



Bengang Steel Plates Co., Ltd.

Interim Report 2016

August 2016

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

The Board of Directors, the Supervisory Committee, the directors, the supervisors, and executives 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.

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

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

Mr. Zhao Zhongmin – the responsible person of the Company, Mr. Han Ge – the CFO, and Mr. Wang Shaoyu – the accounting manager declares: the truthfulness, accuracy, and completeness of the financial report in the Interim Report are guaranteed.

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.

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Definition

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

Chapter II. Company Profile

I. Company profile

Stock ID	Bengang Bancai, Bengangban B	Stock Code	000761、200761
Stock Exchange Listed in	Shenzhen Stock Exchange		
Company Name in Chinese	Bengang Steel Plates Co., Ltd.		
Abbreviation in Chinese (if any)	Bengang Bancai		
Company Name in English	BENGANG STEEL PLATES CO.,LTD.		
Short form of Company Name in English	BSP		
Legal representative:	Zhao Zhongmin		

II. Contacts

	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.	bgbc syb@126.com	bgbc761@126.com

III. Other info.

1. Contacts

Any change to the registered address, office address, postal code, official website, and email address of the Company?

Applicable; Not applicable

None of the official presses, website, and place of enquiry has been changed in the report period. For details please find the Annual Report 2015.

2. Information inquiry

Whether the place for information enquiry has been changed in the report term

Applicable; Not applicable

None of the official presses, website, and place of enquiry has been changed in the report period. For details please refer to Annual Report 2015.

3. Change of business registration

Whether the business registration has been changed in the report period?

Applicable; Not applicable

None of the registration date and place, the license number, tax number, organization number has been changed in the report period. For details please find Annual Report 2015.

Chapter III. Financial Highlights

I. Main accounting data and indices

Are there any retrospective adjustment or restatement of financial information of previous year due to change of accounting policies or correcting of accounting errors?

Yes No

	This report term	Same period last year	Increase/decrease (%)
Turnover (RMB)	12,629,584,569.35	16,344,915,161.18	-22.73%
Net profit attributable to shareholders of the listed company (yuan)	182,538,176.32	128,007,136.26	42.60%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss(RMB)	164,516,206.59	105,281,258.76	56.26%
Net Cash flow generated by business operation (RMB)	2,390,777,363.52	-1,878,130,973.89	227.30%
Basic earnings per share (Yuan/share)	0.06	0.05	20.00%
Diluted earnings per share (Yuan/share)	0.06	0.05	20.00%
Net income on asset, weighted	1.52%	0.83%	0.69%
	Ended this report term	End of prev. year	Changed at end of report period over end of previous period
Gross Assets (RMB)	48,189,076,694.93	44,461,643,345.33	8.38%
Net asset attributable to owners of the PLC	12,122,492,113.58	11,934,100,372.02	1.58%

II. Differences in accounting information under IAS and domestic accounting standard

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

In RMB

	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	182,538,176.32	128,007,136.26	12,122,492,113.58	11,934,100,372.02
Items and amount adjusted according to IAS				

2. Differences between the net profit and net asset in the financial reports prepared under IAS and Chinese Accounting Standard

Applicable; Not applicable

No difference between the net profit and net asset in the financial reports prepared under IAS and Chinese Accounting Standard for the report period.

3. Accounting data differences between domestic and foreign accounting standards

Applicable Not applicable

III. Non-recurring gain/loss items and amounts

Applicable Not applicable

In RMB

Items	Amount	Remarks
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	2,014,983.90	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	16,622,000.00	
Gain/loss from debt reorganization	4,527,416.04	
Other non-business income and expenditures other than the above	926,794.62	
Less: Influenced amount of income tax	6,022,798.64	
Influence on minority shareholders' equity (after tax)	46,426.19	
Total	18,021,969.73	--

If the company defines those items to recurring gain/loss items, which were defined by “Regulations of Information Disclosure of PLCs, Explanation No.1 - Non-recurring gain/loss” as non-recurring gain/loss, please provide reason here.

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.

Chapter IV. Board of Directors' Report

I. Business overview

During the reporting period, along with the stimulations of the related policies such as the country's strongly promoting of structural reform at the supply-side, the domestic steel market began to show a recovery rebound-trend after the stabilization, as the market price gradually rose, the company's profits slightly increased. Meanwhile, the company scientifically set up the policy including comprehensively increasing the technological innovation and R&D capabilities of new products, consolidating the sales-channel, reducing the procurement costs and digging the internal potential to reduce energy consumption, thus to ensue the realization of the annual business goal. In January-June 2016, the Company has accomplished output of: iron of 4.8976 million tons, an decrease of 2.54%; steel of 4.7783 million tons, an decrease of 3.31%; hot-rolled plate of 5.4670 million tons, 10.38% of decrease; cool-rolled plate of 1.8529 million tons, an decrease of 1.25%; turnover of RMB12629.5846 million, a decrease of 22.73%; net profit attributable to the parent company of RMB182.5382 million, a increase of 42.60%.

1. The company was, by virtue of the possessed market sales network, while consolidating the existed market shares of key customers in industries such as car and household appliance, continuously increasing the intensity of development of new fields and new customers.
2. Centered on the production, procurement and sales, management and control, technology, human resources etc, the company carried out the "Costs reduction in all respects". Concretely, through the continuous optimization of coal use and the structure of ore proportioning to reduce the processing costs; through using home-made spare parts and the recycling use to reduce the consuming of spare parts; through overall adjustment on the auxiliary materials and using the whole contracting mean to reduce the consumption of the auxiliary materials; through optimizing the energy allocation mean and pushing forward the construction of the project of using secondary energy, in particular, through key-breakthrough of the furnace coke-ratio and other measures to reduce the fuel consumption and power consumption.
3. Make innovations on the technological management mode and management system, enhance technological management level and its service efficiency, build up and perfect the incentive mechanism which is suitable for the R & D system, create a good environment for technological innovation and fully excite the technological ability and potential. In addition, fully unitize the social resources and technological policies, actively cooperate with universities and research institutes, governmental and social institutions, up-stream, down-stream and peer companies and comprehensively raise the level of technological innovation.
4. Strictly implementing the "safety production law", and in accordance with the requirements of "dual responsibilities of one post" and the safety management plan of "zero accident and zero injury", the company strengthened the system construction in terms of safety, strengthened the safety foundation management, carried out the special inspection on safety, overhauled and rectified the hidden danger.
5. 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 13th Five-Year Plan".

II. Analysis of main business

Change in main financial data

In RMB

	This report term	Same period last year	Change over same period last year	Cause of change
Turnover	12,629,584,569.35	16,344,915,161.18	-22.73%	
Operation cost	10,914,182,302.04	14,901,549,350.57	-26.76%	
Sales expense	430,061,063.14	478,349,279.14	-10.09%	
Administrative expense	351,954,718.48	377,591,047.45	-6.79%	
Financial expenses	586,667,825.19	391,399,627.37	49.89%	Mainly due to exchange net loss increased
Income tax expenses	140,062,221.29	-2,419,204.92	5,889.60%	Mainly due to this period deferred assets
Input to R&D	489,537,695.09	903,624,000.00	-45.83%	Mainly due to the current r&d spending less
Cash flow generated by business operation, net	2,390,777,363.52	-1,878,130,973.89	227.30%	Mainly due to paid in current period to purchase goods or accepting labor services, pay less cash
Net cash flow generated by investment	-868,753,571.38	-1,388,185,769.88	-37.42%	Mainly due to the current construction of fixed assets, intangible assets and other long-term assets to pay cash
Net cash flow generated by financing	855,170,792.73	-2,532,199,491.79	133.77%	Mainly because this issue loans increased
Net increasing of cash and cash equivalents	2,765,662,683.48	-5,806,945,649.73	147.63%	Mainly because of increased business activities generated cash flow in current period, reduce investment and financing activities generated cash flow, financing activities generated cash flow net increase

Material changes in profit composition or sources

Applicable; Not applicable

No change in profit composition or sources in the report period.

Business plans scheduled in Share Offer Prospectus or Capital Reconstruction Report which are extended to the report period

[] Applicable; [V] Not applicable

No business plans scheduled in Share Offer Prospectus or Capital Reconstruction Report which are extended to the report period

Implementation and progress of business plan provided by the previous periodic report:

None

III. Main business composition

In RMB

	Turnover	Operation cost	Gross profit ratio %	Change in turnover YoY	Change in operation cost YoY	Change in gross profit YoY
On Industries						
Industry	11,890,962,256.28	10,286,817,465.00	13.49%	-22.99%	-27.16%	4.95%
On Products						
Steel plate	11,738,675,777.01	10,158,667,070.83	13.46%	-22.85%	-27.12%	5.08%
Steel billet	152,557.88	136,038.91	10.83%			
Others	152,133,921.39	128,014,355.26	15.85%	-32.68%	-30.28%	-2.90%
On Area						
Northeast	2,523,717,878.41	2,243,999,134.87	11.08%	-25.79%	-29.00%	4.01%
North	1,451,942,467.57	1,281,589,669.32	11.73%	-31.53%	-35.15%	4.91%
East	3,588,168,275.24	3,067,886,209.54	14.50%	-26.13%	-30.78%	5.74%
Northwest	29,082,546.35	25,641,579.90	11.83%	-29.87%	-32.43%	3.34%
Mid-south	685,433,798.17	602,828,614.43	12.05%	25.60%	20.57%	3.67%
Export	3,612,617,290.54	3,064,872,256.95	15.16%	-19.25%	-23.68%	4.92%

IV. Analyze of competitive edge

There was not any change to the core competition of the Company, and the Company was in normal operation.

V. Investment

1. External equity investment

(1) External investment

Applicable; Not applicable

No external investment in the report period.

(2) Shareholding in financial enterprises

Applicable; Not applicable

No holding of shares of financial institutions in the report period.

(3) Stock investment

Applicable; Not applicable

No securities investment in the report period.

(4) Statement of holding equities in other PLCs

Applicable; Not applicable

The Company was not holding shares of any other PLC as of the end of report period.

2. Trusted financing, derivate instruments, and trusted loans

(1) Trusted financing

Applicable; Not applicable

No Trusted financing in the report period.

securities investment in the report period.

(2) Derivate instrument investment

Applicable; Not applicable

No derivate instrument investment in the report period.

(3) Trusted loans

Applicable; Not applicable

No trusted loans in the report period.

3. Using of proceeds from share placing.

[V] Applicable Not applicable

No using of proceeds from share placing in the report period.

4. Analyze of main subsidiaries and affiliates

[V] Applicable Not applicable

Profiles of main subsidiaries and affiliates

In RMB

Name of companies	Type of business	Industry	Major products or service	Registered capital	Gross Assets	Net asset	Turnover	Operation profit	Net profit
Guangzhou Bengang Trade Co., Ltd.	Subsidiaries	Steel rolling business	Sales of steel	1,000,000.00	194,366,005.98	68,512,192.54	461,525,441.77	3,378,557.91	2,533,918.45
Shanghai Bengang Metallurgy Tech. Ltd.	Subsidiaries	Steel rolling business	Sales of steel	19,200,000.00	460,283,712.95	146,068,047.13	1,387,045,499.96	4,964,610.57	3,870,246.37
Bengang Steel Plate Liaoyang Orel Ball Co., Ltd.	Subsidiaries	Steel rolling business	Production of pellet	10,000,000.00	742,258,896.92	637,678,460.86	119,325,854.35	-5,539,542.34	-5,539,542.34
Dalian Benruitong Automobile Material Technologies Co., Ltd.	Subsidiaries	Steel rolling business	Processing and sales of steel	100,000,000.00	448,790,679.59	80,434,428.17	137,623,373.15	-3,260,437.37	-3,127,791.12
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	Subsidiaries	Steel rolling business	Processing and sales of steel	1,920,000,000.00	4,606,655,639.42	2,002,394,244.57	2,592,071,400.46	99,409,153.77	99,409,153.77
Changchun Bengang Steel Sales Ltd.	Subsidiaries	Steel rolling business	Sales of steel	500,000.00	61,598,080.93	15,303,275.35	241,092,231.29	2,061,777.29	1,579,796.81
Haerbin Bengang International Trading Ltd.	Subsidiaries	Steel rolling business	Sales of steel	500,000.00	42,807,262.33	3,336,257.27	75,505,324.31	2,548,546.42	2,573,881.10
Nanjing Bengang Steel Material Sales Ltd.	Subsidiaries	Steel rolling business	Sales of steel	1,150,000.00	42,298,848.47	30,079,139.19	11,009,466.68	-355,267.36	-355,851.06
Wuxi Bengang Steel Sales Ltd.	Subsidiaries	Steel rolling business	Sales of steel	1,000,000.00	142,135,162.98	19,722,095.52	377,292,292.04	3,981,299.24	2,837,986.65
Xiamen Bengang Steel Sales Ltd.	Subsidiaries	Steel rolling business	Sales of steel	500,000.00	2,426,041.11	1,167,899.27		-628,025.05	384,387.61

Yantai Bengang Steel Sales Ltd.	Subsidiaries	Steel rolling business	Sales of steel	500,000.00	241,656.64 1.18	77,215,325. 92	574,548,21 8.66	3,041,484 .96	2,281,113.71
Tianjin Bengang Steel Trading Ltd.	Subsidiaries	Steel rolling business	Sales of steel	3,000,000.00	112,983.54 1.21	16,250,530. 45	213,269,55 2.17	4,094,745 .89	4,094,745.89
Shenyang Bengang Metallurgical Technology Co., Ltd.	Subsidiaries	Steel rolling business	Sales of steel	5,000,000.00	91,339,524. 26	3,814,655.4 2	273,109,44 7.13	-1,186,62 5.84	-1,186,625.83
Benxi Bengang Steel Sales Co., Ltd.	Subsidiaries	Steel rolling business	Sales of steel	5,000,000.00	165,806.89 9.60	2,589,457.2 5	111,331,34 4.35	-2,250,61 6.89	-2,411,335.18
Suzhou Bengang Industrial Co., Ltd.	Shareholding company	Steel rolling business	Sales of steel	20,000,000.00	60,881,715. 36	20,025,395. 48	101,339,77 1.53	21,115.74	-10,138.14
China Steel Shanghai Steel Processing Co., Ltd.	Shareholding company	Steel rolling business	Sales of steel	89,042,954.00	515,342,73 3.98	-1,085,383. 05	134,119,19 9.78	-9,711,84 8.95	-9,990,008.02
Zhejiang Bengang Jingrui Steel Processing Ltd.	Shareholding company	Steel rolling business	Sales of steel	10,000,000.00	89,131,082. 30	12,457,710. 53	99,793,311. 09	167,404.8 1	562,016.94

5. Major projects using non-raised capital

[V] Applicable Not applicable

In RMB'0000

Projects	Planned investment	Amount invested this report term	Accumulation of actual input at end of period	Investment progress of the project	Turnover of the project	Date of disclosure (if any)	Index of information disclosed
Cool rolling high strength steel rebuilding	610,000	87,664.19	432,835.47	70.00%			
hot galvanizing project of No.3 hot rolling factory	86,918	4,400.74	37,976.01	50.00%			
Environmental reconstruction of converter	177,864.4	1,191.5	16,513.91	90.00%			

and the 180t dephosphorization converter							
360 M2 sintering machine	127,773.8	4,415.46	101,813.5	90.00%			
The new energy control center project	28,410	1,207.19	23,745.77	95.00%			
Information system project	39,038	229.25	22,568.16	96.00%			
Total	1,070,004.2	99,108.33	635,452.82	--	--	--	--

VI. Business performance forecast for Jan-Sept 2016

Alert of loss or significant change in net profit from the beginning of year to the end of next report period or comparing with the same period of last year, and statement of causations.

Applicable; Not applicable

VII. Statement of the Board on the “Non-standard auditors’ report” issued by the CPA on the current report period

Applicable; Not applicable

VIII. The Board’s statement on “Non-standard Auditors’ Report” of previous year

Applicable; Not applicable

IX. Profit distribution carried out in the report period

Execution or adjustment of profit distribution, especially cash dividend, and capitalizing of reserves in the report period.

Applicable; Not applicable

None of cash dividend, bonus shares, or capitalizing of common reserves was carried out for the previous year.

X. Profit distribution for the report period.

Applicable; Not applicable

None of cash dividend, bonus shares, or capitalizing of common reserves will be carried out for the first half of year.

XI. Reception of investigations, communications, or interviews

The Company has no reception of research, communication and interview occurred in the Period.

Chapter V. Significant Events

I. Administrative Position

There is no difference between the actual situation of the Company and the requirements of the CSRC.

II. Lawsuit issues

Material lawsuit issues

Applicable; Not applicable

In the report period, the Company had no material lawsuits or arbitrations.

Other lawsuit issues

Applicable; Not applicable

III. Media queries

Applicable; Not applicable

No media queries raised in the report period.

IV. Receivership and bankruptcy

Applicable; Not applicable

No bankruptcy or capital reorganizing issues occurred in the report period.

V. Asset transactions

1. Acquisition of assets

Applicable; Not applicable

No acquisition of assets at the end of report period.

2. Disposal of assets

Applicable; Not applicable

No disposal of assets at the end of report period.

3. Merger of entities

Applicable; Not applicable

No merger or takeover of entities in the report period.

VI. Implementation of share incentive program and influences

[] Applicable; [V] Not applicable

No stock incentive plan composed nor implemented in the report period.

