.39	4,618,071.06
Accounts receivable	Benxi Steel (Group) Industrial Development Co., Ltd.	46,221,815.16	493,841.63	32,701,472.77	26,327.90
Accounts receivable	Benxi New Career Development Co., Ltd.	5,677,734.02	3,879,011.35	5,307,512.50	2,624,507.53
Accounts receivable					
Accounts receivable	Benxi Steel (Group) Medical Co., Ltd.				
Accounts receivable	Benxi Steel (Group) Thermal Power Development Co., Ltd.	7,861,215.02		1,899,538.46	
Accounts receivable	Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	499,988.31		499,126.96	
Accounts receivable	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	205,478.22		1,472,716.21	

Accounts receivable	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	7,756,906.34		23,474,655.50	
Accounts receivable	Bengang Group International Trading Co., Ltd.				
	Subtotal:	246,902,555.29	11,285,537.40	126,867,081.07	7,812,926.93
Prepayments	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	183,337,641.74		439,245,300.00	
Prepayments	Benxi Steel (Group) Construction & Repairing Co., Ltd.				
Prepayments	Liaoning Hengtai Heavy Machinery Co., Ltd.			62,303,551.36	
Prepayments	Benxi Steel (Group) Machinery Co., Ltd.	8,865,659.53		25,526,881.70	
Prepayments	Bengang Group International Trading Co., Ltd.			108,915,901.27	
Prepayments	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.			161,293.67	
Prepayments	Benxi Steel and Iron (Group) Zhengtai Building Materials Co., Ltd.				
	Subtotal:	192,203,301.27		636,152,928.00	
Other receivables	Benxi Steel (Group) Real-estate Development Co., Ltd.	2,102,965.57	24,708.37	7,632,946.72	191,498.33
Other receivables	Benxi Steel (Group) Engineering Construction Supervision Co., Ltd.				
Other receivables	Benxi Steel (Group) Construction & Repairing Co., Ltd.				
Other receivables	Liaoning Metallurgy Technician College	156,265.86	72,847.64	156,265.86	15,612.26
Other receivables	Bengang Cold-rolled				

	Stainless Steel Dandong Co., Ltd.				
Other receivables	Benxi Steel (Group) Construction Co., Ltd.	1,089,395.92	863,481.15	881,046.71	873,336.57
Other receivables	Bengang Group International Trading Co., Ltd.	14,007,043.70		5,206,671.93	6,717.52
Other receivables	Benxi Steel (Group) Machinery Co., Ltd.	148,094.33	11.02	239,275.00	
Other receivables	Benxi Steel (Group) Industrial Development Co., Ltd.	1,285,203.78	286,932.09	1,110,481.08	56,594.36
Other receivables	Benxi Steel and Iron (Group) Zhengtai Building Materials Co., Ltd.	199,757.10	29,239.19	200,111.37	6,606.76
Other receivables	Benxi Steel (Group) Medical Co., Ltd.	919,870.98	464,382.35	924,587.78	528,954.42
	Subtotal	19,908,597.24	1,741,601.81	16,351,386.45	1,679,320.21

2. Payables of the Company

In RMB

Name	Related party	End balance	Beginning balance
Accounts payable	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	0.00	145,203,134.23
Accounts payable	Bengang Electronics and Gas Co., Ltd.	8,233,491.05	11,639,049.30
Accounts payable	Benxi Steel (Group) Real-estate Development Co., Ltd	1,464,449.10	2,017,985.89
Accounts payable	Bengang Group International Trading Co., Ltd.	719,162,306.66	4,169,986,544.24
Accounts payable	Benxi Steel (Group) Machinery Co., Ltd.	90,101,633.02	7,050,135.96
Accounts payable	Benxi Steel (Group) Construction Co., Ltd.	155,223,262.33	150,369,442.01
Accounts payable	Benxi Steel (Group) Mining Co., Ltd.	675,232,923.26	1,412,235,381.68
Accounts payable	Benxi Steel (Group) Industrial Development Co., Ltd.	96,527,699.13	41,805,616.64
Accounts payable	Benxi New Career Development Co., Ltd.	12,543,185.57	19,708,255.84
Accounts payable	Benxi Steel (Group)	103,863,602.27	84,945,497.19

