



Bengang Steel Plates Co., Ltd.

Semi-Annual Report 2017

August, 2017

I. Important Notice, Table of Contents, and Definitions

The Board of Directors, the Supervisory Committee and the Directors, members of the Supervisory Committee and senior management of the Company guarantee that there are no misrepresentations or misleading statements, or material omission in this report, and individually and collectively accept full responsibility for the authenticity, accuracy and integrity of the information contained in this report.

Wang Shu, Chairman of the Company, Han Ge, the principal in charge of the accounting, and Wang Shaoyu, Chief of Accounting Affairs, make the pledge for the authenticity, accuracy and integrity of the attached financial statements.

All the members of the Board of Directors attended the board meeting on which this report was examined.

The prospective statements contained in this semi-annual report do not constitute any substantial commitment to the investors. Investors should pay attention to the risks attached to investment decisions. This report is prepared in both of Chinese and English. The Chinese version shall prevail when there are any controversial statements in the two versions.

The Company planed not to distribute cash dividend or bonus shares, and not to convert capital reserve into share capital.

Table of Contents

I.	Important Notice, Table of Contents, and Definitions	2
II.	Company Profile and Main Financial Index	5
III.	Summary of Company Business.....	8
IV.	Management Discussion and Analysis.....	11
V.	Important Events	17
VI.	Status of Share Capital Changes and Shareholders.....	42
VII.	Status of Preferred Shares	47
VIII.	Status of Directors, Supervisors, Senior Executives	48
IX.	Relevant Information about Corporate Bonds	49
X.	Financial Report	54
XI.	Documents available for inspection	204

Definition

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

II. Company Profile and Main Financial Index

I. Company Information

Stock abbreviation	Bengang Bancai, Bengangban B	Stock Code	000761, 200761
Stock exchange for listing	Shenzhen Stock Exchange		
Company name in Chinese	本钢板材股份有限公司		
Abbreviation of Company name in Chinese	本钢板材		
Company name in English (If any)	BENGANG STEEL PLATES CO.,LTD.		
Abbreviation of Company name in English (If any)	BSP		
Legal representative	Wang Shu		

II. Contact Information

	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	bgbcstyb@126.com	bgbc761@126.com

III. Other Information

1. Contact Information of the Company

Whether the Company's registration address, office address and post code, web Address and email address have changed

Applicable Not applicable

The Company's registration address, office address and post code, web Address and email address have not changed during the reporting period. Please refer to Annual Report 2016 for details.

2. Information Disclosure and Place for Consulting

Whether the information disclosure and place for consulting have changed

Applicable Not applicable

Name of newspaper selected by the Company for information release, website appointed by CSRC for publishing semi-annual report

and lodging address of semi-annual report of the Company have not changed during the reporting period. Please refer to Annual Report 2016 for details.

IV. Main Accounting Data and Financial Index

Whether the Company makes retroactive adjustment or restatement of the accounting data of the previous year

Yes No

	This reporting period	Same period in previous year	Increase or decrease in this reporting period over the previous year (%)
Operating income	20,736,486,903.74	12,629,584,569.35	64.19%
Net profit attributable to the shareholders of the listed company	523,635,653.57	182,538,176.32	186.86%
Net profit attributable to the shareholders of listed company after deducting non-recurring gain/loss	508,873,423.83	164,516,206.59	209.32%
Net cash flows generated by operating activities	-4,047,305,684.72	2,390,777,363.52	-269.29%
Basic earnings per share	0.167	0.058	187.93%
Diluted earnings per share	0.167	0.058	187.93%
ROE	4.04%	1.52%	2.52%
	At the end of this reporting period	At the end of previous reporting period	Increase or decrease at the end of this reporting period over the previous year (%)
Total assets	54,631,496,549.62	54,155,710,718.91	0.88%
Net assets attributable to shareholders of the listed company	13,249,274,456.60	12,715,354,551.15	4.20%

V. Differences between Domestic and Foreign Accounting Standards

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

Applicable Not applicable

Unit: Yuan

	Net profit attributable to the shareholders of the listed company		Net assets attributable to the shareholders of the listed company	
	This reporting period	Previous reporting period	Ending balance	Beginning balance
According to Chinese accounting standards	523,635,653.57	182,538,176.32	13,249,274,456.60	12,715,354,551.15

Items and amounts adjusted according to IFRS
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2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

Applicable Not applicable

There are no differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards during the reporting period.

3. Accounting data differences between domestic and foreign accounting standards

Applicable Not applicable

VI. Items and Amount of Non-Current Gains and Losses

Applicable Not applicable

Unit: Yuan

Items	Amount	Notes
Profit or loss from disposal of non-current assets (including the write-off part for which assets impairment provision is made)	-1,578,126.30	
Details of government subsidies recorded into current profits and loss(except such government subsidy closely related to the company's normal business operation,, meeting the regulation of national policy and enjoyed constantly in certain quota or quantity according to a certain standard)	15,047,000.00	
Profit or loss from investment or assets entrusted to others	3,294,593.14	
Profit or loss from debt restructuring	822,116.45	
Other non-operating revenue and expenditure other than above items	2,130,078.13	
Less: Impact of income tax	4,928,915.36	
Impact of minority interests (after tax)	24,516.32	
Total	14,762,229.74	--

Explanation for defining non-recurring gains and losses items according to the "Public Offering of Securities Information Disclosure Explanatory Notice No. 1 – Non-Recurring Gains and Losses", and reasons for defining non-recurring gains and losses items listed in the document as recurring items.

Applicable Not applicable

There exists no situation of defining non-recurring gains and losses items listed in the document as recurring items.

III. Summary of Company Business

I. the Company's main business during the reporting period

Whether the Company needs to comply with the disclosure requirement for special industry

No

During the reporting period, the main businesses of the company involves iron and steel smelting, rolling processing, electricity generation, coal chemical industry, special steel profile, railway, import and export trade, research and development, product sales, etc. Major products include hot-rolled plates, cold-rolled plates, zinc steel plates, special steel, silicon steel, etc. that are widely applied in fields including automobile, household appliances, petrochemical engineering, aerospace, machine manufacturing, energy transportation, architectural decoration, metal parts, etc. The Company can stably manufacture productions which represent the highest level of steel and iron industry, including high-end automobile steel sheet, pipe line, and etc. in large volume and the quality of these productions can reach the internationally advanced quality level.

During the reporting period, the Company scientifically adjusts the production organization mode of each line, taking the economic operation and reducing the efficiency as the core, promoting the production of all processes to stabilize smoothly, and improving the quality of economic operation steadily. The Company adheres to market-oriented strategy, continuously focused on customer needs, optimizes the structure of the perfect layout, strengthens market development, thus product efficiency has been continuously enhanced. Through the focus on coal blending, strict controls on non-productive expenses, the Company actively carried out tapping the potential by benchmarking and other measures to continuously reduce the cost level.

II. Major Changes in Main Assets

1. Major Changes in Main Assets

Main assets	Major changes
Construction materials	As at 30 June 2017, balance of construction materials was RMB 4,558.9 thousand, decreased by 41.43% compared with beginning balance, mainly due to an increase in drawing.
Notes receivable	As at 30 June 2017, balance of notes receivable was RMB 3,486,513.7 thousand, increased by 71.69% compared with beginning balance, mainly due to an increase in debt collection.
Prepayments	As at 30 June 2017, balance of prepayments was RMB 658,157.9 thousand, increased by 33.27% compared with beginning balance, mainly due to an increase in prepayment business.
Interest receivable	As at 30 June 2017, balance of interest receivable was RMB 2,663.3 thousand, decreased by 36.72% compared with beginning balance, mainly due to a decrease in fixed time deposits.

Other receivables	As at 30 June 2017, balance of other receivables was RMB 165,294.6 thousand, increased by 40.19% compared with beginning balance, mainly due to an increase in current payments.
Other current assets	As at 30 June 2017, balance of other current assets was RMB 280,833.2 thousand, decreased by 45.30% compared with beginning balance, mainly due to the reduction of short-term banking products in the end of this period.
Available-for-sale financial assets	As at 30 June 2017, balance of available-for-sale financial assets was RMB 5,856.5 thousand, decreased by 60.58% compared with beginning balance, mainly due to the transfer to long-term equity investment.

2. Main Information of Overseas Assets

Applicable Not applicable

III. Analysis on Core Competitiveness

Whether the Company needs to comply with the disclosure requirement for special industry

No

In order to comprehensively upgrade the level of technological innovation and the ability to create efficiency, closely surround the three factors of variety, quality, the Company strengthened the variety adjustment and market development, improved product quality stability and capacity of guarantee, promoted low-cost and green manufacturing technology, and focused on the constraints of enterprise development key technical problems in 2017.

The Company actively carried out variety enhancement, product development, production and marketing research, optimized the variety structure, improved profitability. The Company completed new product development of 32 brands in the first half year, including Martensitic dual-phase steels for wheel spokes RS590-M, high-grade corrosion-resistant pipeline steel, cold-rolled low alloy high-strength steel HC500La, hot-rolled pickling plate SP231-440F, SP251-590, ball mill steel ball and grinding rod for foreign trade, etc. Performance testing of all qualified to meet user requirements; some varieties have realized batch supply.

The Company actively carried out product certification and factory certification. In the first half year, a total of 21 brands of cold-rolled, galvanized, pickling plate, and special steel products have been certificated. Certifying users include General Motors, GAC, SAIC, Brilliance, Geely, FAW and many other automotive plants. At present, Volkswagen, GM, SAIC and other 45 products certification work is underway. Among certificated products, SP252-540F has passed the Nissan Automotive Global Certification, galvanized product CR420LA has passed the GM Pan-Asia Global Certification. Also, performance of three brands CR590T, 340Y-DP, and CR180B2 has met GM requirements and will pass certification soon. The Company organized and completed the factory certification for Shenlong automobile, FAW Volkswagen automobile, Dongfeng Nissan, SAIC, India BIS, etc. At present, the Company passed the preliminary factory review for Volkswagen DY project, which is a milestone for the automobile products certification work of the Company.

The Company focused on national science and technology innovation policy and guide direction, continued to build high-level research and development platform, declared for national, provincial major science and technology projects through multi-channel. The Company organized the declarations for one project of "Local Professional Technology Innovation Platform Central Guide Local Science And Technology Development Special Funds" by the State Ministry of Science and Technology, three projects of national key research and development program, three projects of "NSFC - Liaoning Joint Fund" by Provincial Science And Technology Department. In addition, the Company actively encouraged the doctoral research and development staff to declare the provincial science and technology department doctoral start-up fund projects.

Using the project as the carrier, the Company actively carried out "production, schooling and research" cooperation and technical exchanges with universities and scientific research institutes to enhance the technological innovation level of the Company. Combined with the current status of existing technology and equipment, as well as the latest technology development in the industry, the Company actively organized technical exchange activities with Shenyang Metal Institute of CAs, Northeastern University, Beijing University of Science and Technology, Jilin Universities and American Levy Corporation.

In the first half year, a total of 34 patents were authorized, 15 patents were accepted for review by the State Patent Office. The Company has completed the certification as a Liaoning Province Intellectual Property Superiority Enterprise.

IV. Management Discussion and Analysis

I. General

In the first half year, influence by the state policies to resolve the excess capacity and clean up the production of substandard steel products, the steel market gradually tuned better. The Company adjusted production mode, strengthened economic operation, and thus the benefit improved compared to same period in previous year. During January to June, the Company produced 4.8568 million tons of pig iron, which decreased by 0.83% compared to same period in previous year; produced 4.9149 million tons crude steel, which increased by 2.86% compared to same period in previous year; produced 6.3215 million tons hot-rolled plate, which increased by 15.63% compared to same period in previous year; produced 2.8491 million tons cold-rolled plate, which increased by 53.77% compared to same period in previous year; and produced 402,900 tons special steel, which increased by 11.7% compared to same period in previous year.

The main work done in production operation during the first half year is as follows:

1. The Company vigorously promoted new product research and development, experimental research, application, technical services, and constantly improved the ability of scientific and technological innovation. By adjusting the product structure, and carrying out special management to key varieties with high profitability, the Company constantly expanded the market share of high value-added products.
2. The Company actively expanded procurement methods, and actively reduced procurement costs through the benchmarking price comparison, variety substitution, structural adjustment, timing procurement and other measures.
3. The Company focused on coal blending to reduce cost, strengthened economic operation. In accordance with the principle of cost-effective, at the same time of ensuring the stability of production, the Company achieved lower production costs through the development of new products to optimize the coal blending structure. The Company strictly controlled non-productive expense expenditure, and significantly reduced the non-productive expense quota.
4. The Company adhered to the principle of maximizing economic benefits, innovated production organization mode. Taking the domestic and foreign advanced steel enterprises as the benchmark, the Company actively carried out key processes for tapping the mark, and effectively improved own short board, lowered the cost consumption level.
5. The Company strengthened environmental protection responsibility implementation, tightened environmental protection facilities operation management. The Company strengthened the source of pollution control, and focused on day-to-day supervision and inspection of water, gas, sound, slag and others, implemented closed-loop management measures. The Company pushed forward the construction of environmental protection project to ensure pollutant emission reduction targets.

II. Main Business Analysis

For relevant information please refer to “Management Discussion and Analysis 1. General”.

Year-on-year changes in major financial data:

Unit: Yuan

	This reporting period	Same period in previous year	Increase or decrease in this reporting period over the previous year (%)	Reason for change
Operating Income	20,736,486,903.74	12,629,584,569.35	64.19%	Sales and prices in this period increased over

				same period in previous year
Operating Cost	18,690,665,966.11	10,914,182,302.04	71.25%	Sales and raw material prices increased over same period in previous year
Selling and distribution expenses	587,632,707.43	430,061,063.14	36.64%	Freight expenses increased over same period in previous year
General and administrative expenses	358,951,405.08	351,954,718.48	1.99%	
Financial expenses	381,513,404.80	586,667,825.19	-34.97%	Net exchange losses decreased over same period in previous year
Income tax expense	117,105,061.16	140,062,221.29	-16.39%	
Research & Development Expenses	690,127,962.35	489,537,695.09	40.98%	Investment in R&D Expenses increased over same period in previous year
Net cash flows generated from operating activities	-4,047,305,684.72	2,390,777,363.52	-269.29%	Cash paid for goods and services increased over same period in previous year
Net cash flow generated from investment activities	-454,763,829.82	-868,753,571.38	47.65%	Cash received from return on investments increased over same period in previous year
Net cash flow generated from financing activities	3,755,056,060.56	855,170,792.73	339.10%	Cash received from borrowings increased over same period in previous year
Net increase in cash and cash equivalents	-788,599,857.18	2,765,662,683.48	-128.51%	Net cash flows generated from operating activities decreased over same period in previous year

Whether the Company's profit composition or source of profit during the reporting period changed significantly

Applicable Not applicable

The Company's profit composition or source of profit during the reporting period did not change significantly.