VII. Material related transactions**1. Related transactions related to daily operation**

[V] 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 RMB0'000	Ratio in similar trades	Amount of trade approved (RMB0'000)	Exceeded the approved amount?	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure
Bengang Electrical Co., Ltd.	Same controller	Sales of goods and services	Energy Power	Agreement	Related agreement price	50.64	0.00%	300	No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Raw material and parts	Agreement	Related agreement price	4,800.39	0.38%	150,000	No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Goods	Agreement	Related agreement price	220.01	0.02%		No	Execute according to the agreement	Yes		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Energy Power	Agreement	Related agreement price	4,933.19	0.39%		No	Execute according to the agreement	No		
Benxi Steel	Same controller	Sales of goods	Energy Power	Agreement	Related agreement	47.71	0.00%	1,000	No	Execute according	No		

(Group) Real-estate Development Co., Ltd.	er	and services			nt price						g to the agreeme nt			
Benxi Steel (Group) Steel Process and Logistic s Co., Ltd.	Same controll er	Sales of goods and services	Energy Power	Agreem ent	Related agreeme nt price	28.88	0.00%		No		Execute accordin g to the agreeme nt	No		
Benxi Steel (Group) Steel Process and Logistic s Co., Ltd.	Same controll er	Sales of goods and services	Goods	Agreem ent	Related agreeme nt price	4,200.09	0.33%	40,000	No		Execute accordin g to the agreeme nt	Yes		
Benxi Steel (Group) Machine ry Co., Ltd.	Same controll er	Sales of goods and services	Goods	Agreem ent	Related agreeme nt price	605.32	0.05%		No		Execute accordin g to the agreeme nt	Yes		
Benxi Steel (Group) Machine ry Co., Ltd.	Same controll er	Sales of goods and services	Energy Power	Agreem ent	Related agreeme nt price	917.91	0.07%	15,000	No		Execute accordin g to the agreeme nt	No		
Benxi Steel (Group) Machine ry Co., Ltd.	Same controll er	Sales of goods and services	Raw material and parts	Agreem ent	Related agreeme nt price	151.46	0.01%		No		Execute accordin g to the agreeme nt	No		

Benxi Steel (Group) Construction Co., Ltd.	Same controller	Sales of goods and services	Energy Power	Agreement	Related agreement price	245.55	0.02%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction Co., Ltd.	Same controller	Sales of goods and services	Raw material and parts	Agreement	Related agreement price	4,056.35	0.32%	25,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Energy Power	Agreement	Related agreement price	36,147.92	2.86%	100,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Raw material and parts	Agreement	Related agreement price	4,161.56	0.33%		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	436.25	0.03%		No	Execute according to the agreement	No		
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Same controller	Sales of goods and services	Energy Power	Agreement	Related agreement price	1,959.85	0.16%	15,000	No	Execute according to the agreement	No		
Benxi	Same	Sales of	Raw	Agreement	Related	533.38	0.04%		No	Execute	No		

Steel (Group) Thermal Power Development Co., Ltd.	controll er	goods and services	material and parts	ent	agreeme nt price					accordin g to the agreeme nt			
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Same controll er	Sales of goods and services	Freight income	Agreem ent	Related agreeme nt price	8.28	0.00%		No	Execute accordin g to the agreeme nt	No		
Benxi Steel (Group) Industri al Development Co., Ltd.	Same controll er	Sales of goods and services	Energy Power	Agreem ent	Related agreeme nt price	331.64	0.03%		No	Execute accordin g to the agreeme nt	No		
Benxi Steel (Group) Industri al Development Co., Ltd.	Same controll er	Sales of goods and services	Goods	Agreem ent	Related agreeme nt price	12.64	0.00%		No	Execute accordin g to the agreeme nt	Yes		
Benxi Steel (Group) Industri al Development Co., Ltd.	Same controll er	Sales of goods and services	Raw material and parts	Agreem ent	Related agreeme nt price	2,814.4	0.22%	15,000	No	Execute accordin g to the agreeme nt	No		

Ltd.													
Benxi Steel (Group) Information & Automatic Tech. Co., Ltd.	Same controller	Sales of goods and services	Energy Power	Agreement	Related agreement price	10.07	0.00%	50	No	Execute according to the agreement	No		
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Same controller	Sales of goods and services	Energy power	Agreement	Related agreement price	47.79	0.00%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Same controller	Sales of goods and services	Raw material and parts	Agreement	Related agreement price	114.14	0.01%	1,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Energy Power	Agreement	Related agreement price	105.61	0.01%		No	Execute according to the agreement	No		
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Raw material and parts	Agreement	Related agreement price	1,022.12	0.08%	10,000	No	Execute according to the agreement	No		

Benxi Steel (Group) Metallurgy Residue s Co., Ltd.	Same controller	Sales of goods and services	Freight income	Agreement	Related agreement price	0.43	0.00%		No	Execute according to the agreement	No		
Benxi Steel (Group) Metallurgy Residue s Co., Ltd.	Same controller	Sales of goods and services	Goods	Agreement	Related agreement price	155.38	0.01%		No	Execute according to the agreement	Yes		
Benxi Steel (Group) Co., Ltd.	Parent Company	Sales of goods and services	Energy Power	Agreement	Related agreement price	3,525.98	0.28%	15,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Co., Ltd.	Parent Company	Sales of goods and services	Raw material and parts	Agreement	Related agreement price	337.11	0.03%		No	Execute according to the agreement	No		
Benxi Steel New Business Development Co., Ltd.	Same controller	Sales of goods and services	Energy Power	Agreement	Related agreement price	16.52	0.00%	500	No	Execute according to the agreement	No		
Dalian Boluole Steel Tube Ltd.	Same controller	Sales of goods and services	Goods	Agreement	Related agreement price	153.24	0.01%	1,000	No	Execute according to the agreement	Yes		
Liaonin g	Same controll	Sales of goods	Goods	Agreement	Related agreeme	9,298.37	0.74%	40,000	No	Execute accordin	Yes		

Bengang Steel & Iron Trading Co., Ltd.	er	and services			nt price						g to the agreement			
Benxi Steel & Iron Group Hospital	Same controller	Sales of goods and services	Energy Power	Agreement	Related agreement price	4.83	0.00%	100	No		Execute according to the agreement	No		
Liaoning Hengton Metallurgy Equipment Co., Ltd.	Same controller	Sales of goods and services	Energy Power	Agreement	Related agreement price	844.91	0.07%		No		Execute according to the agreement	No		
Liaoning Hengton Metallurgy Equipment Co., Ltd.	Same controller	Sales of goods and services	Raw material and parts	Agreement	Related agreement price	651.49	0.05%	10,000	No		Execute according to the agreement	No		
Liaoning Hengton Metallurgy Equipment Co., Ltd.	Same controller	Sales of goods and services	Goods	Agreement	Related agreement price	810.93	0.06%		No		Execute according to the agreement	No		
Bengang Stainless Cool-rol	Same controller	Sales of goods and services	Raw material and parts	Agreement	Related agreement price	0	0.00%		No		Execute according to the agreement	No		

ling (Dandong) Co., Ltd.													
Bengang Stainless Cool-rolling (Dandong) Co., Ltd.	Same controller	Sales of goods and services	Goods	Agreement	Related agreement price	0	0.00%	1,000	No	Execute according to the agreement	No		
Suzhou Bengang Industrial Co., Ltd.	Same controller	Sales of goods and services	Goods	Agreement	Related agreement price	9,698.5	0.77%	35,000	No	Execute according to the agreement	No		
Benxi Steel Group Finance Co., Ltd.	Same controller	Sales of goods and services	Energy Power	Agreement	Related agreement price	0.82	0.00%	1,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Co., Ltd.	control person	Sales of goods and services	Energy power	Agreement	Related agreement price	2.88	0.00%	500	No	Execute according to the agreement	No		
Benxi Steel (Group) Co., Ltd.	Parent Company	Purchase of goods and services	Repair service	Agreement	Related agreement price	14,291.4 8	1.31%	32,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Co., Ltd.	Parent Company	Purchase of goods and services	land rentals	Agreement	Related agreement price	2,825.72	0.26%		No	Execute according to the agreement	No		
Bengang	Same controller	Purchase of	Inventor y	Agreement	Related agreement	19.79	0.00%	1,000	No	Execute according	No		

Stainless Cool-rolling (Dandong) Co., Ltd.	er	goods and services			nt price						g to the agreeme nt			
Benxi Steel (Group) Mining Co., Ltd.	Same controll er	Purchas e of goods and services	Labour service	Agreem ent	Related agreeme nt price	801.23	0.07%		No		Execute accordin g to the agreeme nt	No		
Benxi Steel (Group) Mining Co., Ltd.	Same controll er	Purchas e of goods and services	Raw material	Agreem ent	Related agreeme nt price	193,052	17.69%	500,000	No		Execute accordin g to the agreeme nt	No		
Benxi Steel (Group) Mining Co., Ltd.	Same controll er	Purchas e of goods and services	Transpo rtion	Agreem ent	Related agreeme nt price	144.26	0.01%		No		Execute accordin g to the agreeme nt	No		
Benxi Steel (Group) Metallur gy Residue s Co., Ltd.	Same controll er	Purchas e of goods and services	Raw material	Agreem ent	Related agreeme nt price	5,726.18	0.52%	20,000	No		Execute accordin g to the agreeme nt	No		
Benxi Steel (Group) Steel Process and Logistic s Co., Ltd.	Same controll er	Purchas e of goods and services	Processi ng charges	Agreem ent	Related agreeme nt price	86.72	0.01%	800	No		Execute accordin g to the agreeme nt	No		

Benxi Steel (Group) Real-estate Development Co., Ltd.	Same controller	Purchase of goods and services	Raw material	Agreement	Related agreement price	3,688.55	0.34%	8,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Machinery Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	Agreement	Related agreement price	5,420.19	0.50%	35,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Machinery Co., Ltd.	Same controller	Purchase of goods and services	Repair service	Agreement	Related agreement price	530.24	0.05%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	Agreement	Related agreement price	763.59	0.07%		No	Execute according to the agreement	No		
Benxi Steel (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Engineering	Agreement	Related agreement price	12,280.93	1.13%	80,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Repair service	Agreement	Related agreement price	4,193.07	0.38%		No	Execute according to the agreement	No		

Benxi Steel (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Raw material	Agreement	Related agreement price	372.62	0.03%		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	139.28	0.01%		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	1,209.81	0.11%		No	Execute according to the agreement	No		
Benxi Steel (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services		Agreement	Related agreement price	11,814.04	1.08%	40,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Repair service	Agreement	Related agreement price	700.44	0.06%		No	Execute according to the agreement	No		
Benxi Steel	Same controller	Purchase of	Transportation	Agreement	Related agreement	287.04	0.03%		No	Execute according	No		

(Group) Industrial Development Co., Ltd.	er	goods and services	rtion	ent	nt price						g to the agreement			
Benxi Steel (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Engineering	Agreement	Related agreement price	63.01	0.01%		No		Execute according to the agreement	No		
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Same controller	Purchase of goods and services	Raw material and parts	Agreement	Related agreement price	413.14	0.04%	25,000	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	2,816.62	0.26%		No		Execute according to the agreement	No		
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Same controller	Purchase of goods and services	Repair	Agreement	Related agreement price	2,066.02	0.19%		No		Execute according to the agreement	No		
Bengang Electric	Same controller	Purchase of goods	Raw material	Agreement	Related agreement price	5,393.9	0.49%	20,000	No		Execute according to the	No		

al Co., Ltd.		and services								agreeme nt			
Bengan g Electric al Co., Ltd.	Same controll er	Purchas e of goods and services	Enginee ring	Agreem ent	Related agreeme nt price	142.96	0.01%		No	Execute accordin g to the agreeme nt	No		
Bengan g Electric al Co., Ltd.	Same controll er	Purchas e of goods and services	Repair service	Agreem ent	Related agreeme nt price	442.75	0.04%		No	Execute accordin g to the agreeme nt	No		
Benxi High & New Drilling Tool Manufa cturing Co., Ltd.	Same controll er	Purchas e of goods and services	Spare parts	Agreem ent	Related agreeme nt price	26.3	0.00%	1,000	No	Execute accordin g to the agreeme nt	No		
Benxi Steel New Busines s Develop ment Co., Ltd.	Same controll er	Purchas e of goods and services	Labor protecti on	Agreem ent	Related agreeme nt price	118.36	0.01%	1,200	No	Execute accordin g to the agreeme nt	No		
Liaonin g College of Metallur gy Technol ogies	Same controll er	Purchas e of goods and services	Spare parts	Agreem ent	Related agreeme nt price	706.55	0.06%	1,500	No	Execute accordin g to the agreeme nt	No		
Bengan g Group,I nternati onal Economi c Trade	Same controll er	Purchas e of goods and services	Agent fee	Agreem ent	Related agreeme nt price	2,851.32	0.26%		No	Execute accordin g to the agreeme nt	No		

Co., Ltd.													
Bengang Group, International Economic Trade Co., Ltd.	Same controller	Purchase of goods and services	Surcharge	Agreement	Related agreement price	10,301.65	0.94%	35,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Information Automation Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	Agreement	Related agreement price	1,430.02	0.13%		No	Execute according to the agreement	No		
Benxi Steel (Group) Information Automation Co., Ltd.	Same controller	Purchase of goods and services	Repair service	Agreement	Related agreement price	1,180.9	0.11%	7,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Thermal Power Development Co., Ltd	Same controller	Purchase of goods and services	Heating costs	Agreement	Related agreement price	627.4	0.06%	2,000	No	Execute according to the agreement	No		
Benxi Steel (Group) Thermal Power Development Co., Ltd	Same controller	Purchase of goods and services	raw material	Agreement	Related agreement price	3.38	0.00%		No	Execute according to the agreement	No		

Benxi Steel (Group) Designing Institute	Same controller	Purchase of goods and services	Design fee	Agreement	Related agreement price	446.34	0.04%	5,000	No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	raw material	Agreement	Related agreement price	277,525.66	25.43%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Energy Power	Agreement	Related agreement price	18,687.37	1.71%	800,000	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	391.03	0.04%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Services	Agreement	Related agreement price	2,698.85	0.25%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	Agreement	Related agreement price	554.63	0.05%		No	Execute according to the agreement	No		
Liaonin	Same	Purchase	Raw	Agreement	Related	4,045.09	0.37%	15,000	No	Execute	No		

g Hengton g Metallur gy Equipm ent Co., Ltd.	controll er	e of goods and services	material s and spare parts	ent	agreeme nt price						accordin g to the agreeme nt			
Liaonin g Hengtai Heavy Machine Co., Ltd.	Same controll er	Purchas e of goods and services	Raw material s and spare parts	Agreem ent	Related agreeme nt price	334.8	0.03%	6,000	No	Execute accordin g to the agreeme nt	No			
Liaonin g Hengtai Heavy Machine Co., Ltd.	Same controll er	Purchas e of goods and services	Repair and service	Agreem ent	Related agreeme nt price	759.49	0.07%		No	Execute accordin g to the agreeme nt	No			
Benxi Steel (Group) Co., Ltd.	control person	Purchas e of goods and services	Property manage ment fee	Agreem ent	Related agreeme nt price	42.28	0.00%	1,000	No	Execute accordin g to the agreeme nt	No			
Total				--	--	685,881. 54	--	2,112,95 0	--	--	--	--	--	--
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 refernce price (if applicable)				None										

2. Related transactions related to asset purchasing or disposal

Applicable; Not applicable

No related transaction regarding asset purchase or disposal up to the end of report period.

3. Related transaction of joint external investment

Applicable; Not applicable

No related transaction of joint external investment in the report period.

4. Debtors and credits with related parties

Applicable; Not applicable

No debtors and credits with related parties in the report period.

5. Other related transactions

Applicable; Not applicable

No other related transaction in the report period.

VIII. Non-operational capital appropriation by holding shareholder and related parties

Applicable; Not applicable

No non-operational capital appropriation by holding shareholder or related parties occurred in the report period.

IX. Material contracts and execution

1. Entrustment, contracting, and leasing issues

(1) Trusteeship

Applicable; Not applicable

No trusteeship in the report period.

(2) Contracting

Applicable; Not applicable

No contracting in the report period.

(3) Leasing

Applicable; Not applicable

No Leasing in the report period.

2. Guarantees

Applicable; Not applicable

No guarantee issues in the report period

3. Other material contracts

Applicable; Not applicable

No other material contract in the report period.

4. Other material trades

Applicable; Not applicable

No other material trade in the report period.

X. Commitment issues by shareholders with 5% or over of shares in the report period or carried over to the report period from previous periods

Applicable; Not applicable

No commitment issues by shareholders with 5% or over of shares in the report period or carried over to the report period from previous periods

XI. Engaging and dismissing of CPAs

Whether the Interim Report was audited or not

Yes No

Interim Report 2016 is not audited.

XII. Punishment and improvement

Applicable; Not applicable

No punishment or improving approach in the report period.

XIII. Disclosure of illegal action causing risk of delisting.

Applicable; Not applicable

No such illegal action causes risk of delisting.

XIV. Explanation about other significant matters

Applicable; Not applicable

There was no any other significant matter needed to be explained in the report period

XV. 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 1st Phase)	15 Benxi Steel 01	112236	February 5,2015	February 5,2018	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,	Contact	Tian Zhu, Zhou Hao	Tel	010-83321219

			Futian District, Shenzhen.				
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.

On June 28, 2016, the combined rating report of Bengang Steel Plates Co., Ltd's company bond of 2016 tracking and rating report maintained "AA+" credit for the main body's long-term credit rating, with a negative outlook; meanwhile, the debt credit rating for "15-Bengang 01" was down to "AA+".

Notes: the company shall disclose the time (expected), results and disclosure place of the latest rating of the company's bond done by the rating agency with in accordance with the rating report.

During the reporting period, if the credit rating agency carried out irregularly scheduled tracking and rating on the company's bond, the company shall disclose the information of such tracking and rating, including but not limited to the rating agency, time of the rating report issued, the rating results and representative meanings of the marks, and stressing the description of the comparison with the last rating results. If the rating was changed, the company shall disclose the impacts of such change to the investors' appropriateness.

During the reporting period, when the rating agency carried out the main-body credit rating due to the company's

issuing of another bond and/or bond financing instruments in China, whether there were differences of the rating shall be disclosed.

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 34.850 billion yuan, asset-liability ratio 74.98%, ROE -2.87% Current Ratio 0.45 Quick Ratio 0.27 (or more financial unaudited data). Bengangeel Group Joint Credit Rating Co. The rating is AAA.

Notes: during the reporting period, if there were variations of the company's bond credit-heightening mechanism, repayment plan and other safeguard measures for the repayment to the bond, the explanation of such variations shall be made in accordance with the related provisions pertaining to the credit-heightening mechanism, repayment plan and other safeguard measures for the repayment to the bond in the fifth section of the Prospectus of the Public Issuance of the Company Bond-The No.23 Guideline for the Contents and the Format for Disclosure of the Company's Information on the Public Issuance of the Company Bond, as well as including whether such variation was approved by the authorized institution and the impacts on the bondholders' interests caused by such variation.