	Construction & Repairing Co., Ltd.		
Accounts payable	Benxi Steel (Group) Designing Institute	14,484,121.51	6,820,799.97
Accounts payable	Benxi Steel (Group) Metallurgy Residues Co., Ltd.	28,716,474.82	24,273,907.10
Accounts payable	Benxi Steel (Group) Medical Co., Ltd.	20,440.35	20,440.35
Accounts payable	Benxi Steel (Group) Information and Automatic Tech. Ltd.	60,551,446.09	49,194,667.86
Accounts payable	Benxi High-tech Drilling Tools Manufacturing Co., Ltd.	954,411.03	257,832.31
Accounts payable	Liaoning Metallurgy Technician College	12,864,720.30	6,378,792.36
Accounts payable	Liaoning Bengang Steel & Iron Trading Co., Ltd	53,000,000.00	30,000,000.00
Accounts payable	Benxi Steel (Group) Thermal Power Development Co., Ltd.	274,295.62	148,068.39
Accounts payable	Benxi Steel and Iron (Group) Zhengtai Building Materials Co., Ltd.	396,000.00	380,918.20
Accounts payable	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	1,122,557.73	
Accounts payable	Liaoning Metallurgy Technician College.	3,948,513.34	2,004,256.02
Accounts payable	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	197,900.00	863,535.50
Accounts payable	Liaoning Hengtai Heavy Machinery Co., Ltd.	28,380,631.99	7,153,224.06
	Subtotal	2,067,264,065.17	6,172,457,485.10
Notes payable	Benxi Steel (Group) Construction Co., Ltd.	152,482.03	562,465.47
Notes payable	Benxi Steel (Group) Industrial Development Co., Ltd.	20,058,008.27	1,813,417.63
Notes payable	Benxi Steel (Group) Machinery Co., Ltd.	4,743,944.99	
Notes payable	Benxi Steel (Group) Real-estate Development Co., Ltd.		
Notes payable	Bengang Electronics and Gas Co., Ltd.		401,369.25
Notes payable	Benxi Steel (Group) Construction & Repairing Co.,	1,381,574.71	

	Ltd.		
Notes payable	Liaoning Metallurgy Technician College.	1,517,733.78	51,601.41
Notes payable	Benxi Steel (Group) Mining Co., Ltd.	186,844,809.83	46,465,334.09
Notes payable	Benxi Steel (Group) Information and Automatic Tech. Ltd.	323,783.90	477,255.62
Notes payable	Benxi Beiyong Steel & Iron (Group) Co., Ltd	167,288,198.59	
Notes payable	Liaoning Hengtai Heavy Machinery Co. Ltd	777,369.98	
Notes payable	Liaoning metallurgical Technician College	221,269.29	
Notes payable	Liaoning Hengtai Heavy Machinery Co., Ltd.	365,849.75	
	Subtotal	383,675,025.12	49,771,443.47
Other payables	Bengang Electronics and Gas Co., Ltd.		
Other payables	Benxi Steel (Group) Real-estate Development Co., Ltd	2,311,747.28	4,887,294.88
Other payables	Bengang Group International Trading Co., Ltd.	10,165,172.85	3,067,964.46
Other payables	Benxi Steel (Group) Machinery Co., Ltd.	70,796.80	10,082.30
Other payables	Benxi Steel (Group) Construction Co., Ltd.	4,824,388.79	4,292,774.73
Other payables	Benxi Steel (Group) Industrial Development Co., Ltd.	1,419,241.27	950,411.36
Other payables	Benxi New Career Development Co., Ltd.	816,990.96	846,071.42
Other payables	Benxi Steel (Group) Construction & Repairing Co., Ltd.		
Other payables	Benxi steel (Group) design Research Institute		
Other payables	Benxi Steel (Group) Metallurgy Residues Co., Ltd.	1,000,000.00	
Other payables	Benxi Steel (Group) Medical Co., Ltd.	12,056.00	174,219.95
Other payables	Benxi Steel (Group) Information and Automatic	105,000.00	105,000.00