The composition of main business:

Unit: Yuan

	Operating Income	Operating Cost	Gross margin	Operating income change over same period in previous year	Operating cost change over same period in previous year	Gross margin change over same period in previous year
By industries						
Industry	19,476,278,905.41	17,638,682,335.86	9.44%	63.79%	71.47%	-4.05%
By products						
Steel plate	19,219,245,053.74	17,345,350,725.13	9.75%	63.73%	70.74%	-3.71%
Billet						
Others	257,033,851.67	293,331,610.73	-14.12%	68.95%	129.14%	-29.97%
By regions						
Northeast	4,467,506,012.00	4,062,831,285.75	9.06%	77.02%	81.05%	-2.02%
North China	2,419,559,512.78	2,201,840,664.41	9.00%	66.64%	71.81%	-2.73%
East China	5,817,564,509.05	5,278,286,740.22	9.27%	62.13%	72.05%	-5.23%
Northwest	46,743,069.37	42,255,282.19	9.60%	60.73%	64.79%	-2.23%
Central south	851,113,388.17	773,958,212.60	9.07%	24.17%	28.39%	-2.98%
Export	5,873,792,414.05	5,279,510,150.71	10.12%	62.59%	72.26%	-5.04%

III. Analysis of Non-core Business

√ Applicable □ Not applicable

Unit: Yuan

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Income on investment	3,294,593.14	0.51%	Income from external financial management	Yes
Gains or losses from the change in fair value		0.00%		
Impairment of assets	-43,390,454.54	-6.71%	Inventory loss and bad debt loss	No
Non-operating income	21,014,488.58	3.25%		No
Non-operating expenses	4,593,420.30	0.71%		No

IV. Assets and Liabilities

1. Significant Change of Assets Components

Unit: Yuan

	At the end of this reporting period		At the end of the Same period in previous year		Proportion change	Notes to significant changes
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Cash at bank and on hand	12,240,579,151.57	22.41%	7,772,079,707.93	16.13%	6.28%	
Accounts receivable	536,054,820.21	0.98%	452,703,991.36	0.94%	0.04%	
Inventories	9,834,703,845.66	18.00%	9,504,612,643.59	19.72%	-1.72%	
Fixed assets	19,753,582,768.45	36.16%	19,085,082,253.61	39.60%	-3.44%	
Construction in progress	7,030,049,975.69	12.87%	7,037,486,548.61	14.60%	-1.73%	
Short-term loans	22,787,674,400.00	41.71%	18,182,664,879.48	37.73%	3.98%	
Long-term loans	3,161,338,135.87	5.79%	2,288,189,324.24	4.75%	1.04%	

2. Assets and Liabilities Measured at Fair Value

Applicable Not applicable

3. Restricted Assets by the End of the Period

Items	Book value at the end of this reporting period	Reason of restriction
Monetary assets	755,604,520.08	Deposit for notes and L/C
Notes receivable	1,385,808,380.90	Pledged for acceptance bill
Total	2,141,412,900.98	

V. Investment**1. General** Applicable Not applicable**2. Acquiring Significant Equity Investment in the Reporting Period** Applicable Not applicable**3. Undergoing Significant Non-equity Investment in the Reporting Period** Applicable Not applicable**4. Investment of Financial Assets****(1) Investment in Securities** Applicable Not applicable**(2) Investment in Derivatives** Applicable Not applicable**VI. Significant Assets and Equity Sold in Reporting Period****1. Significant Assets Sold** Applicable Not applicable**2. Substantial Equity Sold** Applicable Not applicable**VII. Analysis on Main Subsidiaries and Share Participating Companies** Applicable Not applicable

Main subsidiaries and the joint-stock companies influencing over 10% net profit of the Company

Unit: Yuan

Company Name	Company type	Main business	Industry	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Bengang Puxiang Cool	Subsidiary	Processing and sales of steel	Steel rolling process	1,920,000,000.00	4,210,054,927.30	1,983,584,063.79	3,953,643,069.30	37,340,603.59	28,005,452.68

Rolling Steel Sheet Co., Ltd.									
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Acquirement and disposal of subsidiaries during the reporting period

Applicable Not applicable

Illustration of main joint-stock companies

VIII. Structured Entities controlled by the Company

Applicable Not applicable

IX. Forecast of operating performance for during January to September 2017

Warning and reason for that forecast of the cumulative net profit from the beginning of the year to the end of the next reporting period might be a loss or due to significant change compared to the previous year

Applicable Not applicable

X. Risks and countermeasures for the Company

1. Operational risk

At present, the domestic steel industry is still in full competition, and the dividend from the structural reform of the supply side remains to be observed. In the first half year, domestic steel prices warmed up but fluctuated; in the future, the supply side reform will continue to deepen, the steel industry reshuffle will continue to disturb the stability of steel prices, and then affect the Company's operating efficiency. At the same time, the main raw fuel for the company is iron ore, coal, etc. The related raw fuel prices will directly affect the Company's production costs and operating efficiency. In the future, the volatility of the raw fuel price will have a certain impact on the Company's profit level.

Countermeasures: Strengthen the market trend, scientifically and rationally formulate sales policies and strategies, and strive to form varieties, regions, and users' market competitive advantages. At the same time, comprehensively improve the level of technological innovation, independent innovation capabilities, increase the development of high value-added products, improve the quality of varieties and physical, and improve product efficiency. Strengthen the bulk raw fuel market judgments, strengthen communication and strategic cooperation with suppliers, and reduce the impact of raw fuel purchase price fluctuation by increasing timing procurement and strengthening inventory management measures.

2. Environmental risk

Government supervision and law enforcement is more stringent, and the enterprise environmental protection supervision and standards continue to improve. The enhanced public awareness of environmental protection leads to higher requirements of environmental protection for enterprises. Steel enterprises are facing a huge environmental pressure.

Countermeasures: Strengthen the internal environmental protection, accelerate the implementation of key energy saving and emission reduction projects, strengthen the implementation of environmental protection responsibility, enhance the control of source of pollution, strict environmental protection facilities operation management, to ensure that the discharge meets the standards.

V. Important Events

I. Annual General Meeting of Shareholders and Temporary General Meeting of Shareholders held during the Reporting Period

1. Annual General Meeting of Shareholders

Sessions	Type	Investor participation ratio	Meeting Date	Date of disclosure	Index of information disclosure
2016 Annual General Meeting	Annual General Meeting	78.56%	1 June, 2017	2 June, 2017	Announcement No.:2017-025 Disclosure address http://www.cninfo.com.cn

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

Applicable Not applicable

II. Profit Distribution or Capital Reserve Conversion Proposal in the Reporting Period

Applicable Not applicable

The Company planed not to distribute cash dividend or bonus shares, and not to convert capital reserve into share capital during the reporting period.

III. The Fulfilled Commitments During The Reporting Period and Under-Fulfillment Commitments by the End of the Period Made by Actual Controller, Acquirer, Director, Supervisor, Senior Management Personnel and other Related Parties.

Applicable Not applicable

There was no fulfilled commitment during the reporting period or under-fulfillment commitment by the end of the period made by actual controller, acquirer, director, supervisor, senior management personnel and other related parties.

IV. Appointment and Dismiss of Certified Accountant's Firm

Whether the semi-annual report has been audited

Yes No

The semi-annual report has not been audited

V. Illustrations of the Board of Directors and Supervisory Committee on the Non-standard Audit Report Issued by the CPAs for this Reporting Period

Applicable Not applicable

VI. Illustrations of the Board of Directors on the Non-standard Audit Report Issued by the CPAs for Previous Reporting Period

Applicable Not applicable

VII. Bankrupt and Reforming Events

Applicable Not applicable

There was no bankrupt and reforming event during the reporting period.

VIII. Lawsuits and Arbitrations

Significant lawsuits and arbitrations

Applicable Not applicable

There was no significant lawsuit or arbitrations during the reporting period.

Others lawsuits and arbitrations

Applicable Not applicable

IX. Punishment and Rectification

Applicable Not applicable

There was no punishment or rectification during the reporting period.

X. Credit Status of the Company and its Controlling Shareholders and Actual Controllers

Applicable Not applicable

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

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

Applicable Not applicable

There was no stock incentive plan, employee stock ownership plan or other employee incentives that have been implemented.

XII. Major Related Party Transactions

1. Related party transactions relevant to daily operations

√ Applicable □ Not applicable

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Content of related party transactions	Price of related party transactions	Amount of related party transactions RMB 10,000	Proportion of similar transactions	The approved trading limit of transactions RMB 10,000	Whether exceed the approved limited (Y/N)	Whether exceed the approved limited	Whether exceed the approved limited	Date of disclosure	Index of disclosure
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Purchase of goods and services	Accounts payable for repair	On agreement	Related agreement price	12,781.87	0.68%	35,000	No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Purchase of goods and services	Land leasing fee	On agreement	Related agreement price	2,734.57	0.15%		No	Execute according to the agreement	No		
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Same controller	Purchase of goods and services	Products	On agreement	Related agreement price	17.5	0.00%	500	No	Execute according to the agreement	Yes		
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Purchase of goods and services	Labor cost	On agreement	Related agreement price	253.76	0.01%		No	Execute according to the agreement	No		

Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	217,638.69	11.64%	400,000	No	Execute according to the agreement	Yes		
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	3.18	0.00%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Metallurgy Residue s Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	12,820.08	0.69%	20,000	No	Execute according to the agreement	Yes		
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Same controller	Purchase of goods and services	Processing fee	On agreement	Related agreement price	76.12	0.00%	1,000	No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Real-estate Development Co.,	Same controller	Purchase of goods and services	Raw materials	On agreement	Related agreement price	5,006.75	0.27%	12,000	No	Execute according to the agreement	No		

Ltd.													
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	5,522.36	0.30%	30,000	No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	368.87	0.02%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	734.34	0.04%	70,000	No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price	12,940.6	0.69%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Construction	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	3,237.98	0.17%		No	Execute according to the agreement	No		

Co., Ltd.													
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	464.78	0.02%		No	Execute according to the agreement	Yes		
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	155.04	0.01%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	8,905.66	0.48%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	10,672.66	0.57%	45,000	No	Execute according to the agreement	Yes		
Benxi Steel & Iron (Group) Industrial	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	1,117.99	0.06%		No	Execute according to the agreement	No		

al Develop ment Co., Ltd.													
Benxi Steel & Iron (Group) Industri al Develop ment Co., Ltd.	Same controll er	Purchas e of goods and services	Freight	On agreeme nt	Related agreeme nt price	137.06	0.01%		No	Execute accordin g to the agreeme nt	No		
Benxi Steel & Iron (Group) Industri al Develop ment Co., Ltd.	Same controll er	Purchas e of goods and services	Project fee	On agreeme nt	Related agreeme nt price	139.82	0.01%		No	Execute accordin g to the agreeme nt	No		
Benxi Steel & Iron (Group) Constru ction and Repairin g Co., Ltd.	Same controll er	Purchas e of goods and services	Raw material & supplem entary material s & spare parts	On agreeme nt	Related agreeme nt price	139.66	0.01%	25,000	No	Execute accordin g to the agreeme nt	Yes		
Benxi Steel & Iron (Group) Constru ction and Repairin	Same controll er	Purchas e of goods and services	Project fee	On agreeme nt	Related agreeme nt price	2,870.64	0.15%		No	Execute accordin g to the agreeme nt	No		

g Co., Ltd.													
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Purchase of goods and services	Accounts payable for repair	On agreement	Related agreement price	2,130.99	0.11%		No	Execute according to the agreement	No		
Bengang Electronics and Gas Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	8,426.07	0.45%	21,000	No	Execute according to the agreement	Yes		
Bengang Electronics and Gas Co., Ltd.	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price	41.94	0.00%		No	Execute according to the agreement	No		
Bengang Electronics and Gas Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	692.18	0.04%		No	Execute according to the agreement	No		
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	39.31	0.00%	800	No	Execute according to the agreement	No		
Benxi New Career	Same controller	Purchase of goods	Labor protection fee	On agreement	Related agreement price	29.45	0.00%	2,000	No	Execute according to the	No		

Development Co., Ltd.		and services								agreement			
Liaoning Metallurgy Technician College	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	1,319.31	0.07%	3,000	No	Execute according to the agreement	No		
Liaoning Metallurgy Technician College	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	230.33	0.01%	1,500	No	Execute according to the agreement	No		
Bengang Group International Economic and Trading Co., Ltd.	Same controller	Purchase of goods and services	Agency fee	On agreement	Related agreement price	3,685.68	0.20%	36,000	No	Execute according to the agreement	No		
Bengang Group International Economic and Trading Co., Ltd.	Same controller	Purchase of goods and services	Port surcharges	On agreement	Related agreement price	7,751.15	0.41%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Information and Automation	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	693.23	0.04%	8,000	No	Execute according to the agreement	No		

ic Tech Co., Ltd.													
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	305.94	0.02%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same controller	Purchase of goods and services	Heating costs	On agreement	Related agreement price	168.6	0.01%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	0	0.00%	2,000	No	Execute according to the agreement	Yes		
Benxi Steel & Iron (Group) Designing Institute	Same controller	Purchase of goods and services	Design fees	On agreement	Related agreement price	235.9	0.01%	3,000	No	Execute according to the agreement	No		
Benxi Beiyong Steel &	Same controller	Purchase of goods	Raw material and	On agreement	Related agreement price	472,729.42	25.29%	1,350,000	No	Execute according to the	Yes		

Iron (Group) Co., Ltd.		and services	supplementary material							agreement			
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Energy & Power	On agreement	Related agreement price	50,184.08	2.68%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	889.48	0.05%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Labor cost	On agreement	Related agreement price	5,563.01	0.30%		No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	1,844.21	0.10%		No	Execute according to the agreement	No		
Liaoning Hengton Metallurgical Equipment Manufacture Co.,	Same controller	Purchase of goods and services	Raw material and spare parts	On agreement	Related agreement price	10,661.54	0.57%	18,000	No	Execute according to the agreement	Yes		

Ltd.													
Liaoning Hengtai Heavy Machinery Co., Ltd.	Same controller	Purchase of goods and services	Raw material and spare parts	On agreement	Related agreement price	3,873.44	0.21%	7,000	No	Execute according to the agreement	Yes		
Liaoning Hengtai Heavy Machinery Co., Ltd.	Same controller	Purchase of goods and services	Repair and labor cost	On agreement	Related agreement price	636.47	0.03%		No	Execute according to the agreement	No		
Bengang Group Co., Ltd.	Controller	Purchase of goods and services	Property management fee	On agreement	Related agreement price	31.07	0.00%	800	No	Execute according to the agreement	No		
Bengang Electronics and Gas Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	49.63	0.00%	500	No	Execute according to the agreement	No		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	34,778.43	1.68%	150,000	No	Execute according to the agreement	Yes		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	497.33	0.02%		No	Execute according to the agreement	Yes		

Benxi Beiying Steel & Iron (Group) Co., Ltd.	Same controll er	Sales of goods and services	Energy & Power	On agreeme nt	Related agreeme nt price	14,389.3 1	0.69%		No	Execute accordin g to the agreeme nt	No		
Benxi Steel & Iron (Group) Real-est ate Develop ment Co., Ltd.	Same controll er	Sales of goods and services	Energy & Power	On agreeme nt	Related agreeme nt price	13.76	0.00%	850	No	Execute accordin g to the agreeme nt	No		
Benxi Steel & Iron (Group) Steel & Iron Process and Logistic s Co., Ltd.	Same controll er	Sales of goods and services	Energy & Power	On agreeme nt	Related agreeme nt price	50.3	0.00%	10,000	No	Execute accordin g to the agreeme nt	No		
Benxi Steel & Iron (Group) Steel & Iron Process and Logistic s Co., Ltd.	Same controll er	Sales of goods and services	Products	On agreeme nt	Related agreeme nt price	0	0.00%		No	Execute accordin g to the agreeme nt	Yes		
Benxi Steel & Iron (Group)	Same controll er	Sales of goods and services	Products	On agreeme nt	Related agreeme nt price	462.07	0.02%	18,000	No	Execute accordin g to the agreeme	Yes		

Machine ry Manufa cture Co., Ltd.										nt			
Benxi Steel & Iron (Group) Machine ry Manufa cture Co., Ltd.	Same controll er	Sales of goods and services	Energy & Power	On agreeme nt	Related agreeme nt price	791.36	0.04%		No	Execute accordin g to the agreeme nt	No		
Benxi Steel & Iron (Group) Machine ry Manufa cture Co., Ltd.	Same controll er	Sales of goods and services	Raw material & supplem entary material s & spare parts	On agreeme nt	Related agreeme nt price	51.41	0.00%		No	Execute accordin g to the agreeme nt	No		
Benxi Steel & Iron (Group) Constru ction Co., Ltd.	Same controll er	Sales of goods and services	Energy & Power	On agreeme nt	Related agreeme nt price	214.45	0.01%	30,000	No	Execute accordin g to the agreeme nt	No		
Benxi Steel & Iron (Group) Constru ction Co., Ltd.	Same controll er	Sales of goods and services	Raw material & supplem entary material s & spare parts	On agreeme nt	Related agreeme nt price	138.41	0.01%		No	Execute accordin g to the agreeme nt	Yes		

Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	45,858.21	2.21%	100,000	No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	646.77	0.03%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Freight revenue	On agreement	Related agreement price	407.23	0.02%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	1,452.38	0.07%	15,000	No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	68.57	0.00%		No	Execute according to the agreement	No		

Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same controller	Sales of goods and services	Freight revenue	On agreement	Related agreement price	9.67	0.00%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	405.31	0.02%	25,000	No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	12.69	0.00%		No	Execute according to the agreement	Yes		
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	2,759.53	0.13%		No	Execute according to the agreement	Yes		
Benxi Steel & Iron	Same controller	Sales of goods and	Energy & Power	On agreement	Related agreement price	8.3	0.00%	100	No	Execute according to the	No		

(Group) Information and Automatic Tech Co., Ltd.		services								agreement			
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	77.22	0.00%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	9.84	0.00%	1,200	No	Execute according to the agreement	Yes		
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	130.04	0.01%	12,000	No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Metallurgy Residue	Same controller	Sales of goods and services	Raw material & supplementary materials &	On agreement	Related agreement price	4,358.02	0.21%		No	Execute according to the agreement	Yes		

s Co., Ltd.			spare parts										
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Freight revenue	On agreement	Related agreement price	0.31	0.00%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	712.63	0.03%		No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Sales of goods and services	Energy & Power	On agreement	Related agreement price	614.52	0.03%	12,000	No	Execute according to the agreement	No		
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Sales of goods and services	Raw material & supplementary material & spare parts	On agreement	Related agreement price	321.55	0.02%		No	Execute according to the agreement	No		
Benxi New Career Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	18.6	0.00%	500	No	Execute according to the agreement	No		

Dalian Boluole Steel Tube Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	223.79	0.01%	1,000	No	Execute according to the agreement	Yes		
Liaoning Bengang Steel & Iron Trading Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	46.04	0.00%	5,000	No	Execute according to the agreement	Yes		
Benxi Steel & Iron (Group) General Hospital	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	5.17	0.00%	50	No	Execute according to the agreement	No		
Liaoning Hengton Metallurgical Equipment Manufacture Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	899.19	0.04%	12,000	No	Execute according to the agreement	Yes		
Liaoning Hengton Metallurgical Equipment Manufacture Co.,	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	879.76	0.04%		No	Execute according to the agreement	Yes		

Ltd.													
Liaoning Hengton Metallurgical Equipment Manufacture Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	0	0.00%		No	Execute according to the agreement	Yes		
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	0	0.00%	500	No	Execute according to the agreement	Yes		
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	0	0.00%		No	Execute according to the agreement	Yes		
Suzhou Bengang Industrial Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	13,623.1	0.66%	36,000	No	Execute according to the agreement	No		
Bengang Group Finance Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	0.75	0.00%	800	No	Execute according to the agreement	No		

Bengang Group Co., Ltd.	Controll er	Sales of goods and services	Energy & Power	On agreeme nt	Related agreeme nt price	7.63	0.00%	500	No	Execute according to the agreement	No		
Total				--	--	995,896.06	--	2,522,600	--	--	--	--	--
Details of any sales return of a large amount				None									
Give the actual situation during the reporting 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 price for reference (if applicable)				None									

2. Related transactions relevant to asset acquisition or sold

Applicable Not applicable

There was no related transaction relevant to asset acquisition or sold during the reporting period.