If the corporate credit enhancement mechanism, debt repayment plan and other debt repayment safeguard measures haven't changed, the company shall disclose the execution, changes of credit enhancement mechanism, debt repayment plan and other debt repayment safeguard measures, as well as the influence of related changes on the bondholders' benefits: (1) if the guarantor that provides surety bond is, for instance, a legal representative or other organization, the company shall disclose the guarantor's main financial indicators at the end of report period, such as net asset, asset-liability ratio, net assets income rate, liquidity ratio and quick ratio (it shall be marked whether the related financial report has been audited) at the end of report period, as well as the guarantor's credit status, accumulative external security balance and the ratio of accumulative external security balance vs net asset; if the guarantor is a natural person, the company shall disclose its credit status, compensatory ability, asset limitation, external security and the other information that may influence the actualization of guarantee right; if the guarantor is an issuer controlling shareholder or actual controller, the company shall disclose the guarantor's other assets except the issuer's stock equity, right limitation of the assets and clarify if there is any subsequent right limitations. The company shall highlight the difference between the disclosure of guarantor this year and that last year (or prospectus). (2) if the guarantor provides mortgage or pledge as the guarantee, the company shall disclose the changes to the value of guaranty (book value and assessed value, the time of assessment shall be marked), total balance of guaranteed debt, order of mortgage/pledge, as well as the assessment, registration, custody, etc. of guarantee during the report period. (3) if the guarantor uses other means to enhance its credit, the company shall disclose the changes to the related credit enhancement measures during the report period. (4) if the company formulates debt repayment plan or takes other debt repayment safeguard measures, it shall disclose the execution of related plans and measures during the report period and clarify if they are consistent with the relevant commitment as prescribed in the prospectus, etc. (5) if the company sets up a specialized debt repayment accounts, it shall disclose the withdrawal of assets in the account and clarify if it's consistent with the relevant commitment as prescribed in the prospectus, etc..

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	June 30, 2016	June 30, 2015	At the same time rate of change
liquidity ratio	0.68%	0.61%	0.07%
Asset-liability ratio	73.75%	72.02%	1.73%
Quick action ratio	0.38%	0.32%	0.06%
	This report term	Same period last year	Increase/decrease (%)
EBITDA multiple of interest safeguard	3.62	2.8	29.29%
loan payment rate	100.00%	100.00%	0.00%
Interest rate of pay	100.00%	100.00%	0.00%
The net cash flow generated by investment activities	-86,875.36	-138,818.58	-37.42%
The net cash flow generated by financing activities	85,517.08	-253,219.95	133.77%
The final cash and balance of cash equivalents	276,566.27	-580,694.56	147.63%
EBITDA	188,491.26	164,615.53	14.50%
The multiple of interest	1.43	0.97	46.47%

safeguard			
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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. The net cash flow generated by investment activities decreased by 37.42% in the period than that of last year, The main reason was the decrease of cash payments for the purchasing of fixed assets, intangible assets and other long-term assets in the current period
2. The net cash flow generated by financing activities increased by 133.77%% in the period than that of last year, The main reason was the increase of loan repayment in the current period.
3. The final cash and balance of cash equivalents increased by 147.63% 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 increased, 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.

9. Property rights limits by the end of report period

Items	Book balue at the end of this year	Limited reason
Monetary fund	390,764,251.47	For the issuance of notes payable and the purchase of foreign exchange
Notes receivable	77,311,374.1	Notes payable
Inventories		
Fixed assets	28,440,000.00	Mortgage loan
Intangible assets		
Account receivable and Order	1,102,740,000.00	Loans
Total	2,292,255,625.57	

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

Applicable Not applicable

None

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

None

12. 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 35.68 billion yuan, and 27.49 billion yuan has been utilized, with the unused line of credit of 8.19 billion yuan. The total loan amount at the beginning is 20.58 billion yuan, and a loan of 6.343 billion yuan is added in this period. And the loan repaid is 5.736 billion yuan, with the loan balance at the ending of 21.187 billion yuan.

13. 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.

14. Major events occurring in the period of report

On June 28, 2016, the combined rating report of Bengang Steel Plates Co., Ltd's company bond of 2016 tracking and rating report maintained "AA+" credit for the main body's long-term credit rating, with a negative outlook; meanwhile, the debt credit rating for "15-Bengang 01" was down to "AA+".

15. 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

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

II. Shares without trading limited conditions	3,136,000,000	100.00%						3,136,000,000	100.00%
1. Common shares in RMB	2,736,000,000	87.24%						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

Selling of shares held by the directors or supervisors in the report period

Approval of change in share capital

[] Applicable; [V] 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; [V] Not applicable

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

[] Applicable; [V] Not applicable

Change of total shares and shareholding structures, assets and liabilities

[] Applicable; [V] Not applicable

II. Number of shareholders and shareholding positions

In Shares

Total common shareholders at the end of the report period		52,560	Total of shareholders of preference shares with restored voting power at end of report period (if any) (See Note 8)	0				
Shareholding status of top 10 shareholders or holding over 5% of the Company's shares								
Name of the shareholder	Properties of shareholder	Share proportion %	Amount of common shares held at end of period	Changed in the report period	Conditional shares held at end of period	Unconditional shares held at end of period	Frozen or pledged	
							Status of shares	Amount
Benxi Steel (Group) Co., Ltd.	State-owned legal person	77.97%	2,445,116,069	-12,444,909		2,445,116,069		
Li Guoquan	Domestic natural person	0.41%	12,912,885			12,912,885		

BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.26%	8,157,311			8,157,311		
Zhou Jie	Domestic natural person	0.18%	5,800,000			5,800,000		
Shanxi International Trust Co., Ltd.— Yongchang 2 Securities investment Trust Plan	Other	0.18%	5,537,433			5,537,433		
Zhan Changcheng	Domestic natural person	0.15%	4,660,515			4,660,515		
VANGUARD TOTAL INTERNATIO NAL STOCK INDEX FUND	Overseas legal person	0.15%	4,606,141			4,606,141		
Xie Fuguang	Domestic natural person	0.14%	4,387,901			4,387,901		
Shanghai Wuniu Zhengzhun Investment Center(Limited Partnership)	Domestic non- State-owned legal person	0.13%	4,069,400			4,069,400		
Luo Meng	Domestic natural person	0.12%	3,797,050			3,797,050		
Strategic investors or ordinary legal persons became among the top 10 shareholders due to placing of new shares (if any) (see Note 3)	None							
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.							
Top 10 Holders of Unrestricted Shares								
Name of the shareholder	Unconditional common shares held at end of report period	Category of shares						
		Category of shares	Amount					

Benxi Steel (Group) Ltd.	2,445,116,069	RMB common shares	2,445,116,069
Li Guoquan	12,912,885	RMB common shares	12,912,885
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	8,157,311	Foreign shares placed in domestic exchange	8,157,311
Zhou Jie	5,800,000	Foreign shares placed in domestic exchange	5,800,000
Shanxi International Trust Co., Ltd. – Yongchang 2 Securities investment Trust Plan	5,537,433	RMB common shares	5,537,433
Zhan Changcheng	4,660,515	Foreign shares placed in domestic exchange	4,660,515
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	4,606,141	Foreign shares placed in domestic exchange	4,606,141
Xie Fuguang	4,387,901	RMB common shares	4,387,901
Shanghai Wuniu Zhengzhun Investment Center(Limited Partnership)	4,069,400	RMB common shares	4,069,400
Luo Meng	3,797,050	RMB common shares	3,797,050
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)	Shanghai Wuniu Zhengzhun Investment Center(Limited Partnership)holds 63,200 A shares through ordinary stock account , and holds 4,006,200 shares of the Company through guaranteed stock account. Total holdings of 4,069,400 shares.		

Whether there was any repurchasing deal made between any of the top 10 shareholders and top 10 holders of unrestricted shares in the report period

Yes No

There was not any repurchasing deal made between any of the top 10 shareholders and top 10 holders of unrestricted shares in the report period

III. Change of holding shareholder or substantial controller

Change of holding shareholder

Applicable; Not applicable

No change of holding shareholder in the report period.

Change of substantial controller

Applicable; Not applicable

No change of substantial controller in the report period.

IV. Proposals raised by the shareholders or their action-in-concert parties about increasing of shareholding

Applicable; Not applicable

To the knowledge of the Company, there is not any proposal raised by the shareholders or their action-in-concert parties about increasing of shareholding.

Chapter VII. Particulars about Preference Shares

Applicable; Not applicable

No preference shares in the Company.

Chapter VIII. Particulars about the Directors, Supervisors and Senior Executives

I. Change of shareholding of directors, supervisors and senior executives

Applicable Not applicable

No Change in shareholding of Directors, Supervisors and Senior Management staffs, with the details in 2015 annual Report.

II. Changes in Directors, supervisors, and executives

Applicable Not applicable

No change in Directors, Supervisors and Senior Management staffs, with the details in 2015 annual Report.

Chapter IX. Financial Report

I. Auditors' Report

If the Interim Report is audited

Yes No

The Semi-annual Financial Report is not audited.

II. The Financial Statements

All figures in the Notes to the Financial Statements are in RMB Yuan

1. Consolidated Balance Sheet

Bengang Steel Plate Co., Ltd.

June 30, 2016

In RMB

Items	Closing balance	Opening balance
Current asset:		
Monetary fund	7,772,079,707.93	5,140,480,509.97
Settlement provision		
Outgoing call loan		

Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Bill receivable	2,540,306,429.25	2,449,682,561.16
Account receivable	452,703,991.36	488,584,624.72
Prepayments	494,833,423.98	569,851,950.69
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable	2,487,392.36	3,524,615.12
Dividend receivable		
Other account receivable	138,976,445.68	151,668,877.26
Repurchasing of financial assets		
Inventories	9,504,612,643.59	8,601,734,442.42
Assets held for sales		
Non-current asset due in 1 year		
Other current asset	367,732,441.06	431,360,541.21
Total of current assets	21,273,732,475.21	17,836,888,122.55
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	19,085,082,253.61	20,046,254,726.74
Construction in progress	7,037,486,548.61	5,646,624,293.27
Engineering material	4,134,140.45	4,152,880.79
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	262,551,383.99	265,520,912.57

R & D petrol		
Goodwill		
Long-germ expenses to be amortized		
Differed income tax asset	505,818,614.43	641,931,130.78
Other non-current asset		
Total of non-current assets	26,915,344,219.72	26,624,755,222.78
Total of assets	48,189,076,694.93	44,461,643,345.33
Current liabilities		
Short-term loans	18,182,664,879.48	18,139,885,596.60
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	1,880,570,032.85	2,110,511,950.79
Account payable	7,539,087,877.00	5,015,900,664.47
Advance payment	2,482,940,910.75	1,815,443,452.05
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	44,413,950.37	36,455,143.76
Tax payable	69,148,349.76	45,194,528.35
Interest payable	31,507,997.18	70,958,686.96
Dividend payable		
Other account payable	413,970,937.59	444,734,704.90
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	716,494,852.00	1,434,004,649.14
Other current liability		
Total of current liability	31,360,799,786.98	29,113,089,377.02
Non-current liabilities:		

Long-term loan	2,288,189,324.24	1,005,919,974.09
Bond payable	1,492,278,859.13	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	396,566,000.00	413,188,000.00
Deferred income tax liability		
Other non-current liabilities		
Total non-current liabilities	4,177,034,183.37	2,909,460,546.84
Total of liability	35,537,833,970.35	32,022,549,923.86
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	6,246,937.29	393,372.05
Surplus reserves	961,105,529.85	961,105,529.85
Common risk provision		
Undistributed profit	-1,095,705,895.61	-1,278,244,071.93
Total of owner's equity belong to the parent company	12,122,492,113.58	11,934,100,372.02
Minority shareholders' equity	528,750,611.00	504,993,049.45
Total of owners' equity	12,651,242,724.58	12,439,093,421.47
Total of liabilities and owners' equity	48,189,076,694.93	44,461,643,345.33

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	Closing balance	Opening balance
Current asset:		
Monetary fund	7,495,186,376.31	4,921,089,319.57
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Bill receivable	2,363,362,218.11	2,298,691,410.40
Account receivable	393,818,335.43	449,193,422.02
Prepayments	494,240,335.58	549,553,039.03
Interest receivable	2,487,392.36	3,524,615.12
Dividend receivable		
Other account receivable	191,320,596.03	229,428,159.94
Inventories	8,181,137,776.80	7,452,873,949.34
Assets held for sales		
Non-current asset due in 1 year		
Other current asset	295,681,413.80	387,259,423.54
Total of current assets	19,417,234,444.42	16,291,613,338.96
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	1,700,981,902.16
Property investment		
Fixed assets	16,387,345,202.32	17,179,043,906.45
Construction in progress	7,035,954,334.41	5,646,077,292.11
Engineering material	4,134,140.45	4,134,138.91
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	157,041,521.18	158,694,589.82
R & D petrol		

Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	423,981,359.35	562,072,018.42
Other non-current asset		
Total of non-current assets	25,727,742,132.87	25,269,307,520.87
Total of assets	45,144,976,577.29	41,560,920,859.83
Current liabilities		
Short-term loans	16,699,935,600.00	16,798,213,600.00
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Bill payable	1,476,420,032.85	1,651,808,822.92
Account payable	7,793,364,619.26	5,263,012,477.37
Advance payment	2,592,368,207.29	1,957,484,054.73
Employees' wage payable	43,654,751.97	34,194,188.88
Tax payable	54,420,336.72	9,986,022.56
Interest payable	31,334,821.13	70,113,698.63
Dividend payable		
Other account payable	333,293,865.03	324,906,037.82
Liabilities held for sales		
Non-current liability due in 1 year	716,494,852.00	1,434,004,649.14
Other current liability		
Total of current liability	29,741,287,086.25	27,543,723,552.05
Non-current liabilities:		
Long-term loan	2,288,189,324.24	1,005,919,974.09
Bond payable	1,492,278,859.13	1,490,352,572.75
Including: preferred stock		
Sustainable debt		
Long-term payable		
Employees' wage payable		
Special payable		
Expected liabilities		
Deferred income	396,566,000.00	413,188,000.00
Deferred income tax liability		

Other non-current liabilities		
Total of Non-current liabilities	4,177,034,183.37	2,909,460,546.84
Total of liability	33,918,321,269.62	30,453,184,098.89
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	6,246,937.29	393,372.05
Surplus reserves	961,105,529.85	961,105,529.85
Undistributed profit	-1,571,391,019.40	-1,684,456,000.89
Total of owners' equity	11,226,655,307.67	11,107,736,760.94
Total of liabilities and owners' equity	45,144,976,577.29	41,560,920,859.83

3.Consolidated Income Statement

In RMB

Items	Report period	Same period of the previous year
I. Income from the key business	12,629,584,569.35	16,344,915,161.18
Incl: Business income	12,629,584,569.35	16,344,915,161.18
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	12,307,317,804.75	16,230,495,677.88
Incl: Business cost	10,914,182,302.04	14,901,549,350.57
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	26,332,894.76	31,110,527.33
Sales expense	430,061,063.14	478,349,279.14
Administrative expense	351,954,718.48	377,591,047.45
Financial expenses	586,667,825.19	391,399,627.37
Asset impairment loss	-1,880,998.86	50,495,846.02
Add: Gains from change of fair value (“-”for loss)		
Investment gain (“-”for loss)		6,584,315.11
Incl: investment gains from affiliates		
Gains from currency exchange (“-”for loss)		
III. Operational profit (“-”for loss)	322,266,764.60	121,003,798.41
Add : Non-operational income	24,196,669.55	42,223,004.46
Including: Income from disposal of non-current assets	2,120,458.89	2,927,761.15
Less: Non business expenses	105,474.99	20,661,325.20
Incl: Loss from disposal of non-current assets	105,474.99	20,661,325.20
IV.Total profit(“-”for loss)	346,357,959.16	142,565,477.67
Less: Income tax expenses	140,062,221.29	-2,419,204.92
V. Net profit	206,295,737.87	144,984,682.59
Net profit attributable to the owners of parent company	182,538,176.32	128,007,136.26
Minority shareholders’ equity	23,757,561.55	16,977,546.33
VI. Other comprehensive income		
Net of profit of other comprehensive income attributable to owners of the parent company.		
(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	206,295,737.87	144,984,682.59
Total comprehensive income attributable to the owner of the parent company	182,538,176.32	128,007,136.26
Total comprehensive income attributable to minority shareholders	23,757,561.55	16,977,546.33
VIII. Earnings per share		
(I) Basic earnings per share	0.06	0.05
(II) Diluted earnings per share	0.06	0.05

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	Report period	Same period of the previous year
I. Income from the key business	13,185,388,447.19	17,219,623,672.44
Incl: Business cost	11,729,886,784.21	16,075,332,690.19
Business tax and surcharge	14,639,973.93	25,346,724.96

Sales expense	352,259,509.33	389,133,355.08
Administrative expense	321,474,092.99	347,660,967.07
Financial expenses	555,023,839.47	346,995,923.04
Asset impairment loss	-1,880,998.86	30,359,562.51
Add: Gains from change of fair value (“-”for loss)		
Investment gain (“-”for loss)	13,713,328.45	6,584,315.11
Incl: investment gains from affiliates		
II. Operational profit (“-”for loss)	227,698,574.57	11,378,764.70
Add : Non-operational income	23,562,540.98	39,590,798.07
Including: Income from disposal of non-current assets	2,050,505.76	1,215,002.38
Less: Non business expenses	105,474.99	20,661,325.20
Incl: Loss from disposal of non-current assets	105,474.99	20,661,325.20
III.Total profit(“-”for loss)	251,155,640.56	30,308,237.57
Less: Income tax expenses	138,090,659.07	-13,892,716.40
IV. Net profit (“-”for net loss)	113,064,981.49	44,200,953.97
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 b e reclassified into profit or loss.		
1.Other comprehensive income under th e equity method investee can be reclassi fied into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets		
3.Held-to-maturity investments reclassif		

ied 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	113,064,981.49	44,200,953.97
VII. Earnings per share:		
(I) Basic earnings per share		
(II)Diluted earnings per share		

5. Consolidated Cash flow statement

In RMB

Items	Report period	Same period of the previous year
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	10,026,046,529.17	11,799,485,304.22
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	303,389,091.42	317,427,860.94
Other cash received from business operation	84,327,996.29	68,516,099.75
Sub-total of cash inflow	10,413,763,616.88	12,185,429,264.91
Cash paid for purchasing of merchandise and services	6,825,224,385.05	12,608,376,000.06
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	643,200,672.87	686,825,981.64
Taxes paid	154,701,105.71	239,325,109.29
Other cash paid for business activities	399,860,089.73	529,033,147.81
Sub-total of cash outflow from business activities	8,022,986,253.36	14,063,560,238.80
Cash flow generated by business operation, net	2,390,777,363.52	-1,878,130,973.89
II. Cash flow generated by investing		
Cash received from investment retrieving		1,550,000,000.00
Cash received as investment gains		6,584,315.11
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	2,405,531.00	1,735,037.03
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	2,405,531.00	1,558,319,352.14
Cash paid for construction of fixed assets, intangible assets and other long-term assets	758,159,102.38	1,199,505,122.02
Cash paid as investment	113,000,000.00	1,747,000,000.00