	Tech Co., Ltd.		
Other payables	Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	5,972,325.96	3,277,425.46
Other payables	Benxi Steel (Group) Co., Ltd.	179,539,999.52	158,643,367.61
Other payables	Benxi Steel (Group) News Center		1,722,726.76
Other payables	Liaoning metallurgical Technician College		
Other payables	Benxi Steel (Group) Thermal Power Development Co., Ltd.	2,373,050.76	1,779,806.08
Other payables	Liaoning Hengtai Heavy Machinery Co. Ltd		
Other payables	Benxi Beiyong Steel & Iron (Group) Co., Ltd		
Other payables	Guangzhou Free Trade Zone Bengang Sales Co., Ltd	2,674,436.85	2,674,436.85
Other payables	Shanghai Bengang steel Sale Co., Ltd.		863,797.83
Other payables	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.		96,596.40
	Subtotal:	211,285,207.04	183,391,976.09
Advance from costomer	Benxi Steel (Group) Machinery Co., Ltd.	268,726.35	392,380.53
Advance from costomer	Tianjin Bengang Longxing Steel Process Co., Ltd.		
Advance from costomer	Benxi Steel (Group) Industrial Development Co., Ltd.	1,534,119.77	1,800,534.80
Advance from costomer	Benxi Steel (Group) Metallurgy Residues Co., Ltd.	1,669.48	548,762.37
Advance from costomer	Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	62,631,155.58	96,764,509.78
Advance from costomer	Dalian Boluole Steel Tube Co., Ltd.		1,838,120.74
Advance from costomer	Guangzhou Free Trade Zone, Bengang Steel Sales Co. Ltd.		
Advance from costomer	Liaoning Bengang Steel & Iron Trading Co., Ltd	31,798,368.79	22,728,533.19
Advance from costomer	Liaoning Hengtong	94,299.22	323,523.72

	Metallurgical Equipment Manufacturing Co., Ltd.		
Advance from costomer	Shanghai Bengang steel TradeCo., Ltd.		
Advance from costomer	Tianjin Bengang Steel Plates Process and Logistics Co., Ltd		
Advance from costomer	Liaoning Hengtai Heavy Machinery Co., Ltd.	184,695.93	184,695.93
Advance from costomer	Benxi Steel (Group) Thermal Power Development Co., Ltd.		3,100,209.92
Advance from costomer	Bengang Group International Trading Co., Ltd.	17,824,227.63	46,086,929.33
Advance from costomer	Significant commitments at balance sheet date	10,985,007.76	37,105,578.38
	Subtotal:	125,322,270.51	210,873,778.69

XIII. Commitments and Contingencies

(1) Significant commitments

Significant commitments at balance sheet date

Investment contracts not yet performed or in progress and their relevant financial expenditures

(1) For the land leased from the Company to the Group, price is RMB 0.624 per Square meter per month, and the area of the land is 7,669,068.17 square meters; hence annual rent is RMB 57.426 million.

(2) For the 2300 hot rolling product line leased from the Group to the Company, lease period lasts from 1 January 2015 to 31 December 2015. Lease charges are negotiated between the lessor and the lessee based on the original cost, depreciation, and national taxation of the product line, with consideration of conditions of production and equipment performance.

(3) For the 1780 hot rolling product line leased from Benxi Beiying Steel & Iron (Group) Co., Ltd. to the Company, the lease period lasts from 1 January 2014 to 31 December 2016. Lease charges are negotiated between the lessor and the lessee based on the original cost, depreciation, and national taxation of the product line, with consideration of conditions of production and equipment performance. The annual rent shall not exceed RMB 150,000,000.00. Details of the above lease are shown in Note IX, (IV) 2

2. Contingency

(1) Significant contingency at balance sheet date

None

(2) The Company have no significant contingency to disclose, also should be stated

There was no significant contingency in the Company.

3.Other**XIV. Events after balance sheet date****1. Significant events had not adjusted**

In RMB

Items	Content	Influence number to the financial position and operating results	Reason of unable to estimate influence number

2. Profit distribution

In RMB

3. Sales return

None

4. Notes of other significant events

None

XV. Other significant events**1. The accounting errors correction in previous period****(1) Retrospective restatement**

In RMB

Content	Processing program	Name of the influenced report items during comparison period	Cumulative impact

(2) Prospective application

Content	Prcessing program	Reason of adopting prospective application

2. Debt restructuring**3. Replacement of assets**

(1) Non-monetary assets exchange

(2) Other assets replacement

4. Pension plan**5. Discontinuing operation**

In RMB

Items	Revenue	Expense	Total profit	Income tax expense	Net profit	Termination of the business profits attributable to the parent company owner

Notes

6. Segment information**(1) Recognition basis and accounting policies of reportable segment**

Our major production is steel and other productions play very small role in our sales. The main production base is in Liaoning province. For this reason, reports of other branches are not available.

(2) The financial information of reportable segment

In RMB

Items		Offset in segment	Total

(3) There was no reportable segment, or the total amount of assets and liabilities of each part of reportable segment, shall disclose the reason.