3. Related transactions relevant to joint investments

Applicable Not applicable

There was no related transaction relevant to joint investments during the reporting period.

4. Credits and liabilities with related parties

Applicable Not applicable

Whether there are any non-operating related credits and debts

Yes No

There were no non-operating related credits and debts during the reporting period.

5. Other significant related transactions

Applicable Not applicable

There was no other significant related transaction during the reporting period.

XIII. Illustrations of Non-Operating Occupation of Funds by the Controlling Shareholder and Related Parties

Applicable Not applicable

There was no non-operating occupation of funds by the controlling shareholder and related parties

XIV. Major Contracts and Their Performance

1. Trusteeship, contracting and leasing

(1) Trusteeship

Applicable Not applicable

There was no trusteeship during the reporting period.

(2) Contracting

Applicable Not applicable

There was no contracting during the reporting period.

(3) Leasing

Applicable Not applicable

There was no leasing during the reporting period.

2. Guarantee

Applicable Not applicable

There was no guarantee during the reporting period.

4. Other Major Contracts

Applicable Not applicable

There was no other major contract during the reporting period.

XV. Social Responsibilities

1. Performing corporation social responsibility of targeted poverty alleviation

The company has not carried out targeted poverty alleviation work during the reporting period, and has no plan for follow-up targeted poverty alleviation.

2. Major environmental protection situation

Whether the listed Company and its subsidiaries are among key pollution companies launched by Environmental Protection

Department

Yes

Name of the company or subsidiaries	Name of main pollutants and characteristic pollutants	Mode of sewage emission	Number of sewage emission points	Distribution of sewage emission points	Emission concentration	Emission standards for pollutants implemented	Total emissions	Total approved emissions	Excess emissions
Bengang Steel Plates Co., Ltd.	COD	Continuous	1	Dongfeng Plant of coking plant	38mg/L	50mg/L	2.11Ton	2.11Ton	None
Bengang Steel Plates Co., Ltd.	Ammonia nitrogen	Continuous	1	Dongfeng Plant of coking plant	4.75mg/L	8mg/L	0.26Ton	0.26Ton	None
Bengang Steel Plates Co., Ltd.	Volatile phenol	Continuous	1	Dongfeng Plant of coking plant	0.038mg/mg/L	0.3mg/L	0.002Ton	0.002Ton	None
Bengang Steel Plates Co., Ltd.	Dust	Continuous and intermittent emission	39	Continuous emission: Power Plant 9#1#2#, 21-26# boiler chimney, coking plant 4-9# dust removal (crushing, transporting and screening), 5 furnace group sieve coke dust removal, sintering desulfurization, tail electrical dust	Continuous emission: boiler 5-10mg/m ³ ; coke oven 13-21 mg/m ³ ; ©15 -32mg/m ³ ; Intermittent emission: coke oven 12-30 mg/m ³ ; steel making 6-19 mg/m ³ ; boiler 185mg/m ³	Continuous emission: Gas Stove 10mg/m ³ , coal fired 30mg/m ³ ; coke oven dust removal 30 mg/m ³ ; Sintering desulfurization: 50mg/m ³ ; tail: 30mg/m ³ ; Iron field 25mg/m ³ ; Intermittent emission: coke oven 50mg/m ³ ; steelma	42064Ton	42064Ton	None

				removal, blast furnace out of the iron field dust; Intermittent emission: coking plant 6-9#, 4-5 furnace group dust removal (loading coal, pushing coal, and drying out); hot metal pretreatment and second time dust removal in steelmaking plant; raw material factory boiler		king20mg/m ³ ;boiler200mg/m ³			
Bengang Steel Plates Co., Ltd.	SO ₂	Under organized	22	Power Plant 9#1#2#, 21-26# boiler chimney, coking plant 6-9#, 4-5 furnace group dust removal (loading coal, pushing coal, and drying out) sintering desulfurization	Gas Stove10-20 mg/m ³ ;coke oven loading coal, dry quenching 28-90mg/m ³ , pushing coal 19-32mg/m ³ ;Sintering dust removal35-98mg/m ³ ;boiler375mg/m ³	Gas Stove100mg/m ³ , coal fired200mg/m ³ ;coke oven loading coal, dry quenching 100mg/m ³ ; sintering desulfurization:200mg/m ³ ;boiler400mg/m ³	8450Ton	8450Ton	None

				on raw material factory boiler					
Bengang Steel Plates Co., Ltd.	NOx	Under organized	8	Power Plant 9#1#2#, 21-26# boiler chimney; sintering machine desulfurization	Gas Stove mg/m3, coal fired and coal blending fired 60-110mg/m3;sintering desulfurization 35-98mg/m3	Gas Stove100mg/m3, coal fired200mg/m3;sintering desulfurization 300mg/m3	8450Ton	8450Ton	None

Construction and operation of pollution prevention facilities

In 2017, the Company's subsidiary unit has constructed a total of 161 sets of environmental protection supporting facilities with the main project, including main exhaust gas and dust removal facilities 148 units and sewage treatment facilities 13 sets. The Company strictly implemented environmental protection three simultaneous systems, and synchronously operated and maintained with the main project, to ensure that environmental protection facilities can achieve stable operation. Synchronous operation rate was 100%.

(1) Ecological environment: In the first half year of 2017, the Company carried out 15 greening project construction, including 8 public areas and 7 sub-units, planted more than 1000 arbors, more than 4,000 shrubs piers, more than 3,000 square meters pattern flowers, more than 25,000 square meters perennial flowers, more than 2000 square meters lawn, and migrated more than 200 arbors.

(2) Prevention and control of pollution: the Company continued to strengthen the daily management of environmental protection facilities and maintenance to ensure stable function. Through the daily environmental monitoring, implementation of environmental protection self-management, strengthening the monitoring of pollutant emission and strengthening the management measures such as assessment, the Company continuously maintained the pollutant emission stable standard.

(3) Fulfillment of environmental responsibility: in accordance with environmental laws and regulations, the Company strengthened daily supervision and inspection and assessment to ensure that environmental protection facility and the main projects work synchronously. Once leaking and exhaust emissions exceeding the standard identified, the Company would issue rectification notice and punishment and require immediate rectification. The Company fulfilled the environmental responsibility well.

XVI. Other Major Issues

Applicable Not applicable

There was no need for illustrating other major issue.

XVII. Major Issues of Subsidiaries

Applicable Not applicable

VI. Status of Share Capital Changes and Shareholders

I. Share Capital Changes

1. Share capital changes

Unit: Share

	Before the change		Increase/decrease(+, -)					After the Change	
	Quantity	Percentage	Issuing of new share	Bonus shares	Capitalization of common reserve fund	Others	Subtotal	Quantity	Percentage
II. Non-restricted Shares	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 shares	3,136,000,000	100.00%						3,136,000,000	100.00%

Causation of share capital changes

 Applicable Not applicable

Approval of share capital changes

 Applicable Not applicable

Status of registration process of transferred shares

 Applicable Not applicable

Influences of share capital changes on financial indices such as basic earnings per share, diluted earnings per share, and net asset per share attributed to common shareholders

 Applicable Not applicable

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

 Applicable Not applicable

2. Changes of Restricted Shares

 Applicable Not applicable

II. Securities Issuance and Listing

 Applicable Not applicable

III. Total Number of Shareholders and Shareholding

Unit: Share

Total number of common shareholders at the end of the reporting period		59,424	The total number of preferred shareholders voting rights restored at the end of the reporting period (See Notes 8)		0			
Shareholding of shareholders holding more than 5% or top 10 shareholders								
Name of the shareholder	Nature of shareholder	Holding Percentage (%)	Number of shares held at period-end	Changes in reporting period	Restricted shares held	Un-restricted shares held	Quantity of pledged or frozen shares	
							Status	Quantity
Benxi Steel & Iron (Group) Co., Ltd.	State-owned legal person	77.88%	2,442,316,069				Pledged	1,251,000,000
							Frozen	45,000,000
Industrial and Commercial Bank of China Limited-South Big Data 100 Index Securities Investment Fund	Others	0.31%	9,718,651					
Bank of Communication Limited-Changxin Quantification Pioneer Mixed Securities Investment Fund	Others	0.29%	9,088,658					
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.26%	8,157,311					
Zhou Jie	Domestic natural person	0.17%	5,200,000					

VANGUARD TOTAL INTERNATIO NAL STOCK INDEX FUND	Overseas legal person	0.15%	4,606,141					
Caitong Fund - ICBC - Caitong Securities Co., Ltd.	Others	0.15%	4,499,967					
Southwest Securities - China Everbright Bank - Southwest Securities Shuangxi Xinguang Big 1 Collection Asset Management Plan	Others	0.13%	4,099,964					
Haitong International Securities Company Limited-Accou nt Client	Overseas legal person	0.12%	3,785,109					
Chen Nengyi	Domestic natural person	0.12%	3,757,336					
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if any) (See Notes 3)	None							
Notes to relationship or 'action in concert' among the top 10 shareholders.	It is unknown to the Company whether there is any related connection or 'Action in Concert' as described by Rules of Information Disclosing Regarding Changing of Shareholding Status of Listed Companies existing among the above shareholders.							
Shareholding of top 10 unrestricted shareholders								
Name of the shareholder	Un-restricted shares held at the end of the reporting period					Category of shares		
						Category of shares	Quantity	
Benxi Steel & Iron (Group) Co.,	2,442,316,069					Common shares	2,442,316,069	

Ltd.		in RMB	
Industrial and Commercial Bank of China Limited-South Big Data 100 Index Securities Investment Fund	9,718,651	Common shares in RMB	9,718,651
Bank of Communication Limited-Changxin Quantification Pioneer Mixed Securities Investment Fund	9,088,658	Common shares in RMB	9,088,658
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	8,157,311	Foreign shares placed in domestic exchange	8,157,311
Zhou Jie	5,200,000	Foreign shares placed in domestic exchange	5,200,000
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	4,606,141	Foreign shares placed in domestic exchange	4,606,141
Caitong Fund - ICBC - Caitong Securities Co., Ltd.	4,499,967	Common shares in RMB	4,499,967
Southwest Securities - China Everbright Bank - Southwest Securities Shuangxi Xinguang Big 1 Collection Asset Management Plan	4,099,964	Common shares in RMB	4,099,964
Haitong International Securities Company Limited-Account Client	3,785,109	Foreign shares placed in domestic exchange	3,785,109
Chen Nengyi	3,757,336	Common shares in RMB	3,757,336
Notes to relationship or 'action in concert' among the top 10 non-restricted shareholders, and among the top 10 non-restricted shareholders 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, 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 top 10 shareholders, neither being regarded as action-in-concert parties by the Information Disclosure Regulations for Change of Shareholding in PLC.		
Shareholders among the top 10	Chen Nengyi holds 3,757,336 shares of the company through investors' credit securities		

participating in securities margin trading (if any) (see Note 4)	accounts.
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Whether top 10 common shareholders and top 10 un-restricted common shareholders have a buy-back agreement dealing in reporting period

Yes No

Top 10 common shareholders and top 10 un-restricted common shareholders had no buy-back agreement dealing in reporting period.

IV. Changes of Controlling Shareholders and Substantial Controller during the Reporting Period

Change of holding shareholder

Applicable Not applicable

There was no change of holding shareholder in the report period.

Change of substantial controller

Applicable Not applicable

There was no change of substantial controller in the report period.

VII. Status of Preferred Shares

Applicable Not applicable

There was no Preferred Shares during the reporting period.

VIII. Status of Directors, Supervisors, Senior Executives

I. Change in Shares held by Directors, Supervisors and Senior Executives

Applicable Not applicable

There was no change in shares held by Directors, Supervisors and Senior Executives. Please refer to Annual Report 2016 for details.

II. Change in Directors, Supervisors and Senior Executives

Applicable Not applicable

There was no change in Directors, Supervisors and Senior Executives. Please refer to Annual Report 2016 for details.

IX. Relevant Information about Corporate Bonds

Whether there exists any un-matured corporate bonds public issued and listed on the Stock Exchange or any matured corporate bonds which the listed company failed to pay in full at the approval date of the semi-annual report

Yes

I. Basic information of corporate bonds

Bond name	Bond short name	Bond code	Issuance date	Maturity date	Bond balance RMB 10,000	Interest rate	Servicing way
Corporate Bond 2015 (Phase I)	15 Benxi Steel 01	112236	9 February 2015	9 February 2018	150,000	5.17%	Interest is paid annually, and principal is paid when due.
Corporate bonds listed or trading places	Shenzhen Stock Exchange						
Investors appropriate management	The above bond transactions have been implemented by investors appropriate management						
Interest payment status of the Company Bond during the reporting period	The interests of Bengang Steel Plates Co., Ltd. Corporate Bonds 2015 (Phase I) of the period from 5 February 2016 to 4 February 2017 were paid on 6 February 2017, as each bond would gain RMB 5.17 (tax inclusive). The date of record of interest payment was 3 February 2017, thus any investor who bought and held the bonds before or on the date of 3 February 2017 enjoyed the right to receive the interest payments. The investors who sold out the bonds on the date of 3 February 2017 should not enjoy the interests.						
If the corporate bonds are attached to special clauses such as option clause and exchangeable clause to the issuer or investors, please specify the implementation status of the corresponding clauses. (If applicable)	Not applicable						

II. Bond Trustee and the Credit Rating Agency

Bond trustee:							
Name	Office address	Contact	Contact number				
ESSENCE Securities	12 F, Guo Tou Financial Building, 2	Tian Zhu	010-83321197				

			Fu Cheng Men North Street, Xi Cheng District, Beijing				
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.2 Jian Guo Men Wai Street, Chaoyang District, Beijing.			
If during the reporting period, the bond trustee, credit rating agency employed by the company have changed, reasons for the change, performing procedures, relevant influence on investors, etc. (If applicable)		Not applicable					

III. The Usage of Raised Funds from Corporate Bonds

The usage of raised funds from Corporate bonds and procedures of performance	After deducting issuance costs, all raised funds are used for debt restructuring and repayment. The amount of repayment of bank loans was RMB 1.5 billion. As of December 31, 2016, all the raised funds have been used up.	
Balance (RMB 10,000)		0
Operation of raised funds special account	Normal	
Whether the usage of the raised funds corresponded to the purposes of promise, use plans, or other agreements	Yes	

IV. Corporate Bond Rating

(1) On 26 May 2017, United Rating Agency exercised rating towards the Corporate Bond 2015 (Phase I) and maintained the long-term rating of the main body of Bengang Steel Plates Co. Ltd at “AA+” and adjusted rating prospect as “stable”, while adjusting the debt credit rating of the Corporate Bond 2015 (Phase I) at “AAA+” . Bengang Steel Plates Co. Ltd conducted the disclosure about tracking rating report on <http://www.cninfo.com/cn/> on 1 June 2017.

(2) During the reporting period, United Rating Agency did not exercise irregular tracking rating about the Company’s bonds.

(3) During the reporting period, the Company did not launch any other bonds or securities financing tools and there was no difference of the assessment results between different rating agencies.

V. Corporate Bond Credit Increasing Mechanism, Debt Repayment Plans and Other Debt Repayment Security Measures

1. Debt repayment plans

According to ‘Prospectus of Public Issuance of Corporate Bond 2015 (Phase I)’ launched on February 3, 2015, debt repayment plans are as followings:

(1) The value date of the bond is February 5, 2015. In the duration of the bond, the interest will be paid once a year, and the interest payment date is February 5 in three consecutive years, ranging from 2016 to 2018 (subject to postponement in case of statutory

public holiday and weekend, similarly hereinafter) .

- (2) The maturity date is February 5, 2018. The principal and the interest thereof will be paid at the maturity date.
- (3) Interest will be paid through registration agency and related agencies. The details will strictly follow related regulations and will be disclosed on the designated public media by the issuer.
- (4) According to national tax legislation and regulation, the relevant taxes emerged in investment on the bond should be paid by investors.