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	871,159,102.38	2,946,505,122.02
Net cash flow generated by investment	-868,753,571.38	-1,388,185,769.88
III. Cash flow generated by financing		
Cash received as investment		
Incl: Cash received as investment from minor shareholders		
Cash received as loans	7,222,865,800.00	6,138,810,425.77
Cash received from bond placing		
Other financing –related ash received	210,000,000.00	
Sub-total of cash inflow from financing activities	7,432,865,800.00	6,138,810,425.77
Cash to repay debts	6,003,720,086.94	8,170,368,302.09
Cash paid as dividend, profit, or interests	573,974,920.33	500,641,615.47
Incl: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities		
Sub-total of cash outflow due to financing activities	6,577,695,007.27	8,671,009,917.56
Net cash flow generated by financing	855,170,792.73	-2,532,199,491.79
IV. Influence of exchange rate alternation on cash and cash equivalents	388,468,098.61	-8,429,414.17
V. Net increase of cash and cash equivalents	2,765,662,683.48	-5,806,945,649.73
Add: balance of cash and cash equivalents at the beginning of term	4,612,782,772.98	9,327,034,030.07
VI ..Balance of cash and cash equivalents at the end of term	7,378,445,456.46	3,520,088,380.34

6. Cash flow statement of the Parent Company

In RMB

Items	Report period	Same period of the previous year
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	9,828,128,086.69	12,565,263,147.60
Tax returned	299,232,274.50	251,914,135.63
Other cash received from business operation	71,902,496.61	60,667,306.45
Sub-total of cash inflow	10,199,262,857.80	12,877,844,589.68
Cash paid for purchasing of merchandise and services	6,988,799,423.39	14,478,885,688.79
Cash paid to staffs or paid for staffs	598,176,442.20	639,757,457.40
Taxes paid	51,750,618.52	164,312,175.78
Other cash paid for business activities	277,308,179.29	479,001,645.67
Sub-total of cash outflow from business activities	7,916,034,663.40	15,761,956,967.64
Cash flow generated by business operation, net	2,283,228,194.40	-2,884,112,377.96
II.Cash flow generated by investing		
Cash received from investment retrieving		1,550,000,000.00
Cash received as investment gains		6,584,315.11
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	2,368,625.00	1,735,037.03
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	2,368,625.00	1,558,319,352.14
Cash paid for construction of fixed assets, intangible assets and other long-term assets	746,341,472.97	1,184,557,366.86
Cash paid as investment	113,000,000.00	1,747,000,000.00
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		

Sub-total of cash outflow due to investment activities	859,341,472.97	2,931,557,366.86
Net cash flow generated by investment	-856,972,847.97	-1,373,238,014.72
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans	6,782,865,800.00	5,338,810,425.77
Cash received from bond placing		
Other financing –related cash received	210,000,000.00	
Sub-total of cash inflow from financing activities	6,992,865,800.00	5,338,810,425.77
Cash to repay debts	5,551,474,882.41	6,444,277,209.21
Cash paid as dividend, profit, or interests	541,489,070.30	459,378,762.47
Other cash paid for financing activities		
Sub-total of cash outflow due to financing activities	6,092,963,952.71	6,903,655,971.68
Net cash flow generated by financing	899,901,847.29	-1,564,845,545.91
IV. Influence of exchange rate alternation on cash and cash equivalents	388,459,851.48	-8,429,079.82
V. Net increase of cash and cash equivalents	2,714,617,045.20	-5,830,625,018.41
Add: balance of cash and cash equivalents at the beginning of term	4,489,630,951.08	9,090,466,146.15
VI ..Balance of cash and cash equivalents at the end of term	7,204,247,996.28	3,259,841,127.74

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Amount in this period													
	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	3,136,000.00				9,114,845,542.05			393,372.05	961,105,529.85		-1,278,244,071.93	504,993,049.45	12,439,093,421.47
Add: Change of accounting policy													
Correcting of previous errors													
Merger of entities under common control													
Other													
II.Balance at the beginning of current year	3,136,000.00				9,114,845,542.05			393,372.05	961,105,529.85		-1,278,244,071.93	504,993,049.45	12,439,093,421.47
III.Changed in the current year							5,853,65.24				182,538,176.32	23,757,561.55	212,149,303.11
(I) Total comprehensive income											182,538,176.32	23,757,561.55	206,295,737.87
(II) Investment or decreasing of capital by owners													
1. Ordinary Shares invested by hare holders													
2. Holders of other equity instruments invested capital													
3. Amount of shares paid and accounted as owners' equity													
4. Other													
(III) Profit allotment													
1.Providing of surplus reserves													
2.Providing of common risk													

provisions														
3. Allotment to the owners (or shareholders)														
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							5,853,565.24							5,853,565.24
1. Provided this year							14,205,775.40							14,205,775.40
2. Used this term							8,352,210.16							8,352,210.16
(VI) Other														
IV. Balance at the end of this term	3,136,000.00				9,114,845,542.05		6,246,937.29	961,105,529.85			-1,095,705,895.61	528,750,611.00		12,651,242,724.58

Amount in last year

In RMB

Items	Amount in last year													Minor shareholders' equity	Total of owners' equity
	Owner's equity Attributable to the Parent Company														
	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	3,136,000.00				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	3,136,000.00				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. 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.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	
1. Provided this year													34,967,129.18	
2. Used this term													35,004,535.07	
(VI) Other														
IV. Balance at the end of this term	3,136,000.00				9,114,845,542.05			393,372,961,105.05	961,105,529.85			-1,278,244,071.93	504,993,049.45	12,439,093,421.47

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 instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Attributable profit	Total of owners' equity
		preferred stock	Sustainable	Other							

			debt								
I. Balance at the end of last year	3,136,000,000.00				8,694,693,859.93			393,372.05	961,105,529.85	-1,684,456,000.89	11,107,736,760.94
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II. Balance at the beginning of current year	3,136,000,000.00				8,694,693,859.93			393,372.05	961,105,529.85	-1,684,456,000.89	11,107,736,760.94
III. Changed in the current year							5,853,565.24			113,064,981.49	118,918,546.73
(I) Total comprehensive income										113,064,981.49	113,064,981.49
(II) Investment or decreasing of capital by owners											
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											
3. Allotment to the owners (or shareholders)											
4. Other											
(III) Profit allotment											
1. Providing of surplus reserves											
2. Allotment to the owners (or shareholders)											
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								5,853,565.24			5,853,565.24
1. Provided this year								14,205,775.40			14,205,775.40
2. Used this term								8,352,210.16			8,352,210.16
(VI) Other											
IV. Balance at the end of this term	3,136,000,000.00				8,694,693,859.93			6,246,937.29	961,105,529.85	-1,571,391,019.40	11,226,655,307.67

Amount in last year

In RMB

Items	Amount in last year										
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Attributable profit	Total of owners' equity
		preferred stock	Sustainable debt	Other							
I. Balance at the end of last year	3,136,000,000.00				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	3,136,000,000.00				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 shareholders											
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	3,136,000,000.00				8,694,693,859.93			393,372,055	961,105,529.85	-1,684,456,000.89	11,107,736,760.94

III. Company Profile

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.

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 June 30 2016, the capital shares of Bengang Steel Plates Co., Ltd were amounted to 3,136,000,000 shares. The business license was numbered 2100001049024. The registered address is: 18th Renmin, 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 August 23, 2016.

As of June 30, 2016, 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.

No change made to the consolidating range in the report period.

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

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

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. Consolidation process

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.

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.

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 non-cash 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. There is no active market of financial instruments, valuation techniques used to determine the fair value. In the valuation, the company adopted in current circumstances applicable and has enough available data and other information to support the valuation techniques, considered by the selection and market participants in the related assets or liabilities of the trading assets or liabilities characteristics consistent with the input values, and give priority to the use of relevant observable inputs. Only in the related unable to obtain or achieve is not feasible to the observation of the input value, not observable inputs.

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.
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.

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.

15. Investment property

Measurement model of investment real estate

Cost measurement

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: The land use right which has already been rented;

The land use right which is held and prepared for transfer after appreciation; 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 method

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 depreciation 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. Biological assets

20. Oil & gas assets

21. 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.

4. 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.

5. 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.

22. 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.

23. 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.

24. 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

25. 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.

26. Stock payable

27. Preferred stock, sustainable debt and other financial instruments

28. 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.

29. 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.

30. Deferred tax assets and deferred tax liabilities

An enterprise 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)

An entity 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.

31. 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.

32. 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

33. Change of material accounting policies and estimations**(1) Material accounting policies**

Applicable; Not applicable

(2) Material estimations

Applicable; Not applicable

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

Statement on different taxpayers within the Company

Name of the taxpayer	Tax rate

2. Preference tax rate

None

3.Other**VII. Notes to Consolidated Financial Statements****1. Monetary fund**

In RMB

Items	Closing balance	Opening balance
Cash in stock	78,640.40	72,220.66
Bank deposit	7,220,139,489.04	4,612,384,032.13
Other monetary fund	551,861,578.49	528,024,257.18
Total	7,772,079,707.93	5,140,480,509.97

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	332,718,301.47	508,347,736.99
Foreign exchange deposit	58,045,950.00	19,350,000.00
Total	390,764,251.47	527,697,736.99

2. Financial assets that are measured at fair value and whose movements are included in the profit and loss of the current period

In RMB

Items	Closing balance	Opening balance
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Other notes:

2. Derivate financial assets

[] Applicable; [V] Not applicable

4. Notes receivable**1) Notes receivable disclosed by category**

In RMB

Items	Closing balance	Opening balance
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Bank acceptance bill	2,540,306,429.25	2,446,693,577.16
Commercial acceptance bill		2,988,984.00
Total	2,540,306,429.25	2,449,682,561.16

2) The pledged acceptance bill at the year-end

In RMB

Items	Amount on pledge
Bank acceptance bill	770,311,374.10
Total	770,311,374.10

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	4,677,504,967.56	
Total	4,677,504,967.56	

4) Notes transfer to account receivable due to the failure implementation from drawer at period-end.

In RMB

Items	Amount
Other notes	

5. Account receivable

(1) Accounts receivable 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	Proportion		Amount	Proportion	Amount	Proportion	
Account receivable withdrawal bad debt provision by group of credit risk characteristics	604,993,137.21	100.00%	152,289,145.85	25.17%	452,703,991.36	642,517,001.01	100.00%	153,932,376.29	23.96%	488,584,624.72
Total	604,993,137.21	100.00%	152,289,145.85	25.17%	452,703,991.36	642,517,001.01	100.00%	153,932,376.29	23.96%	488,584,624.72

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			
	380,273,029.29		
within 1 year	380,273,029.29		
Subtotal of within 1 year	30,596,472.85	1,529,823.64	5.00%
1-2 years	54,205,391.08	10,841,078.22	20.00%
2-3 years	139,918,243.99	139,918,243.99	100.00%
Over 3 yrs	604,993,137.21	152,289,145.85	25.17%
Total			

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

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
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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 RMB0.00.

Bad debt provision written back was RMB1,643,230.44 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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None

(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.

None

(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 Nanfen Xinxhe metallurgical furnace Co Ltd	82,035,076.96	13.56	
Benxi Steel (Group) Machinery Manufacturing Co., Ltd.	41,541,034.19	6.87	1,553,819.73

Benxi Steel (Group) Industrial Development Co., Ltd.	40,175,314.38	6.64	493,841.63
Liaoyang Petroleum Tube Co., Ltd.	35,652,692.38	5.89	3,341,228.18
Huayou Steel Tube Co., Ltd.	32,873,213.55	5.43	5,891,750.53
Total	232,277,331.46	38.39	11,280,640.07

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

None

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Other notes:

None

6. Prepayment

(1) Prepayment presented by ages:

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
within 1 year	372,856,984.97	75.35%	423,542,198.08	74.32%
1-2 years	119,551,755.23	24.16%	139,209,276.37	24.43%
2-3 years	2,424,683.78	0.49%	7,100,476.24	1.25%
Over 3 years	494,833,423.98	--	569,851,950.69	--
Total				

Notes: Significant prepayment with aging over 1 year is paid for commodity in advance and the settlement terms agreed in the contract are not due.

(2) Top 5 prepayment categorized upon objects

Objects	Closing balance	Percentage in total prepayment at year end
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	257,036,132.56	51.94
Zhongye Shanya Heavy Industry	40,478,546.20	8.18
China First Heavy Machinery Co., Ltd.	19,933,372.56	4.03
Benxi Steel (Group) Machinery Co., Ltd.	16,989,164.37	3.43

Zhongye Nanfang (Wuhan)Weishi Industrial Furnace Co., Ltd.	14,880,000.00	3.01
Total	349,317,215.69	70.59

Other notes:

None

7. Interest receivable

(1) Interest receivable disclosed by category

In RMB

Items	Closing balance	Opening balance
Fixed deposit	2,487,392.36	3,524,615.12
Total	2,487,392.36	3,524,615.12

(2) Significant overdue interest

Borrower	Balance in year-end	Overdue time	Reason	Whether occurred impairment and its judgment basis

Other notes:

8. Dividend receivable

(1) Dividend receivable

In RMB

Items	Closing balance	Opening balance

(2) Significant dividend receivable aged over 1 year

In RMB

Items (Or investees)	Balance in year-end	Aging	Reason	Whether occurred impairment and its judgment basis

Other notes:

9. 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	Proportion		Amount	Proportion	Amount	Proportion	
Other account receivable withdrawal bad debt provision by group of credit risk characteristics	203,223,515.77	99.15%	65,987,070.09	32.47%	137,236,445.68	216,153,715.77	99.20%	66,224,838.51	30.64%	149,928,877.26
Other account receivable with single minor amount but withdrawal bad debt provisionsingly	1,740,000.00	0.85%			1,740,000.00	1,740,000.00	0.80%			1,740,000.00
Total	204,963,515.77	100.00%	65,987,070.09	32.19%	138,976,445.68	217,893,715.77	100.00%	66,224,838.51	30.39%	151,668,877.26

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			
	126,331,379.64		
Subtotal of within 1 year	126,331,379.64		
1-2 years	10,848,731.12	542,436.56	5.00%
2-3 years	2,923,464.35	584,692.87	20.00%
Over 3 yrs	64,859,940.66	64,859,940.66	100.00%
Total	204,963,515.77	65,987,070.09	32.19%

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 RMB0.00.

Bad debt provision written back was RMB237,768.42 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
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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.

None

(4) Other receivables disclosed by nature

In RMB

Account property	Closing balance of book value	Opening balance of book value
Account	166,231,279.34	151,337,358.60
Export tax rebate		32,772,729.71
Margin and deposit	4,039,822.75	3,571,060.87
Others	7,708,416.11	8,296,700.68
Input tax to be deducted	26,983,997.57	21,915,865.91
Total	204,963,515.77	217,893,715.77

(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	26,983,997.57	Within 1 year	13.17%	
Bengang Group International Trading Co., Ltd.	Current account	12,052,433.54	Within 1 year	5.88%	
Huozhou Coal & Electricity Group Co., Ltd.	Current account	4,341,257.18	Over 3 years	2.12%	4,341,257.18
Zhejiang Sunon Furniture Manufacturing Co., Ltd.	Current account	2,385,401.00	1-2 years	1.16%	139,270.05
Liaoning Huaweixuan coal	Current account	2,261,360.00	Over 3 years	1.10%	2,261,360.00

Co., Ltd.					
Total	--	48,024,449.29	--	23.43%	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

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

None

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other

accounts receivable

None

Other notes:

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	5,450,193,415.41	4,894,918.76	5,445,298,496.65	5,527,236,707.17	4,894,918.76	5,522,341,788.41
Product in process	1,275,778,623.14		1,275,778,623.14	1,011,630,448.37	192,850,188.37	818,780,260.00
Products in stock	2,834,325,269.36	50,789,745.56	2,783,535,523.80	2,566,825,937.84	306,213,543.83	2,260,612,394.01
Total	9,560,297,307.91	55,684,664.32	9,504,612,643.59	9,105,693,093.38	503,958,650.96	8,601,734,442.42

(2) Inventory impairment provision

In RMB

Items	Opening balance	Increased current period	Decreased current period	Closing balance
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		Provided	Others	Written back or off	Others	
Raw materials	4,894,918.76					4,894,918.76
Product in process	192,850,188.37			192,850,188.37		
Products in stock	306,213,543.83			255,423,798.27		50,789,745.56
Total	503,958,650.96			448,273,986.64		55,684,664.32

(3) Statement on part of the inventory balance which was the capitalized borrowing expenses

None

(4) Assets unsettled formed by constructin contract which has completed at period-end

In RMB

Items	Amount
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Other notes:

11. Divided into assets held for sale

In RMB

Items	Book value	Fair value	Cost	Time
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Other notes:

12. Non-current assets maturing within one year

In RMB

Items	Closing balance	Opening balance
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Other notes:

13. Other non-current assets

In RMB

Items	Closing balance	Opening balance
Prepaid income tax		
VAT and input tax to be deducted		
Bank short-term financial products		
Total		

Other notes:

14. Available-for-sale financial assets

(1) Available-for-sale 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) Available-for-sale financial assets measured at fair value at period-end

In RMB

Classification	Equity instruments	Debt instrument		Total

(3) Available-for-sale financial assets measured at cost at the end of the period

In RMB

Items	Book balance				Provision for impairment				Shareholding ratio in investee	Cash dividends
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance		
Zhejiang Bengang Jingrui Steel Processing Ltd.	1,967,605.63			1,967,605.63					20.00%	
Suzhou Bengang Industrial Co., Ltd.	3,888,980.00			3,888,980.00					20.00%	
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) Changes of impairment of available-for-sale financial assets in Period

In RMB

Classification	Equity instruments	Debt instrument		Total
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(5) Fair value of the available-for-sale equity instrument drops significantly or not contemporarily without depreciation reserves accrued

In RMB

Items	Investment cost	Fair value	Fair value relative to the cost of the decline in the magnitude	Falling time (Month)	Amount of impairment	Season
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Other notes

15. Held-to-maturity investment

(1) Held-to-maturity investment

In RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

(2) Important held-to-maturity investment at period-end

In RMB

Items	Face value	Interest rate	Actual rate	expiring date
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(3) Reclassify of held-to-maturity investment in the period (