(4) Other notes

7. Other important transactions and events have an impact on investors decision-making**8. Other**

(2) Finance Lease

In order to optimize the debt structure and broaden the financing channels, our company has signed the Cooperation Framework Agreement of Finance Lease with the Liaoning Hengyi Lease Finance Co., Ltd. (hereinafter referred to as Hengyi Lease) on April 20, 2015. The amount of fund should be limited in 5 billion yuan. We got the fund in the form of financing leaseback. The lease rate shouldn't be more than the coterminous benchmark loan rate released by People's Bank of China. The lease rate should be adjusted dynamically in line with the changeable benchmark interest rate released by People's Bank of China in the lease term. The finance lease term shouldn't be more than 36 months.

Our company signed the Financing Leaseback contract (No. 2015HYZL0006-ZL-04) with the Hengyi Lease on December 30, 2015. The purchase price of leased assets is 490,000,000.00 yuan. The lease term is from December 30, 2015 to December 30, 2016. The lease expense rate was 4.35% when the contract was signed.

(3) The 14th session of the 6th board meeting passed the Proposal of Company's Project to Issue A-shares by Non-public Offering on July 20, 2015. Our company decided to raise 4 billion yuan by issuing shares to specific people by non-public offering. The raised money is mainly to support the reconstruction project of cold rolling high-strength steel, to support the production-line project of hot galvanizing in the third cold rolling company and to repay the bank loan. These projects are till in the process of examination and approval under legal procedures.

XVI. Notes to the Financial Statements of the Parent Company

1. Account receivable

(1) Categorized receivable accounts

In RMB

Categories	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Rate		Amount	Proportion	Amount	Rate	
Receivables on which impairment provisions are provided by risk groups	600,793,311.03	100.00%	151,599,889.01	25.23%	449,193,422.02	529,111,083.61	100.00%	140,268,888.98	26.51%	388,842,194.63
Total	600,793,311.03	100.00%	151,599,889.01	25.23%	449,193,422.02	529,111,083.61	100.00%	140,268,888.98	26.51%	388,842,194.63

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end:

Applicable Not applicable

In the groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

Applicable Not applicable

In RMB

Aging	Closing balance
-------	-----------------

	Account receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
	365,509,828.01		
Subtotal of within 1 year	365,509,828.01		
1-2 years	36,969,642.36	1,848,482.12	5.00%
2-3 years	60,703,042.21	12,140,608.44	20.00%
Over 3 years	137,610,798.45	137,610,798.45	100.00%
Total	600,793,311.03	151,599,889.01	25.23%

Notes :

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision: Applicable Inapplicable
 Applicable Not applicable

In the groups, accounts receivable adopting other methods to withdraw bad debt provision:

(2) Bad debt provision withdrawal, reversed or recovered in the report period

The withdrawal amount of the bad debt provision during the reporting period was of RMB11,331,000.03; the amount of the reversed or collected part during the reporting period was of RMB0.

Significant amount of reversed or recovered bad debt provision:

In RMB

Name	Amount	Method

(3) Particulars of the actual verification of accounts receivable during the reporting period

In RMB

Items	Amount

Of which: significant actual verification of accounts receivable:

In RMB

Name	Nature	Amount	Reason	Procedure	Whether occurred because of related party transactions

Notes:

(4) Top five of account receivable of closing balance collected by arrears party

Name	Year-end balance		
	Account receivable	Proportion(%)	Bad debt provision
Benxi North Iron Industry Co.,Ltd.	107,133,739.89	17.83	
Benxi Nanfenxinhe MetallurgicalFurnace	87,379,647.78	14.54	

Co., Ltd.			
Liaoyang Petroleum Steel Pipe Manufacturing Co., Ltd.	35,689,868.98	5.94	3,341,228.18
Bengang Refractory Material Co.,Ltd.	33,705,712.51	5.61	
China Oil steel pipe Co., Ltd.	32,873,213.55	5.47	5,891,750.53
Total	296,782,182.71	49.39	9,232,978.71

(5) Derecogniton of account receivable due to the transfer of financial assets

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Other notes:

2.Other receivables

(1) Other receivables disclosed by category

In RMB

Category	Year-end balance					Year –beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Other Accounts receivable subject to impairment assessment by credit risk characteristics of a portfolio	289,792,710.30	99.40%	62,104,550.36	21.43%	227,688,159.94	359,158,877.19	99.52%	58,276,863.66	16.23%	300,882,013.53
Other Accounts receivable of individual insignificance but subject to individual impairment assessment	1,740,000.00	0.60%			1,740,000.00	1,740,000.00	0.48%			1,740,000.00
Total	291,532,710.30	100.00%	62,104,550.36	21.30%	229,428,159.94	360,898,877.19	100.00%	58,276,863.66	16.15%	302,622,013.53