2. Debt repayment security measures

According to 'Prospectus of Public Issuance of Corporate Bond 2015 (Phase I)' launched on February 3, 2015, debt repayment security measures are as following:

In order to fully and effectively preserve bondholders' benefit, the Company made a series plan towards repaying the debt in time and in full amount, including set up a special project group, formulated 'Meeting Rules for bondholders', formulated and strictly executed fund management plan, fully played the bond trustee's roles and strictly carried out the disclosure responsibility.

- (1) Set up a special project group;
- (2) Formulate 'Meeting Rules for Bondholders';
- (3) Bengang Group Co., Ltd. acted as the company's bond guarantor;
- (4) Formulate and strictly execute fund management plan;
- (5) Protect bondholders' benefits;
- (6) Strictly carry out the disclosure responsibility;
- (7) Issuer's Board of Director's commitment.

During the reporting period, the Company follows the debt repayment plan and security mechanism disclosed in 'Prospectus of Public Issuance of Corporate Bond 2015 (Phase I)'. The Company set up a special project group, formulated 'Meeting Rules for Bondholders', applied ESSENCE Securities as trustee, and Bengang Group Co., Ltd. as the company's bond guarantor, formulated and strictly executed fund management plan that reasonably distribute fund to ensure the interest was paid in time. On 24 January 2017, the Company disclosed 'Interest Repayment Notice' and completed the interest repayment on 6 February 2017.

During the reporting period, the Company had no significant changes that would influence the in time repayment of bond and there is no differences situation with relevant commission.

During the reporting period, there was no change to Corporate Bond Credit Increasing Mechanism, Debt Repayment Plans and Other Debt Repayment Security Measures. Bengang Group Co., Ltd. was the guarantor for the Company's bond. As of 30 June 2017, Bengang Group Co., Ltd.'s net assets is RMB 35.874 billion, asset-liability ratio is 74.99%, ROE is 0.08%, liquidity ratio is 0.43, quick ratio is 0.25 (above financial data is not audited) . Bengang Group Co., Ltd. is rated AAA by China Cheng Xin International Credit Rating Co. Ltd.

VI. Bondholders' Meeting in the Reporting Period

During the reporting period, the Company did not hold bondholders' meeting.

VII. Duty fulfillment of Bond Trustee in the Reporting Period

During the reporting 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:

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

- (2) Supervise the utilization of raised funds in the company in the duration of bond;
- (3) 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;
- (4) Constantly supervise the company's performance of information disclosure obligation in the duration of the bond.

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

The trustee has announced the trustee affair report 2016 on 2 June 2017.

VIII. Major Accounting Data and Financial Indicators at the end of this and Previous Reporting Period (or this Reporting Period and Same period in previous year)

Unit: Yuan 10,000

Items	At the end of this reporting period	At the end of previous reporting period	Increase or decrease at the end of this reporting period over the previous year
Liquidity ratio	76.00%	74.56%	1.44%
Asset-liability ratio	74.78%	75.51%	-0.73%
Quick ratio	48.52%	47.04%	1.48%
	This reporting period	Same period in previous year	Increase or decrease in this reporting period over the previous year
EBITDA interest coverage ratio	3.24	3.51	-7.69%
Loan payment rate	100.00%	100.00%	0.00%
Rate of Interest payment	100.00%	100.00%	0.00%

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

Applicable Not applicable

IX. Overdue Outstanding Debts of the Company

Applicable Not applicable

There was no Overdue Outstanding Debts of the Company.

X. Interest Payment for Other Bonds and Debt Financing Tool in the Reporting Period

During the reporting period, the Company did not launch any other bonds or securities financing tools or pay interest for other bonds and securities financing tools.

XI. Usage of Bank Credit Obtained and Repayment of Bank Loans in the Reporting Period

During the reporting period, the total bank line of credit of the Company was RMB 35.07 billion, and RMB 32.28 billion was used, leaving unused line of credit of RMB 2.79 billion. The total loan amount at the beginning was RMB 22.649 billion, and had increased RMB 13.553 billion in this period. The loan repaid in this period was RMB 91.42 billion, leaving a balance of RMB 27.06

billion.

XII. Performance of Agreements or Commitments Related to Corporate Bond Prospectus in the Reporting Period

The Company strictly observed the Bond Trustee Agreement and regulations as described in different bond terms and conditions. The Company fulfilled its responsibilities according to Prospectus. There was no situation that the Company harmed investors' benefits.

XIII. Major Events Occurred in the Reporting Period

On 26 May 2017, United Rating Agency exercised rating towards the Corporate Bond 2015 (Phase I) and maintained the long-term rating of the main body of Bengang Steel Plates Co. Ltd at "AA+" and adjusted rating prospect as "stable", while adjusting the debt credit rating of the Corporate Bond 2015 (Phase I) at "AAA+". Bengang Steel Plates Co. Ltd conducted the disclosure about tracking rating report on <http://www.cninfo.com/cn/> on 1 June 2017.

XIV. Whether There Exist Any Guarantors of the Corporate Bond

Yes No

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

Yes No

Whether the Company disclosed the guarantor's financial statements including statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes to the financial statements in 2 months since the end of the first half of each fiscal year.

Yes No

X. Financial Report

I. Audit report

Whether the semi-annual report is audited

Yes No

The semi-annual report is not audited.

II. Financial Statements

Statement in Notes are carried in RMB Yuan

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Prepared by: Bengang Steel Plates Co., Ltd.

Unit: Yuan

Items	Ending balance	Beginning balance
Current assets:		
Cash at bank and on hand	12,240,579,151.57	12,931,912,017.84
Settlement provisions		
Capital lent		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	3,486,513,747.73	2,030,681,138.03
Accounts receivable	536,054,820.21	623,865,427.25
Prepayments	658,157,852.16	493,839,659.44
Premium receivable		
Reinsurance accounts receivable		
Receivable deposit for reinsurance contract		
Interests receivable	2,663,285.16	4,208,818.85
Dividends receivable		
Other receivables	165,294,616.70	117,909,972.49
Redemptory financial assets for sale		

Inventories	9,834,703,845.66	9,782,173,936.74
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	280,833,153.36	513,398,815.83
Total current assets	27,204,800,472.55	26,497,989,786.47
Non-current assets:		
Loan and advances issued		
Available-for-sale financial assets	5,856,585.63	14,856,585.63
Held-to-maturity investment		
Long-term receivables		
Long-term equity investments		
Investment properties		
Fixed assets	19,753,582,768.45	20,688,468,637.44
Construction in progress	7,030,049,975.69	6,210,673,674.11
Construction materials	4,558,925.80	7,783,370.29
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	256,855,104.56	259,837,410.93
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	375,792,716.94	476,101,254.04
Other non-current assets		
Total non-current assets	27,426,696,077.07	27,657,720,932.44
Total assets	54,631,496,549.62	54,155,710,718.91
Current Liabilities:		
Short-term loans	22,787,674,400.00	18,762,472,779.48
Loan from central bank		
Absorbed deposit and interbank deposit		
Loan from other financial institutions		
Financial liabilities at fair value		

through profit or loss		
Advance from customers		
Notes payable	2,654,713,650.65	6,372,173,897.13
Accounts payable	5,379,872,618.65	5,680,244,661.52
Advance from customers	3,290,002,245.71	3,679,477,129.80
Financial assets sold for repurchase		
Handling charges and commission payable		
Employee benefits payable	41,263,867.18	24,063,493.70
Current tax liabilities	19,670,459.30	45,771,585.46
Interests payable	43,877,149.04	75,115,265.66
Dividends payable		
Other payables	469,499,960.08	460,009,213.78
Reinsurance accounts payable		
Provision for insurance contract		
Receipt from vicariously traded securities		
Receipt from vicariously underwriting securities		
Liabilities held for sale		
Non-current liabilities due within one year	1,110,787,748.00	437,669,535.66
Other current liabilities		
Total current liabilities	35,797,362,098.61	35,536,997,562.19
Non-current liabilities:		
Long-term loans	3,161,338,135.87	3,448,931,721.62
Bonds payable	1,496,550,521.55	1,494,825,782.32
Including: Preferred stock		
Perpetual bond		
Long-term payables		
Long-term employee benefits payable		
Special accounts payable		
Estimated liabilities		
Deferred income	396,052,000.00	410,399,000.00

Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	5,053,940,657.42	5,354,156,503.94
Total liabilities	40,851,302,756.03	40,891,154,066.13
Shareholders' equity:		
Share capital	3,136,000,000.00	3,136,000,000.00
Other equity instruments		
Including: Preferred stock		
Perpetual bond		
Capital reserves	9,114,845,542.05	9,114,845,542.05
Less: treasury shares		
Other comprehensive income		
Special reserves	10,656,973.74	372,721.86
Surplus reserves	961,105,529.85	961,105,529.85
General risk reserve		
Undistributed profits	26,666,410.96	-496,969,242.61
Total equity attributable to equity holders of the parent company	13,249,274,456.60	12,715,354,551.15
Non-controlling interests	530,919,336.99	549,202,101.63
Total shareholder's equity	13,780,193,793.59	13,264,556,652.78
Total liabilities and shareholder's equity	54,631,496,549.62	54,155,710,718.91

Legal Representative: Wang Shu

Person in charge of accounting: Han Ge

Accounting Dept. Leader: Wang Shaoyu

2. BALANCE SHEET OF THE PARENT COMPANY

Unit: Yuan

Items	Ending balance	Beginning balance
Current assets:		
Cash at bank and on hand	12,007,831,826.87	12,402,995,087.03
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	3,364,985,137.62	1,870,384,367.64
Accounts receivable	491,938,145.44	455,070,302.00
Prepayments	657,548,793.61	487,869,713.72
Interests receivable	2,663,285.16	4,208,818.85

Dividends receivable		
Other receivables	176,028,682.36	210,089,804.88
Inventories	7,999,016,015.18	8,308,291,029.07
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	207,402,337.05	431,675,085.33
Total current assets	24,907,414,223.29	24,170,584,208.52
Non-current assets:		
Available-for-sale financial assets	3,888,980.00	12,888,980.00
Held-to-maturity investment		
Long-term receivables		
Long-term equity investments	1,751,981,902.16	1,700,981,902.16
Investment properties		
Fixed assets	17,358,400,004.89	18,125,714,092.15
Construction in progress	7,010,468,962.64	6,196,524,880.06
Construction materials	4,134,139.48	4,134,139.52
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	153,735,383.89	155,388,452.53
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	278,388,067.92	378,696,605.02
Other non-current assets		
Total non-current assets	26,560,997,440.98	26,574,329,051.44
Total assets	51,468,411,664.27	50,744,913,259.96
Current Liabilities:		
Short-term loans	21,016,634,400.00	17,376,963,500.00
Financial liabilities at fair value through profit or loss		
Advance from customers		
Notes payable	2,652,021,225.65	5,768,523,196.16
Accounts payable	5,603,674,065.16	5,939,417,729.46

Advance from customers	3,281,133,671.61	3,671,944,099.35
Employee benefits payable	40,881,869.18	22,386,057.59
Current tax liabilities	7,746,972.51	28,902,954.65
Interests payable	31,334,821.13	70,109,821.13
Dividends payable		
Other payables	275,216,874.86	289,522,026.53
Liabilities held for sale		
Non-current liabilities due within one year	1,110,787,748.00	437,669,535.66
Other current liabilities		
Total current liabilities	34,019,431,648.10	33,605,438,920.53
Non-current liabilities:		
Long-term loans	3,161,338,135.87	3,448,931,721.62
Bonds payable	1,496,550,521.55	1,494,825,782.32
Including: Preferred stock		
Perpetual bond		
Long-term payables		
Long-term employee benefits payable		
Special accounts payable		
Estimated liabilities		
Deferred income	396,052,000.00	410,399,000.00
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	5,053,940,657.42	5,354,156,503.94
Total liabilities	39,073,372,305.52	38,959,595,424.47
Shareholders' equity:		
Share capital	3,136,000,000.00	3,136,000,000.00
Other equity instruments		
Including: Preferred stock		
Perpetual bond		
Capital reserves	8,694,693,859.93	8,694,693,859.93
Less: treasury shares		
Other comprehensive income		
Special reserves	8,125,511.20	230,735.89

Surplus reserves	961,105,529.85	961,105,529.85
Undistributed profits	-404,885,542.23	-1,006,712,290.18
Total shareholder's equity	12,395,039,358.75	11,785,317,835.49
Total liabilities and shareholder's equity	51,468,411,664.27	50,744,913,259.96

Legal Representative: Wang Shu

Person in charge of accounting: Han Ge

Accounting Dept. Leader: Wang Shaoyu

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unit: Yuan

Items	January to June 2017	January to June 2016
1. Total operating income	20,736,486,903.74	12,629,584,569.35
Including: Operating income	20,736,486,903.74	12,629,584,569.35
Interest income		
Premium earned		
Income from handling charges and commission		
2. Total operating cost	20,109,129,759.95	12,307,317,804.75
Including: Operating cost	18,690,665,966.11	10,914,182,302.04
Interest cost		
Expenditure for handling charges and commission		
Surrender value		
Net expenditure for compensation		
Net provision for insurance contract appropriated		
Bonus payment for policy		
Reinsurance premium		
Taxes and surcharges	133,756,731.07	26,332,894.76
Selling and distribution expenses	587,632,707.43	430,061,063.14
General and administrative expenses	358,951,405.08	351,954,718.48
Financial expenses	381,513,404.80	586,667,825.19
Asset impairment loss	-43,390,454.54	-1,880,998.86
Add: Gains from the change in fair value ("- for loss)		

Income on investment ("-" for loss)	3,294,593.14	
Including: Income from associates and joint ventures		
Exchange Income ("-" for loss)		
Other Income		
3. Operating profit ("-" for loss)	630,651,736.93	322,266,764.60
Add: Non-operating income	21,014,488.58	24,196,669.55
Including: Gain on disposal of non-current assets	3,015,294.00	2,120,458.89
Less: Non-operating expenses	4,593,420.30	105,474.99
Including: Loss on disposal of non-current assets	4,593,420.30	105,474.99
4. Total profit ("-" for loss)	647,072,805.21	346,357,959.16
Less: Income tax expenses	117,105,061.16	140,062,221.29
5. Net Profit ("-" for loss)	529,967,744.05	206,295,737.87
Attributable to: Owners of parent company	523,635,653.57	182,538,176.32
Non-controlling shareholders	6,332,090.48	23,757,561.55
6. Other comprehensive income after tax		
Other comprehensive income attributable to owners of parent company after tax		
1) Other comprehensive income unable to be reclassified into profit and loss afterwards		
(1) .Change of net liabilities or net assets through re-measuring defined benefit plan		
(2) .Share of other comprehensive income of investee not to be classified into profit or loss afterwards under equity method		
2) Other comprehensive income to be reclassified into profit and loss afterwards		
(1) .Share of other comprehensive income of investee to be		

classified into profit or loss afterwards under equity method		
(2). Gains and losses on re-measuring available-for-sale financial assets		
(3) .Gains and losses resulting from reclassification of held-to maturity investment to financial assets held-for sale		
(4) .Effective portion of gains or losses from cash flow hedging		
(5) .Gains and losses resulting from translating the foreign currency financial statements		
(6) .Others		
Other comprehensive income attributable to non-controlling shareholders after tax		
7. Total comprehensive income	529,967,744.05	206,295,737.87
Total comprehensive income attributable to owners of parent company	523,635,653.57	182,538,176.32
Total comprehensive income attributable to non-controlling shareholders	6,332,090.48	23,757,561.55
8. Earnings per share:		
1) Basic earnings per share	0.167	0.058
2) Diluted earnings per share	0.167	0.058

The current business combination under common control, the net profits of the combined party before achieved: Yuan, net profit of previous period of the combined party realized: Yuan.