Other notes

16. Long-term account receivables

(1) Long-term account receivables

In RMB

Items	Closing balance			Opening balance			Discount rate interval
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value	

(2) Long-term account receivable with recognition terminated due to financial assets transfer

None

(3) Assets and liabilities due to long-term receivable transfer and continuous involvement

Other notes

17. Long-term equity investments

In RMB

Investee	Opening balance	Changes								Closing balance	Impairment provision at ending balance
		Additional investment	Capital reduction	Investment gains/losses recognized by equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividend or profit declared to issue	Provision for impairment losses	Other		
I. Joint venture											
II. Associated enterprise											

Other notes

18. Investment real estate**(1) Investment real estate by cost measurement** Applicable Not applicable**(2) Investment real estate by fair value** Applicable Not applicable**(3) Investment real estate without certificate of ownership**

In RMB

Items	Book value	Reason
Other notes		

Other notes

19. Fixed assets**(1) Particulars of fixed assets**

In RMB

Items	Houses & buildings	Equipment & machinery	Transportation equipment	Total
I. Original value				

1. Opening balance	10,575,548,527.75	37,145,242,250.50	836,816,572.35	48,557,607,350.60
2. Increased amount of the period	39,098,499.60	14,886,156.26	1,735,855.26	55,720,511.12
(1) Purchase			493,502.08	493,502.08
(2) Transferred in from construction in process	39,098,499.60	14,886,156.26	1,242,353.18	55,227,009.04
(3) Increased by merger				
3. Decreased this period		21,154,497.90	2,654,864.42	23,809,362.32
(1) Disposed		21,154,497.90	2,654,864.42	23,809,362.32
4. Closing balance	10,614,647,027.35	37,138,973,908.86	835,897,563.19	48,589,518,499.40
II. Accumulative depreciation				
1. Opening balance	4,699,483,576.90	23,257,690,103.38	543,419,803.08	28,500,593,483.36
2. Increased this period	209,041,158.29	803,213,628.95	3,301,806.35	1,015,556,593.59
(1) Provision	209,041,158.29	803,213,628.95	3,301,806.35	1,015,556,593.59
3. Decreased this period		20,191,644.81	2,281,326.85	22,472,971.66
(1) Disposed		20,191,644.81	2,281,326.85	22,472,971.66
4. Closing balance	4,908,524,735.19	24,040,712,087.52	544,440,282.58	29,493,677,105.29
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	5,697,914,204.31	13,095,710,768.69	291,457,280.61	19,085,082,253.61
2. Book value at beginning of period	5,867,856,863.00	13,885,001,094.47	293,396,769.27	20,046,254,726.74

(2) Fixed assets temporarily idled

In RMB

Items	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
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(3) Fixed assets leased out on finance

In RMB

Items	Original book value	Accumulated epreciation	Provision for impairment	Book value
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(4) Fixed assets leased in the operating leases

In RMB

Items	Book value
House and Building	8,965,226.55

(5) Fixed assets without certificate of title completed

In RMB

Items	Book value	Reason for certificate not granted
House and Building	667,342,625.23	Not yet handled

Other notes

20. 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	4,328,354,712.57		4,328,354,712.57	3,451,712,764.91		3,451,712,764.91
hot galvanizing project of No.3	379,760,103.10		379,760,103.10	335,752,700.00		335,752,700.00

hot rolling factory												
Environmental reconstruction of converter and the 180t dephosphorization converter	165,139,136.13			165,139,136.13		153,224,111.93						153,224,111.93
360 M2 sintering machine	1,018,134,976.87			1,018,134,976.87		973,980,424.51						973,980,424.51
Reconstruction of hot-rolling equipment						4,230,929.56						4,230,929.56
The new energy control center project	237,457,660.53			237,457,660.53		226,586,153.73						226,586,153.73
Information system project	225,681,597.87			225,681,597.87		223,389,048.63						223,389,048.63
Department of transportation passenger dedicated to supporting the transformation of the South						47,995,690.74						47,995,690.74
Other	682,958,361.54			682,958,361.54		229,752,469.26						229,752,469.26
Total	7,037,486,548.61			7,037,486,548.61		5,646,624,293.27						5,646,624,293.27

(2) Material change in construction-in-progress

In RMB

Projects	Budget	Opening balance	Increase d current period	Amount transferr ed to fixed asset	Other deductio n	Closing balance	Ratio of accumul ative input on budget	Progress	Accumul ate of interest capitaliz ed	Includin g: interest capitaliz ed this term	Capitaliz ation ratio of current period	Fund recourse
Cool rolling high strength steel rebuilding	6,100,000.00	3,451,712,764.91	876,641,947.66			4,328,354,712.57	64.32%	70	392,357,856.29	87,210,015.82	4.35%	Other
hot galvanizing project of No.3	869,180,000.00	335,752,700.00	44,007,403.10			379,760,103.10	43.69%	50				Other

hot rolling factory												
Environmental reconstruction of converter and the 180t dephosphorization converter	1,778,644,000.00	153,224,111.93	11,915,024.20			165,139,136.13	84.41%	90	137,802,453.76	9,954,886.45	4.35%	Other
360 M2 sintering machine	1,277,738,000.00	973,980,424.51	44,154,552.36			1,018,134,976.87	80.31%	90	51,831,161.69	16,235,871.31	4.35%	Other
Reconstruction of hot-rolling equipment	332,870,000.00	4,230,929.56		4,230,929.56			85.27%	100				Other
The new energy control center project	284,100,000.00	226,586,153.73	12,071,895.54	1,200,388.74		237,457,660.53	83.58%	95	40,258,145.63	5,095,538.49	4.35%	Other
Informatization project	390,380,000.00	223,389,048.63	2,292,549.24			225,681,597.87	90.44%	96	34,499,786.12	321,813.49	4.35%	Other
dedicated to supporting the transformation of the South	55,980,000.00	47,995,690.74		47,995,690.74			84.97%	100			4.35%	Other
Other		229,752,469.26	455,005,892.28	1,800,000.00		682,958,361.54			9,453,911.30	5,108,746.37		Other
Total	11,088,892,000.00	5,646,624,293.27	1,446,089,264.38	55,227,009.04		7,037,486,548.61	--	--	666,203,314.79	123,926,871.93		--

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(3) Impairment provision provided on construction in process

In RMB

Items	Provided this period	Reason to provide
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Other notes

Notes

21. Project material

In RMB

Items	Closing balance	Opening balance
Special equipment	4,134,140.45	4,152,880.79
Total	4,134,140.45	4,152,880.79

Other notes:

None

22.Fixed assets

In RMB

Items	Closing Balance	Openinng balance
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Other notes:

None

23.Productive biological assets**(1) Measured by cost** Applicable Not applicable**(2) Measured by fair value** Applicable Not applicable**24.Oil and gas assets** Applicable Not applicable

25. Intangible assets

(1) Intangible assets

In RMB

Items	Land using right	Patent right	Non-patent technology	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) The increase in business combination					
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	30,838,789.07			27,122.55	30,865,911.62
2. Increased this period	2,962,453.12			7,075.46	2,969,528.58
(1) Provision	2,962,453.12			7,075.46	2,969,528.58
3. Decreased this period					
(1) Disposal					
4. Closing balance	33,801,242.19			34,198.01	33,835,440.20
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	262,444,072.57			107,311.42	262,551,383.99
2. Book value at beginning of period	265,406,525.69			114,386.88	265,520,912.57

The proportion of intangible assets balance accounted for by the company's internal R & D by the end.

(2) Land use right without certificate of title completed

In RMB

Items	Book value	Reason for certificate not granted
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Other notes:

None

26. Development expenditure

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
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Other notes

None

27. Goodwill

(1) The original book value of goodwill

In RMB

Name	Opening balance	Increase	Decrease	Closing balance
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(2) Impairment of goodwill

In RMB

Name	Opening balance	Increase	Decrease	Closing balance
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Other notes:

28. Long-term deferred expenses

In RMB

Items	Opening balance	Increase	Amortization	Other decrease	Closing balance
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Other notes

None

29. 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	284,720,020.76	71,180,005.19	734,875,006.26	183,718,751.57
Internal trade profit not realized	-13,082,614.20	-3,270,653.55	-20,995,185.07	-5,248,796.27
Deductible loss	1,381,765,955.22	345,441,488.81	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	5,392,221.37	1,348,055.34	6,946,500.22	1,736,625.06
Unpaid employee salary	30,500,015.53	7,625,003.88	18,088,405.90	4,522,101.48
Total	2,023,274,457.71	505,818,614.43	2,567,724,523.05	641,931,130.78

2. Unrecognized deferred tax assets

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	Closing balance of deferred income tax asset	Amount neutralized between deferred income	Opening balance of deferred income tax asset
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	tax asset and liability at end of period	or liability after deduction	tax asset and liabilities at opening of period	or liability after deduction
Deferred income tax asset		505,818,614.43		641,931,130.78

(4) Details of unrecognized deferred income tax asset

In RMB

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

(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			
2017	405,383,631.05	405,383,631.05	
2018	267,988,139.50	267,988,139.50	
2019	179,596,211.65	179,596,211.65	
2020	2,059,395,460.18	2,059,395,460.18	
Total	2,912,363,442.38	2,912,363,442.38	--

Notes: The balance is subject to the verification and confirmation of the local tax bureau.

30. Other not-current assets

In RMB

Items	Closing balance	Opening balance

Other notes:

31. Short-term loans**(1) Categories of short-term loans**

In RMB

Items	Closing balance	Opening balance
Pledge loan	1,102,740,000.00	1,966,875,200.00
Mortgage loan	14,220,000.00	14,220,000.00

Guarantee loan	10,303,776,800.00	10,586,898,400.00
Credit loan	6,761,928,079.48	5,571,891,996.60
Total	18,182,664,879.48	18,139,885,596.60

Statement on categories of short-term loans.

The closing pledge loan includes the domestic order financing short-term loan, 902,740,000.00 yuan, borrowed from ICBC Benxi Branch, exporter bill financing short-term US dollar loan, 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
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Other notes:

None

32. Financial liabilities measure at fair value through current profit and loss

In RMB

Items	Closing balance	Opening balance
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Other notes:

None

33. Derivative financial liabilities

Applicable Not applicable

34. Notes payable

In RMB

Categories	Closing balance	Opening balance
Bank acceptance	1,880,570,032.85	2,110,511,950.79
Total	1,880,570,032.85	2,110,511,950.79

Notes payable mature as of end of period was RMB0.00.

35. Account payable

(1) Payables

In RMB

Items	Closing balance	Opening balance
Trade payable	6,420,836,865.36	4,045,710,114.68
Labour service	40,070,052.01	47,556,941.28
Project and equipment accounts payable	552,917,775.34	455,338,318.37
Maintaining	522,470,790.43	464,461,747.57
Others	2,792,393.86	2,833,542.57
Total	7,539,087,877.00	5,015,900,664.47

(2) Material payable aged over 1 year

In RMB

Items	Closing balance	Reason of not paid or transferred
Benxi Steel & Iron Group Mining Co., Ltd	1,967,067,450.64	Not cleared yet
Jixi Huasheng Fengyuan Coal Selection Co., Ltd.	66,005,916.07	Not cleared yet
Zhongye Jiaonai Engineering Technology Co., Ltd.	24,666,001.00	Not cleared yet
Hangzhou Tianshen Materials Co., Ltd.	21,330,633.40	Not cleared yet
Total	2,079,070,001.11	--

Notes: Accounts payable at the year-end includes a letter of credit which has not yet matured amounting to RMB 1,115,172,315.04 payable to Benxi Steel (Group) Mining Co., Ltd., Accounts payable at the year-end includes a letter of credit which has not yet matured amounting to RMB1,634,032,697.90 payable to Benxi Beiyong (Steel) Co., Ltd

36. Account received in advance**(1) Advances received**

In RMB

Items	Closing balance	Opening balance
Trade collected in advance	2,482,940,910.75	1,815,443,452.05
Total	2,482,940,910.75	1,815,443,452.05

(2) Account received in advance with major amount and aging of over one year

In RMB

Items	Closing balance	Outstanding or carry-over reasons
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(3) Assets settled formed by construction contract which has un-completed at period-end

In RMB

Items	Amount
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Other notes:

None

37. Wage payable**(1) Wage payable**

In RMB

Items	Opening balance	Increased this period	Decreased this period	Closing balance
Short-term wages	29,508,643.54	720,635,218.16	711,122,132.70	39,021,729.00
Post-job welfare provision plan		117,014,054.61	117,014,054.61	
Dismissing compensation	6,946,500.22		1,554,278.85	5,392,221.37
Total	36,455,143.76	837,649,272.77	829,690,466.16	44,413,950.37

(2) Short-term wages

In RMB

Items	Opening balance	Increased this period	Decreased this period	Closing balance
(1) Salary, bonus, allowance and subsidy	20,290,491.47	582,527,654.97	573,373,100.67	29,445,045.77
(2) Employee welfare		13,672,012.29	13,672,012.29	
(3) Social Insurance	653,471.94	53,295,126.41	53,295,126.41	653,471.94
Including: Medical insurance		39,964,233.12	39,964,233.12	
Work injury insurance	653,471.94	13,327,804.18	13,327,804.18	653,471.94
Maternity insurance		3,089.11	3,089.11	
(4) Housing	6,849,633.00	58,087,975.80	58,089,735.80	6,847,873.00
(5) Union funds and staff education fee	1,712,437.87	12,781,171.69	12,420,880.53	2,072,729.03

Other	2,609.26	271,277.00	271,277.00	2,609.26
Total	29,508,643.54	720,635,218.16	711,122,132.70	39,021,729.00

(3) Defined contribution plans

In RMB

Items	Opening balance	Increased this period	Decreased this period	Closing balance
Basic pension fund		111,560,657.65	111,560,657.65	
Unemployment insurance		5,453,396.96	5,453,396.96	
Total		117,014,054.61	117,014,054.61	

Other notes:

None

38. Tax payable

In RMB

Items	Closing balance	Opening balance
VAT	46,395,484.96	23,631,817.37
Operational tax	-54,084.05	-47,954.05
Enterprise income tax	3,934,216.87	6,788,181.39
City maintenance and construction tax	7,994,340.42	2,015,344.46
Property tax	3,413,065.96	10,211,765.05
Education surtax	5,748,364.65	1,475,601.50
Others	1,716,960.95	1,119,772.63
Total	69,148,349.76	45,194,528.35

Other notes:

None

39. Interest payable

In RMB

Items	Closing balance	Opening balance
Interest of corporation bond	31,334,821.13	70,113,698.63
Short-term borrowing interests payable	173,176.05	844,988.33
Total	31,507,997.18	70,958,686.96

Material overdue interest payments:

In RMB

Loans from	Amount overdue	Causation of overdue
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Other notes:

40.Dividend payable

In RMB

Items	Closing balance	Opening balance
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Note: Including significant unpaid dividends payable over one year, the unpaid reason shall be disclosed:

41. Other account payable.

(1) Other payables disclosed by nature

In RMB

Items	Closing balance	Opening balance
Deposit	3,228,383.03	3,280,020.39
Deposit	114,571,705.62	128,048,589.14
Current account	254,380,927.44	270,090,696.48
Others	41,789,921.50	43,315,398.89
Total	413,970,937.59	444,734,704.90

(2) Significant other payables ageing over one year

In RMB

Items	Closing balance	Unpaid/un-carry over reason
Benxi Steel (Group) Ltd.	100,084,920.41	Not cleared yet
Guangzhou Benjin Electronic & Machinery Equipment Co., Ltd.	10,088,825.00	Not cleared yet
Total	110,173,745.41	--

Other notes

42.Divided into liability held for sale

In RMB

Items	Closing balance	Opening balance
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Other notes:

None

43. Non-current liabilities due in one year**(1) Non-current liabilities due in one year**

In RMB

Items	Closing balance	Opening balance
Long-term loans due in 1 year	16,494,852.00	944,004,649.14
Long-term account payable due in 1 year	700,000,000.00	490,000,000.00
Total	716,494,852.00	1,434,004,649.14

Other notes:

None

44. Other current liability

In RMB

Items	Closing balance	Opening balance

Change of bond payable :

In RMB

Name	Face value	Date of issue	Bond term	Issuing amount	Opening balance	The current issue	Withdraw interest at par	Overflow discount amortiation	Pay in current period		Closing balance

Other notes:

None

45. Long-term loans**(1) Long-term loans**

In RMB

Items	Closing balance	Opening balance
Guarantee loan	1,283,949,324.24	995,919,974.09
Credit loan	1,004,240,000.00	10,000,000.00
Total	2,288,189,324.24	1,005,919,974.09

Notes :

46. Bond payable**(1) Bond payable**

In RMB

Items	Closing balance	Opening balance
Corporate bond	1,492,278,859.13	1,490,352,572.75
Total	1,492,278,859.13	1,490,352,572.75

(2) Changes on bonds payable (not including other financial instrument classified as preferred stock and perpetual capital securities of financial liabilities)

In RMB

15 Bengang 01	1,500,000 ,000.00	February 5, 2015	3 years	1,500,000 ,000.00	1,490,352 ,572.75			-1,926,28 6.38			1,492,278 ,859.13
Total	--	--	--	1,500,000 ,000.00	1,490,352 ,572.75	0.00	0.00	-1,926,28 6.38	0.00	0.00	1,492,278 ,859.13

(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 Notes

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.