Other accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end:

Applicable Not applicable

In the groups, other accounts receivable adopting ager methods to withdraw bad debt provision: Applicable Not applicable

In RMB

Age	Year-end balance		
	Other receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
	213,745,667.36		
Subtotal of Within 1 year	213,745,667.36		
1-2 years	11,621,507.60	581,075.38	5.00%
2-3 years	3,627,575.45	725,515.09	20.00%
Over 3 years	60,797,959.89	60,797,959.89	100.00%
Total	289,792,710.30	62,104,550.36	21.43%

Notes:

1. Providing of bad debt provision on single receivable account with major amount

Standard for recognition of major amount single account:

Balance of account receivable RMB10 million; other account receivable RMB5 million or over.

Providing method of bad debt provisions on **single receivable account with major amount**

The impairment test should be assessed individually for each individually significant receivable. If there is evidence indicating the receivables have been impaired, the difference between the present value of the future cash flows and the book value of receivables shall be recognized as bad debt provision and shall be recorded into the profits and

2.Receivables tested by portfolio:

Basis of recognition for portfolios	
The portfolio:	Receivable account with minor amount and tested individually and not impaired
Basis of bad debt provision	
The portfolio:	Age analysis method

Accounts on age basis in the portfolio:

Age	Rate for receivables (%)	Rate for other receivables (%)
Within 1 year, (included)		
1-2 years (inclusive)	5	5
2-3 years (inclusive)	20	20
Over 3 years	100	100

3.Receivable accounts with minor amount but bad debt provision provided individually upon

(1) Reason of providing bad debt individually: concrete evidence showing that the account is irretrievable

(2) Basis of providing bad debt provisions:

When there is solid evidence showing that the possibility of retrieving is minor, the account shall be tested for impairment individually and bad debt provision shall be provided at the estimated unrecoverable amount.

(2) Bad debt provision withdrawal, reversed or recovered in the report period

The withdrawal amount of the bad debt provision during the reporting period was of RMB3,827,686.70; the amount of the reversed or collected part during the reporting period was of RMB0.

Significant amount of reversed or recovered bad debt provision:

In RMB

Name	Reversed or collected amount	Method

(3) Particulars of the actual verification of other accounts receivable during the reporting period

In RMB

Items	Amount

Of which: significant actual verification of other accounts receivable:

In RMB

Name	Nature	Amount	Reason	Procedure	Whether occurred because of related party transactions

Notes of write-off other accounts receivable:

(4) Other accounts receivable classified by the nature of accounts

In RMB

Category	Year-end balance	Year-beginning balance
Accounts	255,674,062.26	225,819,363.05
Export tax rebate	30,841,071.89	130,788,172.89
Other	5,017,576.15	4,291,341.25
Total	291,532,710.30	360,898,877.19

(5) The ending balance of other receivables owed by the imputation of the top five parties

In RMB

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision
					4,341,257.18
Zhejiang Sunon	Account	2,785,401.00	1-2 years	0.96%	139,270.05

Furniture Manufacturing Co., Ltd.					
Bengang Group International Trade Co., Ltd.	Account	2,279,847.47	Within 1 year	0.78%	
Liaoning Huaweixuan Coal Co., Ltd.	Account	2,261,360.00	Over 3 years	0.78%	2,261,360.00
Benxi Steel (Group) Real Estate Development Co., Ltd.	Account	2,102,965.57	Within 1 year 1,608,798.19, 1-2 year 494,167.38	0.72%	24,708.37
Total	--	13,770,831.22	--	4.72%	6,766,595.60

(6) Account receivable involving government subsidies

In RMB

Name	Project of government subsidies	Closing balance	Closing aging	Estimated recovering time, amount and basis

(7) Other account receivable derecognized due to the transfer of financial assets**(8) Amount of transfer other account receivable and assets and liabilities formed by its continuous involvement**

Other notes:

3. Long-term equity investment

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Investment to the subsidiary	1,700,981,902.16		1,700,981,902.16	1,690,981,902.16		1,690,981,902.16
Total	1,700,981,902.16		1,700,981,902.16	1,690,981,902.16		1,690,981,902.16