Legal Representative: Wang Shu

Person in charge of accounting: Han Ge

Accounting Dept. Leader: Wang Shaoyu

4. INCOME STATEMENT OF THE PARENT COMPANY

Unit: Yuan

Items	January to June 2017	January to June 2016
1. Turnover	21,197,516,779.20	13,185,388,447.19
Less: Operating cost	19,482,976,074.32	11,729,886,784.21
Taxes and surcharges	116,783,416.00	14,639,973.93
Selling and distribution	373,519,186.39	352,259,509.33

expenses		
General and administrative expenses	336,370,276.02	321,474,092.99
Financial expenses	350,175,885.42	555,023,839.47
Asset impairment loss	-43,390,454.54	-1,880,998.86
Add: Gains from the change in fair value ("- for loss)		
Income on investment ("- for loss)	105,369,227.90	13,713,328.45
Including: Income from associates and joint ventures		
Other Income		
2. Operating profit ("- for loss)	686,451,623.49	227,698,574.57
Add: Non-operating income	20,277,081.86	23,562,540.98
Including: Gain on disposal of non-current assets	3,015,294.00	2,050,505.76
Less: Non-operating expenses	4,593,420.30	105,474.99
Including: Loss on disposal of non-current assets	4,593,420.30	105,474.99
3. Total profit ("- for loss)	702,135,285.05	251,155,640.56
Less: Income tax expenses	100,308,537.10	138,090,659.07
4. Net Profit ("- for loss)	601,826,747.95	113,064,981.49
5. Other comprehensive income after tax		
1) Other comprehensive income unable to be reclassified into profit and loss afterwards		
(1) .Change of net liabilities or net assets through re-measuring defined benefit plan		
(2) .Share of other comprehensive income of investee not to be classified into profit or loss afterwards under equity method		
2) Other comprehensive income to be reclassified into profit and loss afterwards		
(1) .Share of other		

comprehensive income of investee to be classified into profit or loss afterwards under equity method		
(2) Gains and losses on re-measuring available-for-sale financial assets		
(3) .Gains and losses resulting from reclassification of held-to maturity investment to financial assets held-for sale		
(4) .Effective portion of gains or losses from cash flow hedging		
(5) .Gains and losses resulting from translating the foreign currency financial statements		
(6) .Others		
6. Total comprehensive income	601,826,747.95	113,064,981.49
7. Earnings per share:		
1) Basic earnings per share		
2) Diluted earnings per share		

Legal Representative: Wang Shu

Person in charge of accounting: Han Ge

Accounting Dept. Leader: Wang Shaoyu

5. CONSOLIDATED STATEMENT OF CASH FLOWS

Unit: Yuan

Items	January to June 2017	January to June 2016
1. Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	14,489,666,407.59	10,026,046,529.17
Net increase of customers' deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of loans from other financial institutions		
Cash received for premium of original insurance contract		
Net cash received for reinsurance business		

Net increase of deposit and investment of the insured		
Net increase of Financial assets at fair value through profit or loss		
Cash from receiving interest, handling charge and commission		
Net increase of loans from other financial institutions		
Net increase of fund for buy-back business		
Tax rebate received	71,132,309.30	303,389,091.42
Other cash received relating to operating activities	87,817,078.61	84,327,996.29
Subtotal of cash inflow received from operation activities	14,648,615,795.50	10,413,763,616.88
Cash paid for goods and services	17,237,734,129.30	6,825,224,385.05
Net increase of customer's loan and advances		
Net increase of deposit in central bank and interbank deposit		
Cash for payment of compensation for original insurance contract		
Cash for payment of interest, handling charge and commission		
Cash for payment of policy bonus		
Cash paid to and on behalf of employees	719,101,828.61	643,200,672.87
Cash paid for all types of taxes	390,701,219.38	154,701,105.71
Other cash paid relating to operating activities	348,384,302.93	399,860,089.73
Subtotal of cash outflow received from operation activities	18,695,921,480.22	8,022,986,253.36
Net cash flows generated from operating activities	-4,047,305,684.72	2,390,777,363.52
2. Cash flows from investing activities:		
Cash received from return on investments	424,000,000.00	
Cash received from distribution of	3,294,593.14	

dividends or profit		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,405,531.00
Net cash received from disposal of subsidiary and other operating units		
Other cash paid relating to investing activities		
Subtotal of cash inflow received from investing activities	427,294,593.14	2,405,531.00
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	702,058,422.96	758,159,102.38
Cash paid for acquisition of investments	180,000,000.00	113,000,000.00
Net increase of mortgage loan		
Net cash received from subsidiary and other operating unit		
Other cash paid relating to investing activities		
Subtotal of cash outflows from investing activities	882,058,422.96	871,159,102.38
The net cash flow generated by investment activities	-454,763,829.82	-868,753,571.38
3. Cash flows from financing activities:		
Proceeds from investment		
Including: Proceeds from investment of non-controlling shareholders of subsidiary		
Proceeds from borrowings	10,419,164,500.00	7,222,865,800.00
Cash received from bond issuance		
Other proceeds relating to financing activities		210,000,000.00
Subtotal cash inflow received from financing activities	10,419,164,500.00	7,432,865,800.00
Cash repayments of borrowings	6,099,082,442.74	6,003,720,086.94
Cash payments for distribution of dividends, profit or interest expenses	565,025,996.70	573,974,920.33

Including: Cash paid to non-controlling shareholders as dividend and profit by subsidiaries		
Other cash payments relating to financing activities		
Subtotal of cash outflows from financing activities	6,664,108,439.44	6,577,695,007.27
The net cash flow generated by financing activities	3,755,056,060.56	855,170,792.73
4. Effect of foreign exchange rate changes on cash and cash equivalents	-41,586,403.20	388,468,098.61
5. Net increase in cash and cash equivalents	-788,599,857.18	2,765,662,683.48
Add: Cash and cash equivalents at the beginning of the period	12,273,574,488.67	4,612,782,772.98
6. Cash and cash equivalents at the ending of the period	11,484,974,631.49	7,378,445,456.46

Legal Representative: Wang Shu

Person in charge of accounting: Han Ge

Accounting Dept. Leader: Wang Shaoyu

6. CASH FLOW STATEMENT OF THE PARENT COMPANY

Unit: Yuan

Items	January to June 2017	January to June 2016
1. Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	14,377,855,065.89	9,828,128,086.69
Tax rebate received	21,102,552.86	299,232,274.50
Other cash received relating to operating activities	80,547,620.06	71,902,496.61
Subtotal of cash inflow received from operation activities	14,479,505,238.81	10,199,262,857.80
Cash paid for goods and services	17,094,207,253.57	6,988,799,423.39
Cash paid to and on behalf of employees	672,852,272.11	598,176,442.20
Cash paid for all types of taxes	330,314,831.68	51,750,618.52
Other cash paid relating to operating activities	244,216,504.53	277,308,179.29
Subtotal of cash outflow received from operation activities	18,341,590,861.89	7,916,034,663.40

Net cash flows generated from operating activities	-3,862,085,623.08	2,283,228,194.40
2. Cash flows from investing activities:		
Cash received from return on investments	424,000,000.00	
Cash received from distribution of dividends or profit	105,353,447.08	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,368,625.00
Net cash received from disposal of subsidiary and other operating units		
Other cash paid relating to investing activities		
Subtotal of cash inflow received from investing activities	529,353,447.08	2,368,625.00
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	687,313,444.96	746,341,472.97
Cash paid for acquisition of investments	180,000,000.00	113,000,000.00
Net cash received from subsidiary and other operating unit		
Other cash paid relating to investing activities		
Subtotal of cash outflows from investing activities	867,313,444.96	859,341,472.97
The net cash flow generated by investment activities	-337,959,997.88	-856,972,847.97
3. Cash flows from financing activities:		
Proceeds from investment		
Proceeds from borrowings	9,396,164,500.00	6,782,865,800.00
Cash received from bond issuance		
Other proceeds relating to financing activities		210,000,000.00
Subtotal cash inflow received from financing activities	9,396,164,500.00	6,992,865,800.00
Cash repayments of borrowings	5,345,526,396.17	5,551,474,882.41

Cash payments for distribution of dividends, profit or interest expenses	399,928,132.12	541,489,070.30
Other cash payments relating to financing activities		
Subtotal of cash outflows from financing activities	5,745,454,528.29	6,092,963,952.71
The net cash flow generated by financing activities	3,650,709,971.71	899,901,847.29
4. Effect of foreign exchange rate changes on cash and cash equivalents	-41,635,090.04	388,459,851.48
5. Net increase in cash and cash equivalents	-590,970,739.29	2,714,617,045.20
Add: Cash and cash equivalents at the beginning of the period	11,876,536,613.66	4,489,630,951.08
6. Cash and cash equivalents at the ending of the period	11,285,565,874.37	7,204,247,996.28

Legal Representative: Wang Shu

Person in charge of accounting: Han Ge

Accounting Dept. Leader: Wang Shaoyu

7. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unit: Yuan

Items	January to June 2017												
	Owner's equity attributable to parent company										Non-controlling interests	Total shareholder's equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve			Undistributed profits
	Preference shares	Perpetual bond	Others										
1. Ending balance of last year	3,136,000,000.00				9,114,845,542.05			372,721.86	961,105,529.85		-496,969,242.61	549,202,101.63	13,264,556,652.78
Add: Change of accounting policies													
Correction of errors for previous period													
Business consolidation													

under common control													
Others													
2. Beginning balance of current year	3,136,000.00				9,114,845,542.05			372,721.86	961,105,529.85		-496,969,242.61	549,202,101.63	13,264,556,652.78
3. Changes in current year (“-” for decrease)								10,284,251.88			523,635,653.57	-18,282,764.64	515,637,140.81
1) Total comprehensive income											523,635,653.57	6,332,090.48	529,967,744.05
2) Capital increase and decrease by shareholders												9,003,815.84	9,003,815.84
(1) Common share invested by shareholders													
(2) Capital input by the holder of other equity instruments													
(3) Share-based payment attributable to owners' equity													
(4) Others													
3) Profit distribution												-34,024,878.25	-34,024,878.25
(1) Appropriation to surplus reserves													
(2) Appropriation to general risk reserve													
(3) Profit distribution to shareholders												-34,024,878.25	-34,024,878.25
(4) Others													
4) Transfers within													

shareholders' equity													
(1) Capital reserves transferred into paid-in capital (or stock)													
(2) Surplus reserves transferred into paid-in capital (or stock)													
(3) Surplus reserves to recover loss													
(4) Others													
5) Special reserves							10,284,251.88					406,207.29	10,690,459.17
(1) Provision of special reserves							19,733,398.02					406,207.29	20,139,605.31
(2) Use of special reserves							9,449,146.14						9,449,146.14
6) Others													
4. Ending balance of current year	3,136,000.00				9,114,845,542.05		10,656,973.74	961,105,529.85			26,666,410.96	530,919,336.99	13,780,193,793.59

Unit: Yuan

Items	January to June 2016												
	Owner's equity attributable to parent company											Non-controlling interest	Total shareholder's equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits		
	Preference shares	Perpetual bond	Others										
1. Ending balance 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													

policies													
Correction of errors for previous period													
Business consolidation under common control													
Others													
2. Beginning balance 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	
3. Changes in current year (“-” for decrease)							-20,650.19			781,274,829.32	44,209,052.18	825,463,231.31	
1) Total comprehensive income										781,274,829.32	44,204,577.33	825,479,406.65	
2) Capital increase and decrease by shareholders													
(1) Common share invested by shareholders													
(2) Capital input by the holder of other equity instruments													
(3) Share-based payment attributable to owners' equity													
(4) Others													
3) Profit distribution													
(1) Appropriation to surplus reserves													
(2) Appropriation													

to general risk reserve													
(3) Profit distribution to shareholders													
(4) Others													
4) Transfers within shareholders' equity													
(1) Capital reserves transferred into paid-in capital (or stock)													
(2) Surplus reserves transferred into paid-in capital (or stock)													
(3) Surplus reserves to recover loss													
(4) Others													
5) Special reserves							-20,650.19				4,474.85	-16,175.34	
(1) Provision of special reserves							39,766,855.73				4,474.85	39,771,330.58	
(2) Use of special reserves							39,787,505.92					39,787,505.92	
6) Others													
4. Ending balance of current year	3,136,000.00			9,114,845.542.05			372,721.86	961,105,529.85		-496,969,242.61	549,202,101.63	13,264,556,652.78	

Legal Representative: Wang Shu

Person in charge of accounting: Han Ge

Accounting Dept. Leader: Wang Shaoyu

8. STATEMENT OF CHANGE IN OWNER'S EQUITY OF THE PARENT COMPANY

Unit: Yuan

Items	January to June 2017									
	Share	Other equity instruments	Capital	Less:	Other	Special	Surplus	Undistri	Total	

	capital	Prefere nce shares	Perpetu al bond	Others	reserves	treasury shares	comprehe nsive income	reserves	reserves	buted profits	sharehold er's equity
1. Ending balance of last year	3,136,00 0,000.00				8,694,693 ,859.93			230,735.8 9	961,105,5 29.85	-1,006,7 12,290. 18	11,785,31 7,835.49
Add: Change of accounting policies											
Correction of errors for previous period											
Others											
2. Beginning balance of current year	3,136,00 0,000.00				8,694,693 ,859.93			230,735.8 9	961,105,5 29.85	-1,006,7 12,290. 18	11,785,31 7,835.49
3. Changes in current year (“-” for decrease)								7,894,775 .31		601,826 ,747.95	609,721,5 23.26
1) Total comprehensive income										601,826 ,747.95	601,826,7 47.95
2) Capital increase and decrease by shareholders											
(1) Common share invested by shareholders											
(2) Capital input by the holder of other equity instruments											
(3) Share-based payment attributable to owners' equity											
(4) Others											
3) Profit											

distribution											
(1) Appropriation to surplus reserves											
2. Profit distribution to shareholders											
3. Others											
4) Transfers within shareholders' equity											
(1) Capital reserves transferred into paid-in capital (or stock)											
(2) Surplus reserves transferred into paid-in capital (or stock)											
(3) Surplus reserves to recover loss											
(4) Others											
5) Special reserves								7,894,775.31			7,894,775.31
(1) Provision of special reserves								17,253,644.64			17,253,644.64
(2) Use of special reserves								9,358,869.33			9,358,869.33
6) Others											
4. Ending balance of current year	3,136,000.00				8,694,693,859.93			8,125,511.20	961,105,529.85	-404,885,542.23	12,395,039,358.75

Unit: Yuan

Items	January to June 2016										
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive	Special reserves	Surplus reserves	Undistributed profits	Total shareholder's
		Preference	Perpetual bond	Others							

		shares					income				equity
1. Ending balance 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 policies											
Correction of errors for previous period											
Others											
2. Beginning balance 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
3. Changes in current year ("-" for decrease)							-162,636.16		677,743,710.71		677,581,074.55
1) Total comprehensive income									677,743,710.71		677,743,710.71
2) Capital increase and decrease by shareholders											
(1) Common share invested by shareholders											
(2) Capital input by the holder of other equity instruments											
(3) Share-based payment attributable to owners' equity											
(4) Others											
3) Profit distribution											
(1) Appropriation											

to surplus reserves											
2. Profit distribution to shareholders											
3. Others											
4) Transfers within shareholders' equity											
(1) Capital reserves transferred into paid-in capital (or stock)											
(2) Surplus reserves transferred into paid-in capital (or stock)											
(3) Surplus reserves to recover loss											
(4) Others											
5) Special reserves											
								-162,636.16			-162,636.16
(1) Provision of special reserves								34,079,630.37			34,079,630.37
(2) Use of special reserves								34,242,266.53			34,242,266.53
6) Others											
4. Ending balance of current year	3,136,000,000.00				8,694,693,859.93			230,735,899	961,105,529.85	-1,006,712,290.18	11,785,317,835.49

Legal Representative: Wang Shu

Person in charge of accounting: Han Ge

Accounting Dept. Leader: Wang Shaoyu

III. Basic Information of the Company

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 Steel and Iron (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 (hereinafter referred to as “the CSRC”), the Company issued 400,000,000 B-shares at HKD2.38 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 totaled to 1,136,000,000 shares including 616,000,000 shares held by the promoter.

On 14 March 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. Shareholding positions have been registered with China Securities Depository & Clearing Corporation Ltd. Shenzhen Office. However, the total amount of capital shares of Bengang Steel Plates Co., Ltd. was not changed through the share equity relocation action.

According to the approval document “Zheng-Jian-Gong-Si-Zi [2006] No. 126” by China Securities Regulatory Commission on 30 June 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] No. 127 issued by China Securities Regulatory Committee, and were 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 (accounting for 82.12% of the total capital shares of the Company). On 28 August 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 28 September 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 with face value of RMB1.00 per share and the placing price was RMB4.6733 per share. The newly placed shares were restricted to be sold in 36 months when they were registered to the account of Bengang Group.

Up to 31 December 2016, the capital shares of Bengang Steel Plates Co., Ltd were amounted to 3,136,000,000 shares. The unified social credit code was 91210000242690243E. The registered address is 16th Renmin Road, Pingshan District, Benxi, Liaoning Province. The registered capital is RMB 3,136,000,000. The legal representative is Wang Shu.

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

Bengang Steel Plates Co., Ltd. belongs to ferrous metal smelting and rolling processing industry, and is mainly involved in producing and trading of ferrous metal products.

The financial statements have been approved for reporting by the board of directors of the Company on 23 August 2017.

As at 30 June 2017, subsidiaries included in the Company's consolidated financial statements are as follows:

Name of the subsidiaries
Guangzhou Bengang Steel & Iron Trading Co., Ltd.
Shanghai Bengang Metallurgy Science and Technology Co., Ltd.
Bengang Steel Plate Liaoyang Orel Ball Co., Ltd.
Dalian Benruitong Automobile Material Technologies Co., Ltd.
Changchun Bengang Steel & Iron Sales Co., Ltd.
Harbin Bengang Economic and Trading Co., Ltd.
Nanjing Bengang Steel Material Sales Ltd.
Wuxi Bengang Steel & Iron Sales Co., Ltd.
Xiamen Bengang Steel & Iron Sales Co., Ltd.
Yantai Bengang Steel & Iron Sales Co., Ltd.
Tianjin Bengang Steel & Iron Trading Co., Ltd.
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.
Benxi Bengang Steel Sales Co., Ltd
Shenyang Bengang Metallurgical Science and Technology Co., Ltd.
Bengang Baojin (Shenyang) Automobile New Material Technology Co., Ltd.

Bengang Baojin (Shenyang) Automobile New Material Technology Co., Ltd. is a new subsidy included in the Company's consolidated financial statements.