47. Long-term payable**(1) Long-term payable**

In RMB

Items	Closing balance	Opening balance
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Other notes:

48. Long-term employee salary payable**(1) List of long term payroll payable**

In RMB

Items	Closing balance	Opening balance
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(2) Set benefit plan changes

To set the present value of the benefit plan:

In RMB

Items	Current occurrence amount	Amount of the previous period
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Plan assets:

In RMB

Items	Current occurrence amount	Amount of the previous period
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Net assets

In RMB

Items	Current occurrence amount	Amount of the previous period
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Notes:

49. Specific payable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance	Reason
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Other notes:

50. Estimates liabilities

In RMB

Items	Closing balance	Opening balance	Reason
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Other notes:

51. Deferred income

In RMB

Items	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	413,188,000.00		16,622,000.00	396,566,000.00	
Total	413,188,000.00		16,622,000.00	396,566,000.00	--

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	800,000.00		400,000.00		400,000.00	Related to assets
MES project fund	6,880,000.00		860,000.00		6,020,000.00	Related to assets
Environment treatment project of Benxi City	540,000.00		270,000.00		270,000.00	Related to assets
Second batch of Funding for National Cleaned Manufacture Demonstration Project	1,600,000.00		400,000.00		1,200,000.00	Related to assets
Subsidiary for industrial energy control center demonstration project	11,600,000.00				11,600,000.00	Related to assets
Environment Pollution Renovation Project	17,708,000.00		2,617,000.00		15,091,000.00	Related to assets
Environment Renovation Project and Regional Basin Environment Protection Project	1,680,000.00		250,000.00		1,430,000.00	Related to assets
Energy-saving Technological Transformation Fiscal Reward	5,908,000.00		1,477,000.00		4,431,000.00	Related to assets

Project						
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	1,000,000.00		500,000.00		500,000.00	Related to assets
Water treatment project of 2*265 square meter burning line	3,380,000.00		1,690,000.00		1,690,000.00	Related to assets
Reconstruction of dust remover of the 360m3 burning line	60,000.00		30,000.00		30,000.00	Related to assets
Automobile High-class Electrolytic Zinc Steel Plate Production Line Project	41,040,000.00		4,104,000.00		36,936,000.00	Related to assets
Heat recycling and desulfuration project of the burning line	16,816,000.00		2,102,000.00		14,714,000.00	Related to assets
Water treatment factory reconstruction project	3,000,000.00		750,000.00		2,250,000.00	Related to income
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	300,000.00		50,000.00		250,000.00	Related to assets
Special fund for importing of overseas technologies	13,536,000.00		442,000.00		13,094,000.00	Related to assets
Bengang 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	800,000.00		100,000.00		700,000.00	Related to assets
Special funds for environmental protection	4,640,000.00		580,000.00		4,060,000.00	Related to assets
Total	413,188,000.00		16,622,000.00		396,566,000.00	--

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 forth 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 Liaohe 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 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.

52. Other non-current liability

In RMB

Items	Closing balance	Opening balance
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Other notes:

53. Share capital

In RMB

Items	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.						3,136,000,000.

Other notes:

54. Other equity instruments

Other notes:

55. 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 :

56. Treasury stock

Notes:

57. Other comprehensive income

In RMB

Items	Year-beginning balance	Amount of current period				
		Amount for the period before income tax	Less: Previously recognized in profit or loss in other comprehensive income	Less: Income tax	After - tax attributable to the parent company	After - tax attributable to minority shareholders

Other notes:

58. Special reserves

In RMB

Items	Opening balance	Increased this period	Decreased this period	Closing balance
Safety expenses	393,372.05	14,205,775.40	8,352,210.16	6,246,937.29
Total	393,372.05	14,205,775.40	8,352,210.16	6,246,937.29

Other remarks: Statement on change and reasons of the period.

Safety expenses are provided according to the document CAIQI No.[2012]16.

59. Surplus reserves

In RMB

Items	Opening balance	Increased this period	Decreased this period	Closing balance
Statutory surplus	961,105,529.85			961,105,529.85

reserves				
Total	961,105,529.85			961,105,529.85

Notes :

60. Retained profit

In RMB

Items	Current term	Previous term
Opening balance of retained profits before adjustments	-1,278,244,071.93	2,172,180,473.24
Opening balance of retained profits after adjustments	-1,278,244,071.93	2,172,180,473.24
Add: Net profit attributable to owners of the parent company	182,538,176.32	128,007,136.26
Dividend payable for ordinary shares		156,800,000.00
Retained profit at the end of term	-1,095,705,895.61	2,143,387,609.50

As regards the details of adjusted the beginning undistributed profits

(1) As the retroactive adjustment on Enterprise Accounting Standards and its related new regulations, the affected beginning undistributed profits are RMB 0.00.

(2) As the change of the accounting policy, the affected beginning undistributed profits are RMB 0.00.

(3) As the correction of significant accounting error, the affected beginning undistributed profits are RMB 0.00.

(4) As the change of consolidation scope caused by the same control, the affected beginning undistributed profits are RMB 0.00.

(5) Other adjustment of the total affected beginning undistributed profits are RMB 0.00.

61. Operating income and operating cost

In RMB

Items	Occurred current term		Occurred in previous term	
	Revenue	Cost	Revenue	Cost
Major business	11,890,962,256.28	10,286,817,465.00	15,440,544,823.29	14,122,473,154.22
Other business	738,622,313.07	627,364,837.04	904,370,337.89	779,076,196.35
Total	12,629,584,569.35	10,914,182,302.04	16,344,915,161.18	14,901,549,350.57

62. Business tax and surcharge

In RMB

Items	Occurred current term	Occurred in previous term
Operational tax	24,297.03	16,669.64
City maintenance and construction tax	15,218,000.34	18,014,215.00
Education surtax	11,090,597.39	13,079,642.69
Total	26,332,894.76	31,110,527.33

Other notes:

63. Sales expenses

In RMB

Items	Occurred current term	Occurred in previous term
Outsourced transportation	282,160,883.00	328,006,061.57
Port fee	90,759,527.08	87,479,749.54
Import & export agency fee	28,513,161.47	24,745,056.29
Packaging	2,761,636.55	4,584,561.83
Wage and remuneration	10,503,082.85	10,973,035.26
Others	15,362,772.19	22,560,814.65
Total	430,061,063.14	478,349,279.14

Other notes:

64. Administrative expenses

In RMB

Items	Occurred current term	Occurred in previous term
Wage and remuneration	76,395,221.96	77,177,155.64
Maintaining	92,167,672.38	104,720,803.04
Taxes	44,353,333.71	42,079,539.74
Land using rights	28,257,238.10	28,713,000.00
Depreciation	13,236,195.97	14,204,850.77
Social insurance	20,539,733.05	21,520,775.83
Sewage expense	5,866,430.00	9,425,948.00
Housing fund	5,022,412.40	5,591,290.00
Heating	4,103,468.74	2,453,593.71
Business reception expenses	1,333,401.18	2,310,495.63

Amortizing of intangible assets	2,969,528.58	2,969,528.59
Transportation	290,256.00	958,865.94
Rental	693,067.82	1,034,911.12
Others	56,726,758.59	64,430,289.44
Total	351,954,718.48	377,591,047.45

Other notes:

65. Financial expenses

In RMB

Items	Occurred current term	Occurred in previous term
Interest expense	396,101,669.29	429,696,201.70
Less: Incoming interests	12,694,596.80	22,675,836.00
Exchange gains/losses	175,055,105.02	-36,987,636.90
Others	28,205,647.68	21,366,898.57
Total	586,667,825.19	391,399,627.37

Remarks:

Financial expenses increased by RMB195,268,197.82 (49.89%) from the previous period, which was caused by Increase of exchange loss in the period.

66. Asset impairment loss

In RMB

Items	Occurred current term	Occurred in previous term
I. Loss for bad debts	-1,880,998.86	-6,196,664.93
II. Impairment of inventories		56,692,510.95
Total	-1,880,998.86	50,495,846.02

Other notes:

67. Gains from changes of fair value

In RMB

Source	Occurred current term	Occurred in previous term

Other notes:

68. Investment income

In RMB

Items	Occurred current term	Occurred in previous term
Bank short-term financial products revenue		6,584,315.11
Total		6,584,315.11

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

69. Non-operating income

In RMB

Items	Occurred current term	Occurred in previous term	Carried to current contingent gain/loss
Total of Non-current assets disposal income	2,120,458.89	2,927,761.15	2,120,458.89
Including: Fixed assets disposal income	2,120,458.89	2,927,761.15	2,120,458.89
Gains from debt reorganization	4,527,416.04	6,439,698.87	4,527,416.04
Government subsidies	16,622,000.00	31,328,000.00	16,622,000.00
Other	926,794.62	1,527,544.44	926,794.62
Total	24,196,669.55	42,223,004.46	24,196,669.55

Government subsidies recorded into current profits and losses:

In RMB

Items	Issuing subject	Issuing reason	Type	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Occurred current term	Occurred in previous term	Asset-related or income-related
Deferred revenue transfer						16,622,000.00	11,828,000.00	Assets to related
Award fund for closing down outdated production							19,500,000.00	Assets to related
Government financing								
Tax returns								
Total	--	--	--	--	--	16,622,000.00	31,328,000.00	--

Other notes:

70. Non-operating expense

In RMB

Items	Occurred current term	Occurred in previous term	Carried to current contingent gain/loss
Total of loss from disposal of non-current assets	105,474.99	20,661,325.20	105,474.99
Incl. Loss from disposal of fixed assets	105,474.99	20,661,325.20	105,474.99
Total	105,474.99	20,661,325.20	105,474.99

Other notes:

71. Income tax expense

(1) Lists of income tax expense

In RMB

Items	Reporting period	Same period of last year year
Current income tax expense	3,949,704.94	14,579,310.17
Deferred income tax expense	136,112,516.35	-16,998,515.09
Total	140,062,221.29	-2,419,204.92

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

In RMB

Items	Reporting period
Total profits	346,357,959.16
Income tax expense calculated in accordance with statutory or applicable tax rates	3,949,704.94
Influence of deductible losses of deferred income tax assets derecognized used in previous period	136,112,516.35
Income tax expense	140,062,221.29

Other notes

72. Other comprehensive income

Details can be seen in notes.

73. Notes of statement of cash flows

(1) Cash received related to other operating activities

In RMB

Items	Reporting period	Same period of last year
Of which: Current account and advance for another	70,468,435.19	25,782,371.73
Interest income	12,694,596.80	22,675,836.00
Special income		
Non-operating income	926,794.62	19,500,000.00
Other	238,169.68	557,892.02
Total	84,327,996.29	68,516,099.75

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	322,978,268.19	457,240,106.06
Administrative expenses	40,919,405.31	43,412,221.91
Sales expenses	5,628,363.93	4,514,247.62
Bank charges	28,205,647.68	21,366,898.57
Other	2,128,404.62	2,499,673.65
Total	399,860,089.73	529,033,147.81

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 payable related to investment activities

In RMB

Items	Amount of current period	Amount of previous period
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Notes:

(5) Other Cash received related to Financing activities

In RMB

Items	Amount of current period	Amount of previous period
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Financing Leasing	210,000,000.00	
Total	210,000,000.00	

Notes :

(6) Other Cash payable related to Financing activities

In RMB

Items	Amount of current period	Amount of previous period
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Notes :

74. 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	206,295,737.87	144,984,682.59
Add: Asset impairment provision	-1,880,998.86	50,495,846.02
Fixed asset depreciation	1,015,556,593.59	913,520,540.47
Amortizing of intangible assets	2,969,528.58	2,969,528.59
Loss from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	-2,014,983.90	-17,733,564.05
Financial expenses ("-" for gains)	586,667,825.19	391,399,627.37
Investment losses ("-" for gains)		-6,584,315.11
Decrease in deferred income tax assets (gains: negative)	136,112,516.35	-16,998,515.09
Decrease in inventory (gains: negative)	-902,878,201.17	-745,030,608.94
Decrease in accounts receivable from operating activities (gains: negative)	32,967,723.56	-883,917,194.53
Increase in payables from operating activities (decrease: negative)	1,316,981,622.31	-1,711,237,001.21
Net cash flows generated from operating activities	2,390,777,363.52	-1,878,130,973.89
2. Major investment and financing activities that do not involve cash receipts:	--	--

3. Net change in cash and cash equivalents:	--	--
Closing balance of cash	7,378,445,456.46	3,520,088,380.34
Less: Opening balance of cash	4,612,782,772.98	9,327,034,030.07
Net increase in cash and cash equivalents	2,765,662,683.48	-5,806,945,649.73

(2) Net cash paid for subsidiary obtained in Period

In RMB

	Amount
Including :	--
Including:	--
Including:	--

Other notes:

(3) Net cash received from disposal of subsidiary in Period

In RMB

	Amount
Including :	--
Including:	--
Including:	--

Other notes:

(4) Cash and cash equivalent

In RMB

Items	Ending balance	Beginning balance
I.Cash	7,378,445,456.46	4,612,782,772.98
Including: Cash on hand	78,640.40	72,220.66
Bank deposits available on demand	7,378,366,816.06	4,612,384,032.13
Other monetary funds available on demand		326,520.19
III. Balance of cash and cash equivalents at end of term	7,378,445,456.46	4,612,782,772.98

Other notes:

75. Notes on items of changes of owner's equity

Name and adjusted amount on "other" at balance of year-end of last year:

76.Assets with ownership or right-to-use restricted

In RMB

Items	Closing book value	Restricted reason
Monetary capital	390,764,251.47	Notes payable It's used to issue notes payable and purchase foreign exchange
Notes receivable	770,311,374.10	Issue notes payable
Fixed assets	28,440,000.00	Mortgage loans
Account receivable and order	1,102,740,000.00	Loans
Total	2,292,255,625.57	--

Other notes:

77. 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
Monetary capital	--	--	5,009,149,879.18
Of which: USD	524,945,517.14	6.6312	3,481,018,713.26
Euro	207,087,347.40	7.375	1,527,269,187.08
HKD	1,008,516.26	0.8547	861,978.85
Long-term loan	--	--	1,866,198,260.14
Of which: USD	150,000,000.00	6.6312	994,680,000.00
Euro	116,145,049.51	7.375	856,569,740.14
JPY	231,760,000.00	0.0645	14,948,520.00
Short-term loan			7,230,082,800.00
Of which: USD	989,000,000.00	6.6312	7,230,082,800.00
Non-current liability due to 1 year			1,494,852.00
Of which: USD			
Euro			
JPY	23,176,000.00	0.0645	1,494,852.00

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

78. Hedging

Disclose hedging items by type of hedging as well as relevant arbitrage tool, qualitative and quantitative information for arbitrage project:

79. Other

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	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 pruchase date to period-end	Net profits of acquiree during the pruchase date to period-end

Other notes:

(2) Combined cost and goodwill

In RMB

Combined cost	
---------------	--

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 combination date of the combination	Net profits from the reporting period to the combination 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%		Establishment
Changchun Bengang Steel & Iron Sales Co., Ltd.	Changchun	Changchun	Sales	100.00%		Establishment
Guangzhou Bengang Iron & Steel Trading Co., Ltd.	Guangzhou	Guangzhou	Sales	100.00%		Establishment
Harbin Bengang Steel & Iron Sales Co., Ltd.	Harbin	Harbin	Sales	100.00%		Establishment
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	65.00%		Establishment
Bengang Puxing Cold-rolled Sheet Co., Ltd.	Benxi	Benxi	Manufacturing	75.00%		Establishment
Benxi Bengang Steel Sale Co., Ltd.	Benxi	Benxi	Sales	100.00%		设立
Shenyang Bengang Metallurgy Technology Co., Ltd.	Shenyang	Shenyang	Sales	100.00%		设立

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 Puxing Cold-rolled Sheet Co., Ltd.	25.00%	24,852,288.44		500,598,561.14
Dalian Benruitong Automobile Material Eechnology Co., Ltd.	35.00%	-1,094,726.89		28,152,049.86

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.	2,189,12	2,417,53	4,606,65	2,604,26		2,604,26	1,467,41	2,567,81	4,035,22	2,132,23		2,132,23
	1,603.00	4,036.42	5,639.42	1,394.85		1,394.85	1,809.82	1,403.90	3,213.72	8,122.92		8,122.92
Dalian Benruitong Automobile Material Eechnology Co., Ltd.	283,436,	165,354,	448,790,	368,356,		368,356,	191,638,	168,790,	360,429,	276,866,		276,866,
	231.25	448.34	679.59	251.42		251.42	815.72	370.49	186.21	966.92		966.92

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.	2,592,071,400.46	99,409,153.77	99,409,153.77	58,017,011.97	2,906,688,928.01	74,708,411.10	74,708,411.10	1,003,284,380.53
Dalian Benruitong Automobile Material Eechnology Co., Ltd.	137,623,373.15	-3,127,791.12	-3,127,791.12	-12,791,423.79	355,356,585.83	-4,855,875.58	-4,855,875.58	24,288,981.76

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

--	--

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
				Directly	Indirectly	

						associated enterprise
--	--	--	--	--	--	-----------------------

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	The derecognized losses or the share of net profit in reporting	The noncumulative unrecognized losses in reporting

	accumulatively derecognized	period	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				Total
	USD	Euro	HKD	JPY	
Assets	348,101.87	152,726.92	86.20		500,914.99
Liability	822,476.28	85,656.97		1,494.85	909,628.11

The table below shows the sensitivity analysis of RMB vs other currencies when RMB depreciated or appreciated by 5% over other currencies under the assumption that other variables remain the same. 5% is the sensitivity rate used by the management for internal report of currency risk and it represents the estimation of the management over the possible change of foreign currency. Sensitivity analysis only includes the monetary items measured by foreign currency unpaid and will be adjusted at the year-end by 5%. The positive figures reflect the increase of profit by 5% and the negative figures indicate the reduction of profit.

In RMB'0000

Items	Closing balance				Total
	Impact on USD	Impact on EURO	Impact on HKD	Impact on JPY	

Appreciation by 5%	17,789.04	-2,515.12	-3.23	56.06	15,326.74
Depreciation by 5%	-17,789.04	2,515.12	3.23	-56.06	-15,326.74

(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 payables	997,316.48	102.87	242.31	208.26	997,869.91
Loans	1,889,915.97	99,468.00	45,771.95	83,578.98	2,118,734.91
Bonds payable	7,755.00	157,755.00	-	-	165,510.00
Total	2,894,987.45	257,325.87	46,014.26	83,787.24	3,282,114.82

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

Name of parent company	Place of Registry	Nature of Business	Registered capital	Share proportion (%)	Voting rights (%)
Benxi Steel (Group) Co., Ltd.	Benxi	Manufacturing	5.369 billion	77.97%	77.97%
Bengang Group Co., Ltd.	Benxi	Manufacturing	18 billion	77.97%	77.97%

Notes:

The ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of Liaoning Province.