(1) Investment to the subsidiary

In RMB

Name	Opening balance	Increase	Decrease	Closing balance	Withdrawn	Closing balance

					impairment provision in the reporting period	of impairment provision
Guangzhou Benxi Iron & Steel Trading Co., Ltd	1,000,000.00			1,000,000.00		
Shanghai Bengang Metallurgy Science and Technology Co., Ltd.	19,200,000.00			19,200,000.00		
Bengang Steel Plates Liaoyang Pellet Co., Ltd.	529,899,801.38			529,899,801.38		
Dalian Benruitong Automobile Material Eechnology Co., Ltd.	65,000,000.00			65,000,000.00		
Bengang Puxiang Cold-rolled Sheet Co., Ltd.	1,019,781,571.10			1,019,781,571.10		
Changchun Bengang Steel & Iron Sales Co., Ltd.	-1,355,124.64			-1,355,124.64		
Harbin Bengang Economic Trade Co., Ltd.	423,398.23			423,398.23		
Nanjing Bengang Material Sales Co., Ltd.	2,081,400.65			2,081,400.65		
Wuxi Bengang Steel Sales Co., Ltd.	936,718.57			936,718.57		
Xiamen Bengang Steel Sales Co., Ltd.	1,095,711.66			1,095,711.66		
Yantai Bengang Steel Sales Co., Ltd.	19,600,329.41			19,600,329.41		
Tianjin Bengang Steel Trading Co., Ltd.	33,318,095.80			33,318,095.80		
Benxi Bengang Steel Sale Co., Ltd.		5,000,000.00		5,000,000.00		
Shenyang Bengang metallurgical		5,000,000.00		5,000,000.00		

Technology Co., Ltd.						
Total 1	1,690,981,902.16	10,000,000.00		1,700,981,902.16		

(2) Investment to joint ventures and associated enterprises

In RMB

Name	Opening balance	Increase /decrease in reporting period								Closing balance	Closing balance of impairment provision
		Add investment			Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											

(3) Other Notes

4. Operating income and operating cost

In RMB

Items	2015		2014	
	Revenue	Cost	Revenue	Cost
Principal business	25,840,994,498.57	27,226,906,929.92	38,330,544,333.50	36,488,199,649.65
Other business	2,682,107,120.42	2,542,383,008.46	3,303,714,027.71	3,063,214,052.38
Total	28,523,101,618.99	29,769,289,938.38	41,634,258,361.21	39,551,413,702.03

Other explanation:

5. Investment income

In RMB

Items	2015	2014
Income from long-term cost method investment		156,578,434.96
Income from bank short-term financial products	7,226,589.08	16,389,712.34
Total	7,226,589.08	172,968,147.30

6.Other**XVII. Supplementary materials****1. Items and amounts of extraordinary gains and losses**✓ Applicable Not applicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss	-2,918,523.73	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	136,992,233.61	
Gain/loss from commissioned investment or assets	7,226,589.08	
Gain/loss from debt reorganization	12,200,032.42	
Other non-business income and expenditures other than the above	5,644,831.10	
Less: Influenced amount of income tax	639,468.02	
Total	158,505,694.46	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

 Applicable Not applicable**2. Return on net asset and earnings per share**

Profit as of reporting period	Weighted average ROE (%)	EPS	
		EPS-basic	EPS-diluted
Net profit attributable to the Common stock shareholders of Company.	-24.11%	-1.05	-1.05
Net profit attributable to the Common stock shareholders of Company after deducting of non-recurring gain/loss.	-25.42%	-1.05	-1.10

3. Differences between accounting data under domestic and overseas accounting standards

(1) Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

√ Applicable Not applicable

In RMB

	Net profit		Net assets	
	Reporting period	Same period of last year	Closing balance	Opening balance
According to CAS	-3,293,624,545.17	232,804,820.19	11,934,100,372.02	15,384,562,323.08
According to international accounting standards				

(2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

√ Applicable Not applicable

Name of foreign accounting standard

In RMB

	Net profit		Net assets	
	Reporting period	Same period of last year	Closing balance	Opening balance
According to CAS	-3,293,624,545.17	232,804,820.19	11,934,100,372.02	15,384,562,323.08
According to international accounting standard				

(3) Explain reasons for the differences between accounting data under domestic and overseas accounting standards, for audit data adjusting differences had been foreign audited, should indicate the name of the foreign institutions

4. Other

XI. Documents available for inspection

1. Financial Statements signed and stamped by the legal representative, CFO, and accounting manager;
2. All of the original copies of documents and announcements that have been published on China Securities Journal, Securities Times, and Hong Kong Commercial Daily.
3. Original copy of the Auditors' Report under the seal of the CPA and signed by and under the seal of certified accountants.