IV. Basis of preparation

1. Basis of preparation

The financial statements have been prepared on the going concern basis of actual trading and events in accordance with "Accounting Standards for Business Enterprises – Basic Standard" and relevant specific standards, application materials, interpretations (together hereinafter referred to as "Accounting Standards for Business Enterprises") issued by the Ministry of Finance, and "Information Disclosure Rules for Companies

of securities for public issuance No. 15 – General Regulations for Financial Statements” issued by the China Securities Regulatory Commission.

2. Going concern

The Company is operating normally and in a good condition, and thus has the capability to continue to operate in the next twelve months from the end of reporting period

V. Significant accounting policies and accounting estimates

The following disclosed content covers the detailed accounting policies and accounting estimates that are adopted by the Company according to the actual features of production or operation.

1. Statement of compliance with China Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial position, operation results and cash flows of the Company during the reporting period in accordance with China Accounting Standards for Business Enterprises.

2. Accounting year

The Accounting year is from 1 January to 31 December.

3. Operating period

The operating period is twelve months.

4. Functional currency

The Company’s functional currency is RMB.

5. The accounting treatment for Business combination under/now under common control

Business consolidation 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 now 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. Consolidation of Financial Statements

1. Scope of consolidation

The scope of consolidation of consolidated financial statements is determined based on control. All the subsidiaries (including separable sections of the investees controlled by the Company) have been consolidated into the scope of consolidation for this period ended.

2. Procedure of consolidation

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

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

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

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

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

(1) Increase of new subsidiary and business

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

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

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

When the Company becomes capable of exercising control over an investee now under common control due to additional investment or other reasons, the acquirer shall re-measure 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 re-measurement 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 re-measure 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 re-measurement of defined benefit plan is excluded. When the Company loses control over a subsidiary due to the increase of capital from other investors and thus the shareholding ratio of the Company declines, accounting treatment shall be in accordance with the above-mentioned principles

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:

Arrangements are entered into at the same time or in contemplation of each other;

Arrangements work together to achieve an overall commercial effect;

The occurrence of one arrangement is dependent on the occurrence of at least one other arrangement; and

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 of cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term “cash” refers to the cash on hand and the unrestricted deposit. And the term “cash equivalents” refers to short-term (maturing within three months from acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

9. Foreign currency transaction and translation of foreign currency financial statements

1. Foreign currency transaction

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

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

2. Translation of foreign currency financial statements

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

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

arising from the translation of foreign currency statements of the part of disposal based on the disposal rate and shall shift them into the profits and losses of the current period.

10. Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments

1. Classification 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 (liabilities) at fair value through profit or loss

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 current profit and loss when occurred.

The cash dividends or interest are recognized as investment income when the Company receives such financial assets. At the balance sheet date, the Company recognizes the fair value changes in current profit and loss.

The Company recognizes the difference between initial recognition and fair value of the financial assets as investment income when disposing the financial assets and at the same time adjusts the fair value changes in current profit and loss.

(2) Held-to-maturity investment

The Held-to-maturity investments are recognized initially at fair value (minus bond interest matured but not drawn yet) plus any related transaction cost.

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 a shorter 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 current profit and loss.

(4) Available-for-sale financial assets

Available-for-sale financial assets are initially recorded at the sum of fair values (deducting cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn) and transaction costs when acquired.

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. Determination and measurement of financial assets transfer

Where the Company 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 Company shall follow the principle of the substance over form. Transfer of an entire financial asset can be divided into partial financial assets transfer and entire financial asset transfer. If the transfer of an entire financial asset satisfies the conditions for de-recognition, the difference between the amounts of the following 2 items shall be recorded in the profits and losses of the current period:

(1) The book value of the transferred financial asset; and

(2) The sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the owners' equities (in the event that the financial asset involved in the transfer is a financial asset Available-for-sale).

If the transfer of partial financial asset satisfies the conditions to derecognize, 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 (under such circumstance, the service asset retained shall be deemed as a portion of financial asset 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; and
- (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. Recognition of termination of financial liabilities

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 the Company (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 the Company makes substantial revisions to some or all of the contractual stipulations of the existing financial liability, it shall terminated 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 the Company buys back part of its financial liabilities, it shall distribute, on the date of repurchase, the carrying amount of the whole financial liabilities in light of the comparatively fair value of the part that continues to be recognized and the part whose recognition has already been terminated. The gap between the carrying amount which is distributed to the part whose recognition has terminated and the considerations it has paid (including the noncash assets it has transferred out and the new financial liabilities it has assumed) shall be recorded into the profits and losses of the current period.

5. Determination of the fair value

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

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

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

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

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

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

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

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

(2) Impairment of held-to-maturity investment

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

11. Receivables

(1) The recognition and provision for bad debts for the individually significant receivables

The recognition standard of bad debts provision for the individually significant receivables	Individually significant receivables refer to accounts receivable over RMB10 million or other receivables over RMB 5 million.
The provision for bad debts for the individually significant receivables	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) The recognition and provision for bad debts for the receivables in portfolio

Portfolio	Recognition and provision for bad debts for portfolio
Insignificant amount of receivables and unadjusted individual receivables	Aging analysis method

Aging analysis method for bad debts provision:

Applicable Not applicable

Aging	Bad debts ratio for accounts receivable	Bad debts ratio for other receivables
1-2 years	5.00%	5.00%
2-3 years	20.00%	20.00%
Over 3 years	100.00%	100.00%

Percentage of balance method for bad debts provisions:

Applicable Not applicable

Other methods for bad debts provision:

Applicable Not applicable

(3) Insignificant individual amounts of accounts receivable that recognize bad debts individually

Reasons for individual recognition and provision of bad debts	Accounts receivable amount is proved to be unrecoverable with conclusive evidence.
Method of bad debts recognition and provision	If conclusive evidence shows the possibility of recovering the amount is small, recognize bad debts individually as if the

	amount is unrecoverable.
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12. Inventories

Whether the Company needs to obey the disclosure requirement of specific industry

No

1. Inventory classification

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

2. Valuation method for inventory dispatched

The weighted average method is used to confirm the actual cost of the inventories dispatched.

3. The basis for confirming the net realizable value of inventories and the methods to make provision for the inventories impairment loss

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. For the inventories related to the series of products manufactured and sold in the same area, and of which the final use or purpose is identical or similar thereto, and if it is difficult to measure them by separating them from other items, the provision for loss on decline in value of inventories shall be made on a combination basis.

Unless clear evidence shows that the market price is exceptionally fluctuating, the net realizable value of inventory is based on the market price at the balance sheet date.

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

4. Inventory system

The Company uses perpetual inventory system.

5. Amortization of low-valued consumables and packing materials

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

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

13. Assets classified as held for sale

The Company shall recognize components or non-current assets as held for sale when the following conditions are satisfied simultaneously:

(1) This component can be sold immediately based only on usual terms of selling such components in current situation.

(2) The Company has adopted a resolution on disposal of the component or non-current asset, and has been approved by the general meeting of shareholders or the corresponding authority if required to be approved by the shareholders by the regulation.

(3) The Company has signed an irrevocable transfer agreement with the transferee.

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

14. Long-term equity investments**1. Criteria of join 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 join 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 from business acquisition**

For a business combination involving enterprises under common control, if the consideration of the combination is satisfied by paying cash, transfer of non-cash assets or assumption of liabilities and issue of equity securities, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date.

When an investor becomes capable of exercising control over an investee under common control due to additional investment or other reasons, the initial investment cost shall be the absorbing party's share of the carrying amount of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date.

The difference between the initial investment cost and the carrying amount of the previously-held equity investment, together with the additional investment cost for new shares at combination date, shall be adjusted to the capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

When an investor becomes capable of exercising control over an investee now under common control due to additional investment or other reasons, the investor shall change to the cost method and use the carrying amount of the cost method and use the carrying amount of the previously-held equity investment, together with the additional investment cost, as the initial investment cost under the cost method.

(2) The initial cost of the long-term equity investment other than from business acquisition

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

The initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued.

The initial cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement (minus cash dividend or profit declared but not paid) except the unfair value stipulated in the contract or agreement.

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.

The initial cost of a long-term equity investment obtained by debt restructuring shall be ascertained on the basis of fair values.

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 re-measurement of defined benefit plan is excluded.

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

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

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

and Measurement”, and the difference between the fair value and carrying amount at the date of the loss of control shall be charged to profit or loss for the current period.

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

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

15. Investment properties

Investment properties measurement method:

Cost Method

Depreciation and amortization method

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

The investment properties include:

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

The investment properties shall be measured at 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) Recognition of Fixed assets

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.

No fixed asset may be recognized unless it simultaneously meets the conditions as follows:

- (1) The economic benefits related to the fixed asset are likely to flow into the enterprise; and

(2) The cost of the fixed asset can be measured reliably.

(2) Fixed assets depreciation

Category	Fixed assets depreciation	Depreciation Period	Residual Value Rate	Depreciation Rate
Plants and Buildings	Straight line method	8-40 years	0%	2.50%-12.50%
Machinery	Straight line method	4-18 years	3%	5.39%-24.25%
Transportation and other equipment	Straight line method	5-18 years	3%	5.39%-19.40%

(3) Recognition criteria for fixed asset leased in by financial leasing and its valuation

Where a lease satisfies one or more of the following criteria, it shall be recognized as a financial leasing:

- (1) The ownership of the leased asset is transferred to the lessee when the term of lease expires;
- (2) The lessee has the option to buy the leased asset at a price which is expected to be far lower than the fair value of the leased asset at the date when the option becomes exercisable;
- (3) The lease term covers the major part of the use life of the leased asset; and
- (4) The present value of the minimum lease payments on the lease beginning date amounts to substantially all of the fair value of the leased asset on the lease beginning date.

On the lease beginning date, the Company 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 difference between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges.

17. Construction in progress

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 costs

1. Principle of the recognition of capitalized borrowing costs

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

Where the borrowing costs incurred to an enterprise can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be recorded into the current profits and losses.

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.

The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements:

- (1) The asset disbursements have already incurred, which shall include cash, transferred non-cash assets or interest bearing debts paid for the acquisition and construction or production activities for preparing assets eligible for capitalization;
- (2) The borrowing costs has already incurred; and
- (3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

2. The capitalization period of borrowing costs

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.

When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased.

Where each part of a qualified asset under acquisition and construction or production is completed separately and is ready for use, the capitalization of the borrowing costs in relation to this part of asset shall be ceased.

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

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended.

If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts.

4. Method of calculating the capitalization rate and 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 Company 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.

Where there is any discount or premium, the amount of discounts or premiums that shall be amortized during each accounting period shall be determined by the effective interest rate method, and an adjustment shall be made to the amount of interests in each period.

19. Biological Assets

20. Oil and gas assets

21. Intangible assets

(1) Measurement, useful life and impairment

1. Measurement 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

The Company shall review the useful lives and amortization methods of intangible assets with limited useful lives at each year end.

Per review, the useful lives and amortization methods of intangible assets with limited useful lives at each year-end is the same with that of last year.

3. Determination of intangible assets with uncertain useful lives

As at the balance sheet date, the Company has no intangible assets with uncertain useful lives.

(2) Development expenditure of internal research

1. Classification criteria for internal research phase and development phase

The expenditures for its internal research and development projects of an enterprise shall be classified into research expenditures and development expenditures.

Research phase refers to the phase of creative and planned investigation to acquire and study to acquire and understand new scientific or technological knowledge.

Development phase refers to the phase during which the result of research phase or other knowledge is applied into certain projects or designs for the manufacturing of new or substantially improved material, device and product.

2. Criteria of capitalization of development expenditure

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

- (1) It is feasible technically to complete the intangible assets for use or sale;
- (2) The intention to complete and use or sell the intangible assets is present;
- (3) The method of which the intangible assets generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;
- (4) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and
- (5) The development expenditures of the intangible assets can be reliably measured.

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

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.

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

23. Long-term deferred expenses

The long-term deferred expense refers to the expenses incurred but shall be borne by current and subsequent accounting period, which is more than one year. The long-term deferred expense shall be amortized over its beneficiary period evenly.

24. Employee benefits

(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

The Company which provides termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates:

- (1) When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal
- (2) 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. Estimated liabilities

1. Recognition Criteria of estimated liabilities

The obligation related 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 related 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. Share-Based Payment**27. Preference shares, Perpetual bond and Other Financial instruments****28. Revenue**

Whether the Company needs to obey disclosure requirement of specific industry

No

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 steel and other products. Domestic sales revenue is recognized when the following conditions are met: The Company has delivered the products to buyer under the contract, amount of product sales revenue is determinable, received or the certificate of the right to receive the amount has been obtained and the relevant economic benefits are likely to flow into the entity, and related costs can be measured reliably.

Export sales revenue is recognized when the following conditions are met: the Company has undertaken the Customs declaration and delivery has occurred under the contract, bill of lading has been obtained, amount of product sales revenue is determinable, received or the certificate of the right to receive the amount has been obtained and the relevant economic benefits are likely to flow into the entity, and related costs 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) The judgment basis and accounting treatment of government subsidies related to assets

Government subsidies related to assets are government subsidies whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. The specific condition of government subsidies related to assets to the Company is that, government subsidies qualifying for us should purchase, construct or otherwise acquire long-term assets, including fiscal appropriation for fixed assets and intangible assets acquired, finance discount of specific borrowing related to fixed assets acquired. Government subsidies related to assets shall be recognized by deducting the subsidies at the carrying amount of the assets or recognized as deferred income. Subsidies that recognized as deferred income shall be recognized in profit or loss on a systematic basis over the periods during the useful lives of the relevant assets (Subsidies related to daily activities should be figured into Other Income. Subsidies that unrelated to daily activities should be figured into Non-operating Income).

(2) The judgment basis and accounting treatment of government subsidies related to incomes

Government subsidies related to incomes refer to the government subsidies beside government subsidies related to assets. The specific condition of government subsidies related to assets to the Company is that, subsidies are acquired by us and not government subsidies related to assets. The government subsidies related to incomes to compensate future expenses, shall be recognized as deferred income and transferred to current profit or loss (Subsidies related to daily activities should be figured into Other Income. Subsidies that unrelated to daily activities should be figured into Non-operating Income) in the period during which the expenses compensation is recognized, or deduct relevant cost or loss.

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. Leases

(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. Initial direct costs incurred by the Company shall be recorded in the value of the leased asset.

(2) Leased out asset

On the lease beginning date, a lessee shall record the balance between the sum of finance lease receivables plus unguaranteed residual value and the present value of the sum as unrealized financing income, and record rental as revenue when received for each period in the future

Initial direct costs incurred by the Company related to the leased asset shall be recorded in the initial measurement of the finance lease receivables, and reduce the amount of revenue recognized during the lease term.

32. Discontinuing operation

Discontinuing operation is a component that has been disposed or classified as held for sale by the Company, and can be distinguished separately in operating and preparing financial statements when one of the following conditions is met:

- (1) The component stands for an independent main business or a major business area;
- (2) The component is a part of disposal plan of an independent main business or a major business area;
- (3) The component is a subsidiary which is acquired only for sale again.

33. Significant accounting policies and change of accounting estimate

(1) Significant changes in accounting policies.

Applicable Not applicable

(2) Significant changes in accounting estimates

Applicable Not applicable

34. Others

VI. Taxes

1. Major type of taxes and corresponding tax rates

税种	Taxation Method	Tax Rate
Value-added Tax(VAT)	The balance of output VAT calculated based on product sales and taxable services revenue in accordance with the tax laws after subtracting the deductible input VAT of the period	17%, 11%, 6%
City maintenance and construction tax	Based on VAT and business tax actually paid	7%, 5%
Educational surcharges	Based on VAT and business tax actually paid	3%, 2%
Enterprise income tax	Based on taxable profit	25%

Notes to whether there is different income tax rate

Tax payer	Income tax rate

2. Tax Preference

None

3. Others

VII. Notes to the consolidated financial statements

1. Cash at bank and on hand

Unit: Yuan

Items	Ending balance	Beginning balance
Cash on hand	64,107.73	47,743.38
Cash at bank	11,190,437,502.33	12,238,841,745.29
Other monetary funds	1,050,077,541.51	693,022,529.17

Total	12,240,579,151.57	12,931,912,017.84
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Notes:

The details of restricted monetary funds resulted from guarantee or pledge or freeze accounts are as follows:

Items	Ending balance	Beginning balance
Margin for bank acceptance bill	709,022,567.58	483,737,529.17
Guarantee for Yield Enhancement Products	46,581,952.50	
Deposits for purchase of foreign currency		
Total	755,604,520.08	658,337,529.17

2. Financial assets at fair value through profit or loss

Unit: Yuan

Items	Ending balance	Beginning balance
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Notes:

3. Derivative financial assets

Applicable Not applicable

4. Notes receivable

(1) Notes receivable disclosed by category

Unit: Yuan

Items	Ending balance	Beginning balance
Bank acceptance bill	3,486,513,747.73	2,003,701,859.70
Commercial acceptance bill		26,979,278.33
Total	3,486,513,747.73	2,030,681,138.03

(2) The pledged acceptance bill at the year-end

Unit: Yuan

Items	The pledged acceptance bill at the year-end
Commercial acceptance bill	1,385,808,380.90
Total	1,385,808,380.90

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

Unit: Yuan

Items	Derecognized ending balance	Un-derecognized ending balance
Bank acceptance bill	6,333,611,744.92	
Total	6,333,611,744.92	

(4) No Notes receivable has been transferred into accounts receivable due to inability of drawer to meet acceptance bill at the year-end.