Other notes:

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
------	--------------

Notes

4. Details of other related parties

Name of the related parties	Relationship between the Company and other related parties
Bengang Group International Trading Ltd.	Same parent
Bengang Stainless Cool-rolling (Dandong) Co., Ltd.	Same parent
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Both under Bengang Group
Bengang Electronics Co., Ltd.	Same parent
Benxi Steel (Group) Real-estate Development Co., Ltd.	Same parent
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Same parent
Benxi Steel (Group) Machinery Co., Ltd.	Same parent
Benxi Steel (Group) Construction Co., Ltd.	Same parent
Benxi Steel (Group) Mining Co., Ltd.	Same parent
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Same parent
Benxi Steel (Group) Designing Institute	Same parent
Benxi Steel (Group) Industrial Development Co., Ltd.	Same parent
Benxi Steel (Group) Information & Automatic Tech. Co., Ltd.	Same parent
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Same parent
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Same parent
Benxi Steel (Group) Medical Co. Ltd.	Same parent
Benxi Steel & Iron Group Ltd. News Center	Same parent
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	Same parent
Benxi high and new drilling tool manufacturing Co., Ltd.	Same parent
Benxi Steel New Business Development Co., Ltd.	Same parent
Dalian Boluole Steel Tube Ltd.	Same parent
Guangzhou Free Trade Zone Bengang Sales Co., Ltd.	Both under Bengang Group
Liaoning Bengang Steel & Iron Trading Co., Ltd.	Both under Bengang Group
Liaoning Hengtai Heavy Machine Co., Ltd.	Both under Bengang Group
Liaoning Hengtong Metallurgy Equipment Co., Ltd.	Both under Bengang Group
Liaoning Metallurgy Technician College	Same parent
Liaoning College of Metallurgy Technologies	Same parent
Tianjin Bengang Steel Plate Processing and Delivery Co., Ltd.	Both under Bengang Group
Suzhou Bengang Industrial Co., Ltd.	Sharing Company

Shanghai Bengang Steel Sales Ltd.	Both under Bengang Group
Benxi Steel & Iron Group Hospital	Both under Bengang Group
Benxi Steel Group Finance Co., Ltd.	Same parent
Liaoning Hengyi Financing Leasing Co.,Ltd.	Same parent

Other notes

5. Related transactions

(1) Related party transactions of purchasing goods and services

Company as the purchaser

In RMB

Related party	Contents of related party transactions	Current period	Trading limit approved	Whether over the trading limit(Y/N)	Last period
Benxi Steel (Group) Co., Ltd.	Maintaining	142,914,791.40	320,000,000.00	No	150,020,402.85
Benxi Steel (Group) Co., Ltd.	Land rent	28,257,238.10		No	28,713,000.00
Bengang Stainless Cool-rolling (Dandong) Co., Ltd.	Products in stock	197,900.00	10,000,000.00	No	301,149.02
Benxi Steel (Group) Mining Co., Ltd.	Labor service	8,012,301.00		No	3,346,106.00
Benxi Steel (Group) Mining Co., Ltd.	Raw materials	1,930,519,957.48	5,000,000,000.00	No	2,693,692,233.97
Benxi Steel (Group) Mining Co., Ltd.	Transportation	1,442,630.61		No	72,000.00
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Raw materials	57,261,826.00	200,000,000.00	No	63,266,548.75
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Process fee	867,249.53	8,000,000.00	No	845,234.20
Benxi Steel (Group) Real-estate Development Co., Ltd.	Raw materials	36,885,463.89	80,000,000.00	No	39,045,563.54
Benxi Steel (Group) Machinery Co., Ltd.	Spare parts	54,201,883.14	350,000,000.00	No	68,669,575.05
Benxi Steel (Group) Machinery Co., Ltd.	Repairing services	5,302,423.00		No	1,325,019.00
Benxi Steel (Group) Construction Co., Ltd.	Spare parts	7,635,945.10		No	193,488.82
Benxi Steel (Group) Construction Co., Ltd.	Engineering fee	122,809,324.62	800,000,000.00	No	145,971,693.13
Benxi Steel (Group) Construction Co.,	Repairing services	41,930,655.47		No	39,425,312.47

Ltd.					
Benxi Steel (Group) Construction Co., Ltd.	Raw materials	3,726,235.00		No	2,170,267.40
Benxi Steel (Group) Construction Co., Ltd.	Transportation	1,392,792.26		No	2,073,764.37
Benxi Steel (Group) Industrial Development Co., Ltd.	Spare parts	12,098,061.54		No	1,320,790.65
Benxi Steel (Group) Industrial Development Co., Ltd.	Raw materials	118,140,441.19	400,000,000.00	No	115,178,532.12
Benxi Steel (Group) Industrial Development Co., Ltd.	Repairing services	7,004,363.38		No	11,946,566.34
Benxi Steel (Group) Industrial Development Co., Ltd.	Transportation	2,870,362.41		No	3,365,404.99
Benxi Steel (Group) Industrial Development Co., Ltd.	Project payment	630,100.00		No	75,675.68
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Material and parts	4,131,446.44		No	2,622,245.20
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Engineering	28,166,151.94	250,000,000.00	No	17,998,535.63
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Repairing	20,660,206.00		No	8,415,964.51
Bengang Electronics Co., Ltd.	Raw materials	53,938,969.16	200,000,000.00	No	51,268,818.40
Bengang Electronics Co., Ltd.	Engineering	1,429,583.24		No	1,729,641.87
Bengang Electronics Co., Ltd.	Repairing	4,427,487.00		No	7,479,548.00
Benxi Steel (Group) Drilling Tools Co., Ltd.	Parts	263,037.74	10,000,000.00	No	153,200.60
Benxi Steel New Business Development Co., Ltd.	Labour security fee	1,183,634.68	12,000,000.00	No	1,356,452.00

Liaoning Metallurgy Technician College	Spare parts	7,065,509.18	15,000,000.00	No	7,282,031.36
Bengang Group International Trading Ltd.	Commission	28,513,161.47		No	24,745,056.29
Bengang Group International Trading Ltd.	port surcharge	103,016,500.03	350,000,000.00	No	118,981,516.95
Benxi Steel (Group) Information & Automatic Tech. Co., Ltd.	Spare parts	14,300,186.79		No	7,625,775.27
Benxi Steel (Group) Information & Automatic Tech. Co., Ltd.	Repairing services	11,808,973.00	70,000,000.00	No	4,807,474.00
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Heating fee	6,273,973.39	20,000,000.00	No	6,120,490.96
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Raw materials	33,835.74		No	30,756.24
Benxi Steel (Group) Designing Institute	Engineering fee	4,463,442.91	50,000,000.00	No	3,333,396.23
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Raw materials	2,775,256,599.12	8,000,000,000.00	No	2,881,760,228.19
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Energy Power	186,873,654.59		No	182,465,471.27
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Transportation	3,910,293.80		No	3,419,284.54
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Service	26,988,500.01		No	27,421,485.26
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Spare parts	5,546,327.45		No	6,548,202.42
Liaoning Hengtong Metallurgy Equipment Co., Ltd.	Raw materials and parts	40,450,852.53	150,000,000.00	No	55,764,968.30
Liaoning Hengtai Heavy Machine Co., Ltd.	Raw materials and parts	3,347,989.41	60,000,000.00	No	15,708,326.80
Liaoning Hengtai Heavy Machine Co., Ltd.	Repairing and service	7,594,926.00		No	8,823,963.14
Bengang Group	Property Fee	422,750.00	10,000,000.00	No	

Co., Ltd.					
Total		5,924,169,936.73	16,365,000,000.00	No	6,816,881,161.78

Selling of goods and services

In RMB

Related parties	Subjects of the related transactions	Occurred current term	Occurred in previous term
Bengang Electronics Co., Ltd.	Power supply	506,435.79	78,293.74
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Material and parts	48,003,943.30	19,700,091.10
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Products	2,200,079.70	3,378,802.77
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Power supply	49,331,879.14	
Benxi Steel (Group) Real-estate Development Co., Ltd	Power supply	477,081.15	705,737.19
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Power supply	288,813.78	444,453.67
Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	Goods	42,000,927.99	141,670,736.20
Benxi Steel (Group) Machinery Co., Ltd.	Goods	6,053,249.23	839,738.62
Benxi Steel (Group) Machinery Co., Ltd.	Power supply	9,179,055.96	10,701,410.40
Benxi Steel (Group) Machinery Co., Ltd.	Raw materials and parts	1,514,608.74	4,051,183.56
Benxi Steel (Group) Construction Co., Ltd.	Power supply	2,455,519.74	2,884,649.08
Benxi Steel (Group) Construction Co., Ltd.	Raw materials and parts	40,563,514.42	49,098,480.69
Benxi Steel (Group) Mining Co., Ltd.	Power supply	361,479,232.83	373,787,318.32
Benxi Steel (Group) Mining Co., Ltd.	Raw materials and parts	41,615,621.07	43,619,274.00
Benxi Steel (Group) Mining Co., Ltd.	Freight income	4,362,538.55	4,409,416.20
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Power supply	19,598,496.83	20,895,927.80
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Raw materials and parts	5,333,835.74	4,914,186.95
Benxi Steel (Group) Thermal Power Development Co., Ltd.	Freight income	82,818.57	59,129.25
Benxi Steel (Group) Industrial Development Co., Ltd.	Power supply	3,316,373.17	4,233,719.89
Benxi Steel (Group) Industrial Development Co., Ltd.	Goods	126,431.04	
Benxi Steel (Group) Industrial	Raw materials and parts	28,143,989.05	24,081,669.68

Development Co., Ltd.			
Benxi Steel (Group) Information and Automatic Tech. Ltd.	Power supply	100,709.65	
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Power supply	477,947.47	561,036.72
Benxi Steel (Group) Construction & Repairing Co., Ltd.	Raw materials and parts	1,141,388.99	
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Power supply	1,056,102.39	2,074,983.11
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Raw materials and parts	10,221,213.07	18,338,528.40
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Freight income	4,319.92	2,357.15
Benxi Steel (Group) Metallurgy Residues Co., Ltd.	Goods	1,553,826.03	
Benxi Steel (Group) Co., Ltd.	Power supply	35,259,836.35	33,605,322.93
Benxi Steel (Group) Co., Ltd.	Raw materials and parts	3,371,111.95	3,576,864.39
Benxi Steel New Business Development Co., Ltd.	Power supply	165,240.02	190,128.89
Dalian Boluole Steel Tube Ltd.	Goods	1,532,438.22	2,906,516.56
Liaoning Bengang Steel & Iron Trading Co., Ltd.	Goods	92,983,672.54	339,106,694.32
Benxi Steel & Iron Group Hospital	Power supply	48,288.52	
Liaoning Hengtong Metallurgy Equipment Co., Ltd.	Power supply	8,449,073.80	7,482,560.51
Liaoning Hengtong Metallurgy Equipment Co., Ltd.	Raw materials and parts	6,514,862.48	7,225,915.11
Liaoning Hengtong Metallurgy Equipment Co., Ltd.	Goods	8,109,275.13	
Bengang Stainless Cool-rolling (Dandong) Co., Ltd.	Raw materials and parts		784,414.41
Bengang Stainless Cool-rolling (Dandong) Co., Ltd.	Goods		1,217,061.50
Suzhou Bengang Industry Co., Ltd.	Goods	96,985,025.50	105,508,383.64
Bengang Group Finance Co., Ltd.	Power supply	8,150.41	
Bengang Group Co., Ltd.	Power supply	28,820.54	
Total		934,645,748.77	1,232,134,986.75

Notes

(2) Related trusteeship/contract

Lists of related trusteeship/contract:

In RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Initial date	Due date	Pricing basis	Income recognized in the reporting period

Notes

Lists of entrust/contractee:

In RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Initial date	Due date	Pricing basis	Charge recognized in the reporting period

Notes

(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	158,500.00	237,750.00

The company was lessee:

In RMB

Name of the owner	Category of asset for rent	Rental recognized this period	Rental expense recognized last period
Benxi Steel (Group) Co., Ltd.	2300 hot rolling line	120,000,000.00	120,000,000.00
Benxi Steel (Group) Co., Ltd.	Land using right	28,257,238.10	28,713,000.00
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	1780 hot-rolling line	65,950,200.00	65,949,367.29

Notes:

(1) The Company leases 2300 hot rolling product line from the Group. Lease period lasts from 1 January 2015 to 31 December 2017. 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; In May 1, 2016 after the business tax reform VAT, the annual rent from 57.426 million yuan to 55.63 million yuan change.

(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 guarantees

(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
Bengang Group Co., Ltd.	45,000,000.00	July 30,2015	July 1, 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.	140,000,000.00	January 8,2016	January 8,2017	No
Bengang Group Co., Ltd.	200,000,000.00	November 20,2015	November 20,2016	No
Bengang Group Co., Ltd.	90,000,000.00	January 26,2016	January 25,2017	No
Bengang Group Co., Ltd.	180,000,000.00	November 20,2015	November 20,2016	No
Bengang Group Co., Ltd.	200,000,000.00	January 26,2016	January 26,2017	No
Bengang Group Co., Ltd.	110,000,000.00	January 22, 2016	January 22, 2017	No
Bengang Group Co., Ltd.	170,000,000.00	November 20,2015	November 20,2016	No
Bengang Group Co., Ltd.	140,000,000.00	May 20,2016	May 20,2017	No
Bengang Group Co., Ltd.	200,000,000.00	May 20,2016	May 20,2017	No
Bengang Group Co., Ltd.	200,000,000.00	May 31, 2016	May 20,2017	No
Bengang Group Co., Ltd.	160,000,000.00	May 31,2016	May 20,2017	No
Bengang Group Co., Ltd.	130,000,000.00	June 30,2016	June 28,2017	No
Bengang Group Co., Ltd.	120,000,000.00	June 30,2016	June 28,2017	No
Bengang Group Co., Ltd.	100,000,000.00	March 31, 2016	March 31,2018	No

Bengang Group Co., Ltd., Benxi Steel (Group) Co., Ltd.	100,000,000.00	March 30,2016	March 30,2025	No
Bengang Group Co., Ltd., Benxi Steel (Group) Co., Ltd.	150,000,000.00	November 11, 2015	November 10,2016	No
Bengang Group Co., Ltd., Benxi Steel (Group) Co., Ltd.	200,000,000.00	February 5, 2016	January 11,2017	No
Bengang Group Co., Ltd., Benxi Steel (Group) Co., Ltd.	100,000,000.00	February 5, 2016	January 10,2017	No
Bengang Group Co., Ltd., Benxi Steel (Group) Co., Ltd.	100,000,000.00	November 11, 2015	November 8,2016	No
Bengang Group Co., Ltd., Benxi Steel (Group) Co., Ltd.	200,000,000.00	November 19,2015	November 16,2016	No
Bengang Group Co., Ltd., Benxi Steel (Group) Co., Ltd.	200,000,000.00	November 19, 2015	November 18,2016	No
Bengang Group Co., Ltd., Benxi Steel (Group) Co., Ltd.	80,000,000.00	December 8, 2015	December 6,2016	No
Bengang Group Co., Ltd., Benxi Steel (Group) Co., Ltd.	200,000,000.00	December 8, 2015	December 7,2016	No
Bengang Group Co., Ltd., Benxi Steel (Group) Co., Ltd.	200,000,000.00	December 31, 2015	December 8,2016	No
Bengang Group Co., Ltd.	663,120,000.00	August 21, 2015	August 15,2016	No
Bengang Group Co., Ltd.	331,560,000.00	July 28,2015	July 15,2016	No
Bengang Group Co., Ltd.	663,120,000.00	November 30,2015	November 29,2016	No
Benxi Steel (Group) Co., Ltd.	994,680,000.00	December 8, 2015	December 7,2016	No
Benxi Steel (Group) Co., Ltd.	596,808,000.00	May 19,2016	May 18,2017	No
Benxi Steel (Group) Co., Ltd.	656,488,800.00	December 8, 2015	December 7,2016	No

Benxi Steel (Group) Co., Ltd.	83,000,000.00	July 30,2015	July 2,2016	No
Bengang Group Co., Ltd., Benxi 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 Steel (Group) Co., Ltd.	17,938,224.00	September 10,1997	September 10,2027	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 22, 2022	No
Bengang Group Co., Ltd.	2,457,052.57	June 25,2015	September 30,2025	No
Bengang Group Co., Ltd.	83,944,683.75	August 20,2015	September 30,2025	No
Bengang Group Co., Ltd.	17,617,031.25	August 20,2015	September ,30, 2019	No
Bengang Group Co., Ltd.	45,448.29	June 25,2015	April 30,2026	No
Bengang Group Co., Ltd.	5,496,846.81	June 25,2015	April 30,2026	No
Bengang Group Co., Ltd.	30,009.69	December 28,2015	April 30,2026	No
Bengang Group Co., Ltd.	66,865,541.34	December 28,2015	April 30,2026	No
Bengang Group Co., Ltd.	38,311,727.44	June 25,2015	April 30,2020	No
Bengang Group Co., Ltd.	13,701,304.50	December 28,2015	April 30,2020	No
Bengang Group Co., Ltd.	5,214,848.56	June 25,2015	June 30,2025	No
Bengang Group Co., Ltd.	149,119,904.07	June 25,2015	June 30,2025	No
Bengang Group Co., Ltd.	4,818,557.14	December 28,2015	June 30,2025	No
Bengang Group Co., Ltd.	49,592,579.06	June 25, 2015	June 30,2019	No
Bengang Group Co., Ltd.	40,564,517.87	December 28,2015	June 30,2019	No
Bengang Group Co., Ltd.	5,303,183.14	June 25,2015	October 31,2025	No
Bengang Group Co., Ltd.	106,589,466.01	June 25,2015	October 31,2025	No
Bengang Group Co., Ltd.	48,251,958.20	December 28,2015	October 31,2025	No
Bengang Group Co., Ltd.	68,192,603.04	June 25, 2015	October 31,2019	No
Bengang Group Co., Ltd.	1,308,509.38	December 28,2015	October 31,2019	No
Bengang Group Co., Ltd.	4,493,561.02	June 25,2015	August 31,2025	No
Bengang Group Co., Ltd.	128,255,197.03	June 25,2015	August 31,2025	No

Bengang Group Co., Ltd.	2,666,800.00	December 28,2015	August 31,2025	No
Bengang Group Co., Ltd.	53,484,963.20	June 25, 2015	August 31,2019	No
Bengang Group Co., Ltd.	7,055,621.94	December 28,2015	August 31,2019	No
Bengang Group Co., Ltd.	18,941,433.75	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				
Loaned				

(6) Related party asset transfer and debt restructuring

In RMB

Related party	Content	Amount of current period	Amount of previous period
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(7) Rewards for the key management personnel

In RMB

Items	Amount of current period	Amount of previous period
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(8) Other related-party transactions

(1)Our situation of loan from, interest payment and deposit in Finance Co., Ltd. of Bengang Group Finance Co., Ltd..

In RMB'0000

Items	Beginning balance	Increase	Decrease	End balance	Notes
Deposit				42,342.14	(1)
Loan				1,422.00	(2)

- ① In January-June 2016, The interest income of our deposit in the Finance Co., Ltd. of Bengang Group(hereinafter referred to as the Finance Co., Ltd.) was 1.4683 million.
- 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 January-June

2016, the loan interest paid was 320,000 yuan.

(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	8,445.20	3,068.97	2,963.24	8,550.93

The details of borrowing balance as of June 30, 2016 are as follows:

In RMB

Related-party	Borrowing	Loan amount	Starting date	Due date
Benxi Steel (Group) Co.,Ltd.	Entrust loans through Bengang Group Finance Co., Ltd.	19,320,300.00	2016-5-20	2017-5-19
Benxi Steel (Group) Co.,Ltd.	Entrust loans through Bengang Group Finance Co., Ltd.	11,369,400.00	2016-6-23	2017-6-22
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		85,509,279.48		

In January-June 2016, the loan interest paid is 2.505 million. As of June 30, 2016, there was still 173,200 yuan as interest needed to be paid to Benxi Steel (Group) Co., Ltd.

6. Receivables and payables of the related parties

(1) Receivables of the Company

In RMB

Name	Related parties	Ending balance		Beginning balance	
		Book balance	Bad debts provision	Book balance	Bad debts provision
Account receivable					
	Benxi Beiyong Steel & Iron (Group) Co., Ltd	7,574,850.82		10,713.37	
	Bengang Electronics Co., Ltd.	2,370,829.72	191,538.38	258.50	191,538.38
	Benxi Steel (Group) Machinery Co., Ltd.	41,541,034.19	1,553,819.73	5,469.82	1,553,819.73
	Benxi Steel (Group) Construction Co., Ltd.	10,730,869.40	4,620,926.30	1,426.24	5,167,326.30
	Benxi Steel (Group) Industrial Development Co.,	40,175,314.38	493,841.63	4,622.18	493,841.63

	Ltd.				
	Benxi Steel New Business Development Co., Ltd.	3,954,476.39	2,782,180.91	567.77	3,879,011.35
	Benxi Steel (Group) Thermal Power Development Co., Ltd.	6,299,494.01		786.12	
	Benxi Steel (Group) Steel Process and Logistics Co., Ltd.	1,109,500.00		50.00	
	Bengang Stainless Cool-rolling (Dandong) Co., Ltd.	205,478.22		20.55	
	Liaoning Hengtong Metallurgy Equipment Co., Ltd.	12,216,973.44		775.69	
Subtotal		126,178,820.57	9,642,306.96	24,690.24	11,285,537.40
Prepayments					
	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	257,036,132.56		18,333.76	
	Liaoning Hengtai Heavy Machine Co., Ltd.	10,868,389.51			
	Benxi Steel (Group) Machinery Co., Ltd.	16,989,164.37		886.57	
	Bengang Group International Economic and Trading Co., Ltd.				
	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.				
Subtotal		284,893,686.44		19,220.33	
Other receivables					
	Benxi Steel (Group) Real-estate Development Co., Ltd.	1,721,862.06	24,708.37	210.30	24,708.37
	Liaoning metallurgical	118,176.50	72,847.64	15.63	72,847.64

	Technician College				
	Benxi Steel (Group) Machinery Co., Ltd.	119,702.68		14.81	
	Benxi Steel (Group) Construction Co., Ltd.	861,631.21	625,712.73	108.94	863,481.15
	Bengang Group International Trading Ltd.	12,052,433.54		1,400.70	
	Benxi Steel (Group) Industrial Development Co., Ltd.	667,452.91	286,932.09	128.52	286,932.09
	Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	138,825.16	29,239.19	19.98	29,239.19
	Benxi Steel (Group) Medical Co. Ltd.	889,535.43	464,382.35	91.99	464,382.35
Subtotal		16,569,619.50	1,503,822.37	1,990.87	1,741,590.79

(2) Payable accounts

In RMB

Projects	Related parties	Closing balance of book value	Opening balance of book value
Notes payable			
	Benxi Steel (Group) Industrial Development Co., Ltd	35,662,090.99	20,058,008.27
	Benxi Steel (Group) Machinery Co., Ltd.	40,654,126.25	4,743,944.99
	Bengang Electronics Co., Ltd.	740,379.98	
	Benxi Steel (Group) Construction & Repairing Co., Ltd	3,090,378.56	1,381,574.71
	Liaoning metallurgical Technician College	498,836.64	1,517,733.78
	Benxi Steel (Group) Mining Co., Ltd.	350,422,395.51	186,844,809.83
	Benxi Steel (Group) Construction Co., Ltd.	2,353,130.62	152,482.03
	Benxi Steel (Group) Information & Automatic Tech. Co., Ltd.	412,772.02	323,783.90

	Benxi Beiyong Steel & Iron (Group) Co., Ltd		167,288,198.59
	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	14,028,718.13	777,369.98
	Liaoning metallurgical Technician College		221,269.29
	Liaoning Hengtai Heavy Machinery Co. Ltd		365,849.75
Subtotal		447,862,828.70	383,675,025.12
Account payable			
	Benxi Beiyong Steel & Iron (Group) Co., Ltd	1,967,067,450.64	
	Bengang Electronics Co., Ltd.	4,721,770.49	8,233,491.05
	Benxi Steel (Group) Real-estate Development Co., Ltd.	1,358,504.41	1,464,449.10
	Bengang Group International Trading Ltd.	906,960,503.69	719,162,306.66
	Benxi Steel (Group) Machinery Co., Ltd.	71,587,624.29	90,101,633.02
	Benxi Steel (Group) Construction Co., Ltd.	62,112,377.16	155,223,262.33
	Benxi Steel (Group) Mining Co., Ltd.	1,309,048,631.30	675,232,923.26
	Benxi Steel (Group) Industrial Development Co., Ltd.	95,060,209.14	96,527,699.13
	Benxi Steel New Business Development Co., Ltd.	8,888,711.20	12,543,185.57
	Benxi Steel (Group) Construction & Repairing Co., Ltd	90,313,900.23	103,863,602.27
	Benxi Steel(Group)Design Institute	7,702,515.68	14,484,121.51
	Benxi Steel (Group) Metallurgy Residues Co., Ltd.	190,568,345.25	28,716,474.82
	Benxi Steel (Group) Medical Co. Ltd.	20,440.35	20,440.35
	Benxi Steel (Group) Information & Automatic Tech. Co., Ltd.	45,504,766.48	60,551,446.09

	Benxi high and new drilling tool manufacturing Co., Ltd	224,704.17	954,411.03
	Liaoning Metallurgy Technician College	5,811,583.54	12,864,720.30
	Liaoning Bengang TradeCo., Ltd		53,000,000.00
	Benxi Steel (Group) Thermal Power Development Co., Ltd.	247,698.36	274,295.62
	Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	339,031.44	396,000.00
	Liaoning Hengtong Metallurgy Equipment Co., Ltd.	11,215,187.83	1,122,557.73
	Liaoning metallurgy Career Technical College	2,460,555.57	3,948,513.34
	Bengang Stainless Cool-rolling (Dandong) Co., Ltd.	482,798.34	197,900.00
	Liaoning Hengtai Heavy Machine Co., Ltd.	10,990,714.45	28,380,631.99
Subtotal		4,792,688,024.01	2,067,264,065.17
Advance from customers			
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	2,033,557.05	268,726.35
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	1,229,489.61	1,534,119.77
	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	1,669.48	1,669.48
	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	5,641,750.55	62,631,155.58
	Dalian Boluole Steel Tube Co., Ltd.	1,235,819.86	
	Liaoning Bengang Steel & Iron Trading Co., Ltd.	35,141,247.75	31,798,368.79
	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	66,427.36	94,299.22
	Liaoning Hengtai Heavy Machinery Co., Ltd.	184,695.93	184,695.93
	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.		
	Bengang Group International Economic and Trading Co., Ltd.	15,806,809.41	17,824,227.63
	Suzhou Bengang Industrial Co., Ltd.	17,580,105.49	10,985,007.76
Subtotal		78,921,572.49	125,322,270.51
Other payables			

	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	2,962,330.76	2,311,747.28
	Bengang Group International Economic and Trading Co., Ltd.	9,407,664.17	10,165,172.85
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	61,991.09	70,796.80
	Benxi Steel & Iron (Group) Construction Co., Ltd.	6,028,122.04	4,824,388.79
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	2,391,725.26	1,419,241.27
	Benxi New Career Development Co., Ltd.	791,231.24	816,990.96
	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.		1,000,000.00
	Benxi Steel & Iron (Group) Medical Co., Ltd.	12,056.00	12,056.00
	Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	103,400.02	105,000.00
	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	7,253,461.55	5,972,325.96
	Benxi Steel & Iron (Group) Co., Ltd	100,084,920.41	179,539,999.52
	Benxi Steel & Iron (Group) Co., Ltd News Center		
	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	2,257,775.07	2,373,050.76
	Guangzhou Free Trade Zone Bengang Sales Co., Ltd.	2,674,436.85	2,674,436.85
	Shanghai Bengang Steel & Iron Sales Co., Ltd.		
	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.		
Subtotal		134,029,114.45	211,285,207.04

7. Related party commitment

None

8. Other

None

XIII. Share-base payment**1. Overall performance of share-base payment**

Applicable Not applicable

2. Share-base payment settled by equity

Applicable Not applicable

3. Share-base payment settled by cost

Applicable Not applicable

4. Modification and termination of share-base payment**5. Other****XIV. 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 Beiyong 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

(1) Commitments**1. Lease contracts in progress or to be performed and their financial impacts**

(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; In May 1, 2016 after the business tax reform VAT, the annual rent of 57.426 million yuan from 55.603 million yuan for the change.

(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 2017. 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 Beiyong 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.

(2)Contingencies

(1) Major contingencies on balance sheet date

At the balance sheet date, no significant contingencies need to be disclosed.

(2) For no major contingencies disclosed, explain reasons

The Company has no major contingencies should be disclosed

3.Other

XV. 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

3.Sales return

4.Notes of other significant event after balance sheet date

XVI.Other significant events

1.The accounting errors correction in previous period

(1) Retrospective erestatement

In RMB

Content	Processing program	Name of the influenced report items during comparison period	Cumulative impact

(2) Prospective application

Content	Processing 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	Income	Expense	Total profits	Income tax	Net profit	Termination of the business profits attributable to the parent company owner

Other 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

(2) The financial information of reportable segment

In RMB

Items		Withstand	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

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.

XVII. Notes to the financial statements of parent company

(1) Account receivable

1. Accounts receivable disclosed by category

In RMB

Categories	Ending balance					Beginning balance				
	Balance book		Provision for bad debts		Book value	Balance book		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Account receivable withdrawal bad debt provision by group of credit risk characteristics	543,774,994.00	100.00%	149,956,658.57	27.58%	393,818,335.43	600,793,311.03	100.00%	151,599,889.01	25.23%	449,193,422.02
Total	543,774,994.00	100.00%	149,956,658.57	27.58%	393,818,335.43	600,793,311.03	100.00%	151,599,889.01	25.23%	449,193,422.02

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			
	321,696,510.00		
within 1 year	321,696,510.00		
Subtotal of within 1 year	30,317,846.60	1,515,892.33	5.00%

1-2 years	54,149,838.95	10,829,967.79	20.00%
2-3 years	137,610,798.45	137,610,798.45	100.00%
Over 3 yrs	543,774,994.00	149,956,658.57	27.58%
Total			

Notes

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 RMB0.00.

Bad debt provision written back was RMB1,643,230.44 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	<u>Ending balance</u>		
	<u>Amount</u>	<u>Percentage of total accounts receivable (%)</u>	<u>Provision for bad debts</u>
Benxi Nanfen Xinhe Metallurgical Co., Ltd.	82,035,076.96	15.09	
Benxi Steel (Group) Manufacturing Co., Ltd.	41,541,034.19	7.64	1,553,819.73
Benxi Steel (Group) Industrial Development Co., Ltd.	40,175,314.38	7.39	493,841.63
Liaoyang Petroleum Steel Pipe	35,652,692.38	6.56	3,341,228.18

Manufacture Co., Ltd.			
North China Petroleum Steel Pipe Co., Ltd.	32,873,213.55	6.05	5,891,750.53
Total	232,277,331.46	42.72	11,280,640.07

(5) Account receivable which terminate the recognition owing to the transfer of the 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 account receivable

(1) Other accounts receivable disclosed by category

In RMB

Category	Balance in year-end					Balance in year-begin				
	Book Balance		Bad debt provision		Book value	Amount		Proportion(%)		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Other account receivable withdrawal bad debt provision by group of credit risk characteristics	251,447,377.97	99.31%	61,866,781.94	24.60%	189,580,596.03	289,792,710.30	99.40%	62,104,550.36	21.43%	227,688,159.94
Other account receivable with single minor amount but withdrawal bad debt provisionsingly	1,740,000.00	0.69%			1,740,000.00	1,740,000.00	0.60%			1,740,000.00
Total	253,187,377.97	100.00%	61,866,781.94	24.44%	191,320,596.03	291,532,710.30	100.00%	62,104,550.36	21.30%	229,428,159.94

Other receivable accounts with large amount and were provided had debt provisions individually at end of period.

Applicable Not applicable

Other receivable accounts in Group on which bad debt provisions were provided on age analyze basis:

Applicable Not applicable

In RMB

Age	Amount in year-end		
	Other receivable	Bad debt provision	Withdrawal proportion
Segments within 1 year	179,599,913.08		
Subtotal of within 1 year	179,599,913.08		
1-2 years	9,927,193.00	496,359.65	5.00%
2-3 years	2,862,312.00	572,462.40	20.00%
Over 3 yrs	60,797,959.89	60,797,959.89	100.00%
Total	253,187,377.97	61,866,781.94	24.44%

Remarks on categories of receivable account

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

 Applicable Not applicable

In the groups, other accounts receivable adopting other methods to accrue bad debt provision:

 Applicable Not applicable**(2) Receivable accounts written back or retrieved in the report period**

Bad debt provision provided this period was RMB0.00.

Bad debt provision written back was RMB237,768 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
-------	--------------------

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) Other receivables disclosed by nature

In RMB

Account property	Closing balance of book value	Opening balance of book value
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Trade	249,072,729.81	255,674,062.26
Export tax refund		30,841,071.89
Others	4,114,648.16	5,017,576.15
Total	253,187,377.97	291,532,710.30

(5) Top five debtors at the year-end

In RMB

Name	Nature	Year-end balance	Age	Portion in total other receivables(%)	Bad debt provision
Bengang Group International Trade Co.,Ltd.	Account	12,052,433.54	Within 1 year	4.76%	
Huozhou Coal Group Co., Ltd.	Account	4,341,257.18	Over 3 years	1.71%	4,341,257.18
SUNON Furniture Manufacture Co., Ltd.	Account	2,385,401.00	1-2 years	0.94%	139,270.05
Liaoning Huaweixuan Coal Co., Ltd.	Account	2,261,360.00	Over 3 years	0.89%	2,261,360.00
Benxi Steel (Group)Real Estate Development Co., Ltd.	Account	1,721,862.06	1-2 years	0.68%	24,708.37
Total	--	22,762,313.78	--	8.99%	6,766,595.60

(6) Accounts receivable involved with government subsidies

In RMB

Name	Project of government subsidies	Closing balance	Closing age	Estimated received time amount and basis

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

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	1,700,981,902.16		1,700,981,902.16
Total	1,700,981,902.16		1,700,981,902.16	1,700,981,902.16		1,700,981,902.16

(1) Investment on subsidiaries

In RMB

Company invested in	Opening balance	Increased this period	Decreased this period	Closing balance	Impairment provision provided this term	Ending balance of impairment
Guangzhou Bengang Trade Co., Ltd.	1,000,000.00			1,000,000.00		
Shanghai Bengang Metallurgy Tech. Ltd.	19,200,000.00			19,200,000.00		
Bengang Steel Plate Liaoyang Orel Ball Co., Ltd.	529,899,801.38			529,899,801.38		
Dalian Benruitong Automobile Material Technologies Co., Ltd.	65,000,000.00			65,000,000.00		
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	1,019,781,571.10			1,019,781,571.10		
Changchun Bengang Steel Sales Ltd.	-1,355,124.64			-1,355,124.64		
Haerbin Bengang International Trading Ltd.	423,398.23			423,398.23		
Nanjing Bengang	2,081,400.65			2,081,400.65		

Steel Material Sales Ltd.						
Wuxi Bengang Steel Sales Ltd.	936,718.57			936,718.57		
Xiamen Bengang Steel Sales Ltd.	1,095,711.66			1,095,711.66		
Yantai Bengang Steel Sales Ltd.	19,600,329.41			19,600,329.41		
Tianjin Bengang Steel Trading 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 Technology Co., Ltd.	5,000,000.00			5,000,000.00		
Total	1,700,981,902.16			1,700,981,902.16		

(2) Investment to joint ventures and associated enterprises

In RMB

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Gains and losses recognized under equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint venture											
2. Affiliated Company											

(3) Other notes

4. Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Revenue	Cost	Revenue	Cost

Main business	12,051,859,180.54	10,706,509,048.28	15,855,226,396.28	14,836,218,969.92
Other business	1,133,529,266.65	1,023,377,735.93	1,364,397,276.16	1,239,113,720.27
Total	13,185,388,447.19	11,729,886,784.21	17,219,623,672.44	16,075,332,690.19

Other notes:

5. Investment income

In RMB

Items	Amount of current period	Amount of previous period
Long-term equity investment income by cost method	13,713,328.45	
Gains from short-term bank financial instruments		6,584,315.11
Total	13,713,328.45	6,584,315.11

6..Other

XIV. Supplementary Information

1. Details of non-recurring gain/loss of the term

Applicable Not applicable

In RMB

Items	Amount	Notes
Profits or losses from disposal of non-current assets	2,014,983.90	
Government grants included in current profits and losses (except for government grants closely related to the enterprise business, obtained by quota or quantity at unified state standards)	16,622,000.00	
Profits or losses from debt restructuring	4,527,416.04	
Other non-operating income and expenditure except for the above items	926,794.62	
Less: Influenced amount of income tax	6,022,798.64	
Influenced amount of minority shareholders' equity	46,426.19	
Total	18,021,969.73	--

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 equity (ROE) and earnings per share (EPS)

Profit as of reporting period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to common shareholders of the Company	1.52%	0.06	0.06
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	1.37%	0.05	0.05

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	182,538,176.32	128,007,136.26	12,122,492,113.58	11,934,100,372.02
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

(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

Chapter X. Documents For Reference

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.