Unit: Yuan

Items	Amount transferred to receivable accounts at year end

Notes

5. Accounts receivables

(1) Accounts receivables disclosed by category

Unit: Yuan

Category	Ending balance					Beginning balance				
	Carrying amount		Provision for bad debts		Total net book value of Fixed assets	Carrying amount		Provision for bad debts		Total net book value of Fixed assets
	Amount	Percentage	Amount	Bad debts ratio		Amount	Percentage	Amount	Bad debts ratio	
Accounts receivable tested for impairment by portfolio	736,368,346.43	100.00%	200,313,526.22	27.20%	536,054,820.21	829,837,954.48	100.00%	205,972,527.23	24.82%	623,865,427.25
Total	736,368,346.43	100.00%	200,313,526.22	27.20%	536,054,820.21	829,837,954.48	100.00%	205,972,527.23	24.82%	623,865,427.25

Accounts receivables with large amount individually and bad debt provisions were provided:

Applicable Not applicable

Accounts receivables tested for impairment by portfolio using the method of Aging analysis:

Applicable Not applicable

Unit: Yuan

Aging	Ending balance		
	Accounts receivables	Provision for bad debts	Bad debts ratio
Within 1 year (inclusive)			
	354,317,340.47		
Subtotal of within 1 year	354,317,340.47		
1-2 years	161,343,387.24	8,067,169.36	5.00%
2-3 years	35,576,577.31	7,115,315.46	20.00%

Over 3 years	185,131,041.40	185,131,041.40	100.00%
Total	736,368,346.43	200,313,526.22	27.20%

Notes:

1. The recognition and provision for bad debts for the individually significant receivables:

The recognition standard of bad debts provision for the individually significant receivables: Individually significant receivables refer to accounts receivable over RMB10 million or other receivables over RMB 5 million.

The provision for bad debts for the individually significant receivables:

The impairment test shall 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 debts provision and shall be recorded into the profits and losses at the current period.

2. The recognition and provision for bad debts for the receivables in portfolio:

Criteria for Recognition of Portfolio	
Portfolio:	Insignificant amount of receivables and unadjusted individual receivables
Recognition and provision for bad debts for portfolio	
Portfolio:	Aging analysis method

Aging analysis method for bad debts provision:

Aging	Bad debts ratio for accounts receivable (%)	Bad debts ratio for other receivables (%)
Within 1 year (inclusive)		
1-2 years (inclusive)	5	5
2-3 years (inclusive)	20	20
Over 3 years	100	100

3. Insignificant individual amounts of accounts receivable that recognize bad debts individually:

(1) Reasons for individual recognition and provision of bad debts. Accounts receivable amount is proved to be unrecoverable with conclusive evidence.

(2) Method of bad debts recognition and provision

If conclusive evidence shows the possibility of recovering the amount is small, recognize bad debts individually as if the amount is unrecoverable.

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:

None

(2) Information of provision, reversal or recovery of bad debts of current period

The provision of bad debts of current period is RMB 0.00; Bad debt provision written back was RMB 5,659,001.01 in the period.

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

Unit: Yuan

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

Unit: Yuan

Items	Amount written off
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Significant amount written off:

Unit: Yuan

Company	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 five debtors at the year-end

Company	Ending balance		
	Amount	Percentage of total Accounts receivable (%)	Provision for bad debts
Huachen Auto Group Holding Co., Ltd.	119,239,063.73	16.19	
Benxi Nanfen Xinghe Metallurgical Co., Ltd.	87,396,378.47	11.87	4,368,958.76
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	52,584,877.55	7.14	6,252,766.59
Hua You Steel Pipe Co., Ltd.	29,732,876.07	4.04	29,616,623.65
Ningbo CIMC Logistics Equipment Co., Ltd.	21,855,329.22	2.97	
Total	310,808,525.04	42.21	40,238,349.00

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

Notes:

6, Prepayments**(1) Prepayments disclosed by aging**

Unit: Yuan

Aging	Ending balance		Beginning balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	598,454,617.50	90.93%	452,700,499.16	91.67%

1-2 years	47,879,302.45	7.27%	31,080,628.03	6.29%
2-3 years	10,018,315.85	1.52%	8,279,599.88	1.68%
Over 3 years	1,805,616.36	0.27%	1,778,932.37	0.36%
Total	658,157,852.16	--	493,839,659.44	--

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 five prepaid companies at the year-end

Name of the company	Amount	Percentage (%)
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	336,897,265.03	51.19
Shanxi Xishan Coal and Elect-ricity Power Co., Ltd.	93,542,918.52	14.21
MCC-SFRE Heavy Industry Equipment Co., Ltd.	21,274,964.40	3.23
Shenhua Sales Group Northeast Energy and Trade Co., Ltd	21,000,000.00	3.19
Huaibei Coal Co., Ltd. Coal Transport and Sales Branch	18,000,000.00	2.73
Total	490,715,147.95	74.56

Notes:

7. Interests receivable

(1) Interest receivable disclosed by category

Unit: Yuan

Items	Ending balance	Beginning balance
Fixed deposit	2,663,285.16	4,208,818.85
Total	2,663,285.16	4,208,818.85

(2) Significant Overdue Interest

Loans Unit	Ending balance	Overdue period	Reason	Impairment and the criterion
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Notes:

8. Dividends receivable

(1) Dividends receivable

Unit: Yuan

Items(Company invested in)	Ending balance	Beginning balance
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(2) Significant dividends receivable over 1 year

Unit: Yuan

Items(Company invested in)	Ending balance	Aging	Reason	Impairment and the criterion
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Notes:

9. Other receivables**(1) Other receivables disclosed by category**

Unit: Yuan

Category	Ending balance					Beginning balance				
	Carrying amount		Provision for bad debts		Total net book value of Fixed assets	Carrying amount		Provision for bad debts		Total net book value of Fixed assets
	Amount	Percentage	Amount	Bad debts ratio		Amount	Percentage	Amount	Bad debts ratio	
Accounts receivable tested for impairment by portfolio	229,832,912.39	99.25%	66,278,295.69	28.84%	163,554,616.70	183,443,116.06	99.06%	67,273,143.57	36.67%	116,169,972.49
Other insignificant items but tested for impairment individually	1,740,000.00	0.75%			1,740,000.00	1,740,000.00	0.94%			1,740,000.00
Total	231,572,912.39	100.00%	66,278,295.69	28.62%	165,294,616.70	185,183,116.06	100.00%	67,273,143.57	36.33%	117,909,972.49

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

 Applicable Not applicable

Other receivables tested for impairment by portfolio using the method of Aging analysis:

 Applicable Not applicable

Unit: Yuan

Aging	Ending balance		
	Other receivables	Provision for bad debts	Bad debts ratio
Within 1 year (inclusive)			
	150,578,901.00		
Subtotal of within 1 year	150,578,901.00		

1-2 years	9,896,312.40	494,815.62	5.00%
2-3 years	4,467,773.65	893,554.73	20.00%
Over 3 years	64,889,925.34	64,889,925.34	100.00%
Total	229,832,912.39	66,278,295.69	28.84%

Notes:

1. The recognition and provision for bad debts for the individually significant receivables:

The recognition standard of bad debts provision for the individually significant receivables: Individually significant receivables refer to accounts receivable over RMB10 million or other receivables over RMB 5 million.

The provision for bad debts for the individually significant receivables:

The impairment test shall 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 debts provision and shall be recorded into the profits and losses at the current period.

2. The recognition and provision for bad debts for the receivables in portfolio:

Criteria for Recognition of Portfolio	
Portfolio:	Insignificant amount of receivables and unadjusted individual receivables
Recognition and provision for bad debts for portfolio	
Portfolio:	Aging analysis method

Aging analysis method for bad debts provision:

Aging	Bad debts ratio for accounts receivable (%)	Bad debts ratio for other receivables (%)
Within 1 year (inclusive)		
1-2 years (inclusive)	5	5
2-3 years (inclusive)	20	20
Over 3 years	100	100

3. Insignificant individual amounts of accounts receivable that recognize bad debts individually:

(1) Reasons for individual recognition and provision of bad debts. Accounts receivable amount is proved to be unrecoverable with conclusive evidence.

(2) Method of bad debts recognition and provision

If conclusive evidence shows the possibility of recovering the amount is small, recognize bad debts individually as if the amount is unrecoverable.

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:

None

(2) Information of provision, reversal or recovery of bad debts of current period

The provision of bad debts of current period is RMB 0.00; Bad debt provision written back was RMB 994,847.88 in the period.

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

Unit: Yuan

Company	Amount retrieved or written back	way of retrieving
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(3) Receivable accounts written back or retrieved in the report period

Unit: Yuan

Items	Amount written off
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Significant other Receivables have been written off this year:

Unit: Yuan

Company	Property of account	Amount written off	Reason of writing off	Written off procedures	Created by related transaction or not
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Notes:

(4) Other receivables disclosed by nature

Unit: Yuan

Nature	Ending balance	Beginning balance
Accounts	211,298,263.27	165,494,806.44
Export tax rebate	0.00	4,990,848.26
Margin and deposit	4,075,331.26	3,329,519.00
Others	16,199,317.86	11,367,942.36
Total	231,572,912.39	185,183,116.06

(5) Top five debtors at the year-end

Unit: Yuan

Company	Nature or content	Ending balance	Aging	Percentage of total other receivables	Provision for bad debts Ending balance
Bengang Group International Economic and Trading Co., Ltd.	Accounts	15,997,051.61	Within 1 year, Over 3 years	6.91%	2,000.00
Benxi Steel and Iron(Group) Mechanical Manufacturing Co., Ltd.	Accounts	4,610,543.21	Within 1 year	1.99%	
Huozhou Coal and Electricity Group Co., Ltd.	Accounts	4,341,257.18	Over 3 years	1.87%	4,341,257.18

State Grid Liaoning Power Supply Co., Ltd. Benxi Branch	Accounts	3,530,637.67	Within 1 year	1.52%	
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Accounts	2,511,984.11	Within 3 years	1.08%	173,991.52
Total	--	30,991,473.78	--	13.38%	4,517,248.70

(6) Receivable accounts involving the government

Unit: Yuan

Company	Government Subsidies Items	Ending balance	Age at end of period	Predicted time and amount of receiving

(7) Other receivables de-recognition due to transfer of financial asset**(8) Assets and liabilities formed due to the transfer and continuous involvement of other receivables**

Notes:

10. Inventories

Whether the Company needs to obey the disclosure requirement of real estate industry

No

(1) Inventories disclosed by category

Unit: Yuan

Items	Ending balance			Beginning balance		
	Carrying amount	Impairment	Total net book value of Fixed assets	Carrying amount	Impairment	Total net book value of Fixed assets
Raw materials	5,942,137,530.69	4,894,918.76	5,937,242,611.93	5,524,143,499.59	4,894,918.76	5,519,248,580.83
Work in process	1,809,499,061.74	19,429,824.09	1,790,069,237.65	1,565,629,213.06	52,905,684.06	1,512,723,529.00
Products	2,109,456,655.73	2,064,659.65	2,107,391,996.08	2,755,527,232.24	5,325,405.33	2,750,201,826.91
Total	9,861,093,248.16	26,389,402.50	9,834,703,845.66	9,845,299,944.89	63,126,008.15	9,782,173,936.74

Whether the Company needs to follow the disclosure requirement of “Shenzhen Stock Exchange Industry Information Disclosure IndexNo.4 – Listed Company engaged in Seed and Plant Industry”

(2) Impairment of inventory

Unit: Yuan

Items	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Provision	Others	Write-back or write-off	Others	
Raw materials	4,894,918.76					4,894,918.76
Work in process	52,905,684.06			33,475,859.97		19,429,824.09
Products	5,325,405.33			3,260,745.68		2,064,659.65
Total	63,126,008.15			36,736,605.65		26,389,402.50

(3) Statement on part of the inventory balance which was the capitalized borrowing expenses**(4) Completed unbalanced assets at the end of the period**

Unit: Yuan

Items	Amount
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Notes:

11. Assets classified as held for sale

Unit: Yuan

Items	Ending book value	Fair value	Estimated Disposal Expenses	Estimated Disposal Time
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Notes:

12. Non-current assets due within one year

Unit: Yuan

Items	Ending balance	Beginning balance
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Notes:

13. Other current assets

Unit: Yuan

Items	Ending balance	Beginning balance
Prepaid enterprise income tax	182,372,542.02	183,264,161.99
Input tax to be deducted	98,460,611.34	86,134,653.84
Bank Short-Term Financial Products		244,000,000.00

Total	280,833,153.36	513,398,815.83
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Notes:

14. Available-for-sale financial assets**(1) Details of available-for-sale financial assets**

Unit: Yuan

Items	Ending balance			Beginning balance		
	Carrying amount	Total impairment	Book value	Carrying amount	Total impairment	Book value
Available-for-sale equity instruments :	20,271,278.63	14,414,693.00	5,856,585.63	29,271,278.63	14,414,693.00	14,856,585.63
Measured at cost	20,271,278.63	14,414,693.00	5,856,585.63	29,271,278.63	14,414,693.00	14,856,585.63
Total	20,271,278.63	14,414,693.00	5,856,585.63	29,271,278.63	14,414,693.00	14,856,585.63

(2) Available-for-sale financial assets on fair value at the end of period

Unit: Yuan

Categories of Available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments		Total

(3) Available-for-sale financial assets measured at cost

Unit: Yuan

Company invested in	Carrying amount				Total impairment				Percentage of share in the firm %	Cash dividend of the current period
	At beginning of the period	Increase	Decrease	At end of the period	At beginning of the period	Increase	Decrease	At end of the period		
Zhejiang Bengang Jingrui Steel Processing Co., Ltd.	1,967,605.63			1,967,605.63					20.00%	
Suzhou Bengang Industrial Co., Ltd.	3,888,980.00			3,888,980.00					20.10%	

China Steel Shanghai Steel Processing Co., Ltd.	14,414,693.00		14,414,693.00	14,414,693.00			14,414,693.00	15.00%	
Bengang Baojin (Shenyang) Automobile New Material Co., Ltd	9,000,000.00		9,000,000.00					15.00%	
Total	29,271,278.63		9,000,000.00	20,271,278.63	14,414,693.00		14,414,693.00	--	

(4) Change of impairment of available-for-sale financial assets in the report period

Unit: Yuan

Categories of Available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments		Total

(5) Notes to the fair value of the available-for-sale equity instruments drops significantly or not contemporarily but do not prepare the impairment loss

Unit: Yuan

Available-for-sale equity instruments Items	Investment Cost	Closing fair value	Fall of fair value compared to cost	Continuous falling period(month)	Accrual of provision for impairment	Reason for do not make provision for impairment

Notes

15. Held-to-maturity investment

(1) Held-to-maturity investment

Unit: Yuan

Items	Ending balance			Beginning balance		
	Carrying amount	Total impairment	Carrying value	Carrying amount	Total impairment	Carrying value

(2) Significant Held-to-maturity investment at end of the period

Unit: Yuan

Bond	Par value	Face interest rate	Actual interest rate	Maturity date
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(3) Reclassification to held-to-maturity investment

Notes

16. Long-term receivables**(1) Long-term receivables**

Unit: Yuan

Items	Ending balance			Beginning balance			Discount rate interval
	Carrying amount	Provision for bad debts	Carrying value	Carrying amount	Provision for bad debts	Carrying value	

(2) De-recognition long-term receivables due to transfer of financial assets**(3) Assets and liabilities formed by transferring and continuous involvement of long-term receivables**

Notes

17. Long-term equity investments

Unit: Yuan

Company invested in	Beginning balance	Increase or decrease								Ending balance	Ending balance of provision for impairment
		Add investment	Reduce investment	Investment income or loss under equity method	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Provision for impairment	Others		
1. Joint venture											
2. Associated enterprise											

Notes

18. Investment properties**(1) Investment properties under cost method**

Applicable Not applicable

(2) Investment properties under fair value method

Applicable Not applicable

(3) Investment properties without property rights certificate

Unit: Yuan

Items	Carrying value	Reason
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Notes

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

Unit: Yuan

Items	Plants and Buildings	Machinery	Transportation equipment	Total
1. Total original value:				
1.Beginning balance	11,782,464,504.30	38,138,073,694.83	832,584,624.54	50,753,122,823.67
2.Increase in current period		5,636,318.96		5,636,318.96
(1) Purchase		155,476.52		155,476.52
(2) Transferred from construction in progress		5,480,842.44		5,480,842.44
(3) Merging				
3.Decrease in current period		59,712,493.86		59,712,493.86
(1) Disposal		59,712,493.86		59,712,493.86
4.Ending balance	11,782,464,504.30	38,083,997,519.93	832,584,624.54	50,699,046,648.77
2. Total accumulated depreciation				
1.Beginning balance	5,001,998,265.97	24,497,112,858.57	544,382,199.18	30,043,493,323.72

2.Increase in current period	173,725,458.08	759,332,914.48	2,066,651.70	935,125,024.26
(1) Provision	173,725,458.08	759,332,914.48	2,066,651.70	935,125,024.26
3.Decrease in current period		54,315,330.17		54,315,330.17
(1) Disposal		54,315,330.17		54,315,330.17
4.Ending balance	5,175,723,724.05	25,202,130,442.88	546,448,850.88	30,924,303,017.81
3. Total impairment				
1.Beginning balance	8,208,087.85	12,952,774.66		21,160,862.51
2.Increase in current period				
(1) Provision				
3.Decrease in current period				
(1) Disposal				
4.Ending balance	8,208,087.85	12,952,774.66		21,160,862.51
4. Total net book value of Fixed assets				
1.Ending book value	6,598,532,692.40	12,868,914,302.39	286,135,773.66	19,753,582,768.45
2.Beginning book value	6,772,258,150.48	13,628,008,061.60	288,202,425.36	20,688,468,637.44

(2) Fixed assets temporarily in idle status

Unit: Yuan

Items	Total original value	Total accumulated depreciation	Total impairment	Total net book value of Fixed assets	Nature
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(3) Fixed asset by financial leasing

Unit: Yuan

Items	Total original value	Total accumulated depreciation	Total impairment	Total net book value of Fixed assets
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(4) Fixed assets leased out on finance

Unit: Yuan

Items	Ending book value
Plants and Buildings	23,686,878.11
Machinery	3,674,508.08
Total	27,361,386.19

(5) Fixed assets without property rights certificates at the year-end

Unit: Yuan

Items	Total net book value of Fixed assets	Reason
Plants and Buildings	996,678,256.84	To be handled in batches

Notes

20. Construction in progress**(1) Details of construction in progress**

Unit: Yuan

Items	Ending balance			Beginning balance		
	Carrying amount	Total impairment	Book value	Carrying amount	Total impairment	Book value
High Strength Cold Rolling Steel Renovation Project	5,368,077,954.30		5,368,077,954.30	4,947,002,125.33		4,947,002,125.33
The Third Cold Rolling Work Hot-Dip Galvanizing Production Line Project	456,515,887.84		456,515,887.84	398,719,600.41		398,719,600.41
Energy Saving And Environmental Protection Reconstruction Of The Converter System And 180 Ton Dephosphorization	196,050,260.88		196,050,260.88	160,819,316.39		160,819,316.39

Converter Project						
The 360 Square Meter Sintering Machine	9,533,810.01		9,533,810.01			
Manufacturing Department Energy Control Center	6,063,367.91		6,063,367.91	4,656,735.30		4,656,735.30
Information System Engineering	29,967,791.00		29,967,791.00	27,813,512.90		27,813,512.90
Power Plant the Third Plant Renovation Project	447,174,799.98		447,174,799.98	427,626,724.92		427,626,724.92
Other Projects	516,666,103.77		516,666,103.77	244,035,658.86		244,035,658.86
Total	7,030,049,975.69		7,030,049,975.69	6,210,673,674.11		6,210,673,674.11

(2) The change of major construction in progress

Unit: Yuan

Items	Budget	Beginning balance	Increase in current period	Transfer to FA	Other decrease	Ending balance	Input of Budget (%)	Progress	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capitalization rate	Source of fund
High Strength Cold Rolling Steel Renovation Project	6,134,980,000.00	4,947,002,125.33	421,075,828.97			5,368,077,954.30	80.00%	82%	721,446,966.74	168,535,430.93	4.10%	Others
The Third Cold Rolling	869,180,000.00	398,719,600.41	57,796,287.43			456,515,887.84	53.00%	80%	0.00			Others

Work Hot-Dip Galvanizing Production Line Project												
Energy Saving And Environmental Protection Reconstruction Of The Converter System And 180 Ton Dephosphorization Converter Project	1,778,644,000.00	160,819,316.39	35,230,944.49			196,050,260.88	85.00%	90%	138,731,941.83	10,884,374.52	4.10%	Others
The 360 Square Meter Sintering Machine	1,284,032,000.00		9,533,810.01			9,533,810.01	88.00%	96%	68,627,433.26		4.10%	Others
Manufacturing Department Energy Control Center	294,500,000.00	4,656,735.30	3,398,152.03	1,991,519.42		6,063,367.91	91.00%	96%	45,372,134.03		4.10%	Others
Information System Engineering	427,250,000.00	27,813,512.90	2,154,278.10			29,967,791.00	92.00%	96%	34,557,523.62	379,550.99		
Power	610,720,000.00	427,626,000.00	19,548,000.00			447,174,000.00	73.00%	83%	27,140,000.00	9,768,770.00	4.10%	Others

Plant the Third Plant Renovation Project	000.00	724.92	75.06			799.98			56.82	8.16		
Other Projects		244,035,658.86	276,119,767.93	3,489,323.02		516,666,103.77			0.00			Others
Total	11,399,306,000.00	6,210,673,674.11	824,857,144.02	5,480,842.44		7,030,049,975.69	--	--	1,035,876,056.30	189,568,134.60		--

(3) Impairment provision provided on construction in process

Unit: Yuan

Items	Provision for impairment of the current period	Reason

Notes

21. Construction materials

Unit: Yuan

Items	Ending balance	Beginning balance
Special equipment	4,558,925.80	7,783,370.29
Total	4,558,925.80	7,783,370.29

Notes:

22. Disposal of fixed assets

Unit: Yuan

Items	Ending balance	Beginning balance

Notes:

23. Productive biological assets**(1) Productive biological assets under cost method** Applicable Not applicable**(2) Productive biological assets under fair value method** Applicable Not applicable

24. Oil and gas assets

□ Applicable √ Not applicable

25. Intangible assets**(1) Details of intangible assets**

Unit: Yuan

Items	Land use right	Patent	Non-patent technologies	Software	Total
1. Total original value					
1.Beginning balance	296,245,314.76			397,064.99	296,642,379.75
2.Increase in current period					
(1) Purchase					
(2) Internal R&D					
(3) Merging					
3.Decrease in current period					
(1) Disposal					
4.Ending balance	296,245,314.76			397,064.99	296,642,379.75
2. Accumulative amortizing					
1.Beginning balance	36,763,695.35			41,273.47	36,804,968.82
2.Increase in current period	2,962,453.13			19,853.24	2,982,306.37
(1) Provision	2,962,453.13			19,853.24	2,982,306.37
3.Decrease in current period					
(1) Disposal					

4. Ending balance	39,726,148.48			61,126.71	39,787,275.19
3. Total impairment					
1. Beginning balance					
2. Increase in current period					
(1) Provision					
3. Decrease in current period					
(1) Disposal					
4. Ending balance					
4. Total net book value of Fixed assets					
1. Ending book value	256,519,166.28			335,938.28	256,855,104.56
2. Beginning book value	259,481,619.41			355,791.52	259,837,410.93

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

(2) Property certificate not granted yet

Unit: Yuan

Items	Total net book value of Fixed assets	Reason
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Notes:

26. Development expenditure

Unit: Yuan

Items	Beginning balance	Increase in current period	Decrease in current period	Ending balance
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Notes

27. Goodwill**(1) Original book value**

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance

(2) Provision for impairment

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance

Notes to process of impairment test and parameter and method of recognition of impairment loss:

Notes

28. Long-term deferred expenses

Unit: Yuan

Items	Beginning balance	Increase in current period	Amortized amount in current period	Other decrease	Ending balance

Notes

29. Deferred tax assets/Deferred tax liabilities**(1) Un-deducted deferred tax asset**

Unit: Yuan

Items	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Asset impairment provision	325,245,151.01	81,311,287.75	368,635,605.55	92,158,901.41
Internal trade profit not realized	78,749,247.78	19,687,311.95	52,499,498.52	13,124,874.63
Deductible losses	728,330,824.55	182,082,706.14	1,136,092,189.97	284,023,047.49
Differences of depreciation and amortization	333,978,859.03	83,494,714.76	333,978,859.03	83,494,714.76
Welfare for early retirement	4,686,056.91	1,171,514.23	5,859,027.00	1,464,756.75

Unpaid employee salary	32,180,728.46	8,045,182.12	7,339,835.99	1,834,959.00
Total	1,503,170,867.74	375,792,716.95	1,904,405,016.06	476,101,254.04

(2) Deferred income tax liabilities not deducted

Unit: Yuan

Items	Ending balance		Beginning balance	
	Taxable provisional difference	Deferred tax liabilities	Taxable provisional difference	Deferred tax liabilities

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

Unit: Yuan

Items	Amount neutralized between deferred income tax asset and liability at end of period	Closing balance of deferred income tax asset or liability after deduction	Amount neutralized between deferred income tax asset and liabilities at opening of period	Opening balance of deferred income tax asset or liability after deduction
Deferred tax assets		375,792,716.94		476,101,254.04

(4) Unrecognized deferred tax assets

Unit: Yuan

Items	Ending balance	Beginning balance
Deductible temporary differences	3,311,628.91	3,311,628.91
Deductible losses	2,339,030,279.85	3,041,165,564.90
Total	2,342,341,908.76	3,044,477,193.81

(5) The deductible loss of unrecognized deferred tax assets due in the following period

Unit: Yuan

Year	At end of the period	At beginning of the period	Nature
2017		44,146,053.02	
2018		61,226,455.38	
2019		179,596,211.65	
2020	2,328,797,491.85	2,745,964,056.85	
2021	10,232,788.00	10,232,788.00	
Total	2,339,030,279.85	3,041,165,564.90	--

Notes:

30. Other non-current assets

Unit: Yuan

Items	Ending balance	Beginning balance
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Notes:

31. Short-term loans**(1) Short-term loans disclosed by category**

Unit: Yuan

Items	Ending balance	Beginning balance
Pledge loans		645,311,200.00
Guaranteed loans	14,508,963,200.00	10,633,173,500.00
Credit loans	8,278,711,200.00	7,483,988,079.48
Total	22,787,674,400.00	18,762,472,779.48

Notes:

(2) Outstanding overdue short-term loans

Outstanding overdue short-term loans at the end of period is RMB 0.00, significant outstanding overdue short-term loans are as following:

Unit: Yuan

Unit	Ending balance	Interest rate	Overdue time	Overdue interest rate
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Notes:

32. Financial liabilities at fair value through profit or loss

Unit: Yuan

Items	Ending balance	Beginning balance
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Notes:

33. Advance from customers

Applicable Not applicable

34. Notes payable

Unit: Yuan

Categories	Ending balance	Beginning balance
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Bank acceptance bill	2,654,713,650.65	6,372,173,897.13
Total	2,654,713,650.65	6,372,173,897.13

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

35. Accounts payable

(1) Accounts payable disclosed by category

Unit: Yuan

Items	Ending balance	Beginning balance
Accounts payable for goods	4,109,974,739.18	4,399,863,760.66
Accounts payable for labor	72,532,213.01	78,583,112.68
Accounts payable for project and equipment	719,619,305.25	818,679,528.16
Accounts payable for repair	476,312,718.96	382,273,450.21
Others	1,433,642.25	844,809.81
Total	5,379,872,618.65	5,680,244,661.52

(2) Material payable aged over 1 year

Unit: Yuan

Items	Ending balance	Reason
Benxi Steel & Iron (Group) Mining Co., Ltd.	911,756,652.03	Not yet settled
Bengang Group International Economic and Trading Co., Ltd.	790,278,853.89	Not yet settled
Liaoning Shenjiao International Trade Co., Ltd.	82,865,953.79	Not yet settled
Jixi Huasheng Fengyuan Coal Preparation Co., Ltd.	46,005,916.07	Not yet settled
Benxi Nanfen Xinhe Metallurgical Co., Ltd.	39,634,041.29	Not yet settled
Total	1,870,541,417.07	--

Notes:

36. Advance from customers**(1) Advance from customers disclosed by category**

Unit: Yuan

Items	Ending balance	Beginning balance
Advance for goods	3,290,002,245.71	3,679,477,129.80
Total	3,290,002,245.71	3,679,477,129.80

(2) Material advances received for over 1 year

Unit: Yuan

Items	Ending balance	Reason
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(3) Unfinished project has already paid at the end of period

Unit: Yuan

Items	Amount
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Notes:

37. Employee benefits payable**(1) Employee benefits payable**

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance
1. Short-term employee benefits	18,146,736.28	791,828,227.17	773,455,834.34	36,519,129.11
2. Post-employment benefits - defined contribution plans	57,730.42	124,856,230.57	124,853,279.83	60,681.16
3. Termination benefits	5,859,027.00		1,174,970.09	4,684,056.91
Total	24,063,493.70	916,684,457.74	899,484,084.26	41,263,867.18

(2) Short-term employee benefits

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance and	8,895,580.36	638,787,236.89	621,067,078.06	26,615,739.19

subsidy				
2. Employee welfare	0.00	26,039,726.71	26,039,726.71	
3.Social security expense	655,574.20	58,424,922.00	58,424,922.00	655,574.20
Including: Medical insurance	0.00	43,281,121.35	43,281,121.35	
Work injury insurance	655,574.20	15,133,590.27	15,133,590.27	655,574.20
Maternity insurance	0.00	10,210.38	10,210.38	
4. Housing fund	6,850,713.00	55,104,166.20	55,102,166.20	6,852,713.00
5. Union funds and staff education fee	1,744,868.72	13,472,175.37	12,821,941.37	2,395,102.72
Total	18,146,736.28	791,828,227.17	773,455,834.34	36,519,129.11

(3) Defined contribution plans

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension fund	56,104.40	119,965,183.93	119,961,538.23	59,750.10
2. Unemployment insurance	1,626.02	4,891,046.64	4,891,741.60	931.06
Total	57,730.42	124,856,230.57	124,853,279.83	60,681.16

Notes:

38. Current tax liabilities

Unit: Yuan

Items	Ending balance	Beginning balance
Value-added Tax(VAT)	1,490,500.36	2,173,913.92
Enterprise income tax	9,038,660.74	13,019,967.76
City maintenance and construction tax	2,179,408.04	14,026,666.46
Housing property tax	3,178,293.23	2,970,971.37
Educational surcharges	1,570,190.02	10,029,654.63
Others	2,213,406.91	3,550,411.32
Total	19,670,459.30	45,771,585.46

Notes:

39. Interests payable

Unit: Yuan

Items	Ending balance	Beginning balance
Corporate bond interest	31,334,821.13	70,109,821.13
Short-term loan interest payable	12,542,327.91	5,005,444.53
Total	43,877,149.04	75,115,265.66

Notes:

Unit: Yuan

Unit	Overdue amount	Reason
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Notes:

40. Dividends payable

Unit: Yuan

Items	Ending balance	Beginning balance
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Notes, the reason of significant dividends payable aging over 1 year:

41. Other payables**(1) Other payables disclosed by nature**

Unit: Yuan

Items	Ending balance	Beginning balance
Deposit	2,360,628.87	2,719,618.51
Margin	148,174,624.13	130,550,329.63
Accounts	300,236,728.97	304,191,214.76
Others	18,727,978.11	22,548,050.88
Total	469,499,960.08	460,009,213.78

(2) Significant other payables ageing over one year

Unit: Yuan

Items	Ending balance	Reason
Benxi Steel & Iron (Group) Co., Ltd.	200,504,584.76	Not yet settled
Bengang Group International Economic and Trading Co., Ltd.	27,984,077.05	Not yet settled
Total	228,488,661.81	--

Notes

42. Liabilities held for sale

Unit: Yuan

Items	Ending balance	Beginning balance
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Notes:

43. Non-current liabilities due within one year

Unit: Yuan

Items	Ending balance	Beginning balance
Long-term loans due within one year	1,110,787,748.00	227,669,535.66
Long-term payables due within one year		210,000,000.00
Total	1,110,787,748.00	437,669,535.66

Notes:

44. Other current liabilities

Unit: Yuan

Items	Ending balance	Beginning balance
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Changes in short-term bonds payable:

Unit: Yuan

Bond name	Par value	Date of issue	Bond maturity	Issue value	Beginning balance	Issuance in current period	Interest calculated by par value	Amortization of the Premiums and Discounts	Repayment in current period		Ending balance
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Notes:

45. Long-term loans**(1) Long-term loans disclosed by category**

Unit: Yuan

Items	Ending balance	Beginning balance
Guaranteed loans	3,139,041,691.87	3,440,691,721.62
Credit loans	22,296,444.00	8,240,000.00
Total	3,161,338,135.87	3,448,931,721.62

Long-term loans disclosed by category:

Notes, including interest rate interval:

46. Bonds payable**(1) Bonds payable**

Unit: Yuan

Items	Ending balance	Beginning balance
Corporate bond	1,496,550,521.55	1,494,825,782.32
Total	1,496,550,521.55	1,494,825,782.32

(2) Changes in bonds payable (exclude other financial instruments such as preference shares or perpetual liabilities)

Unit: Yuan

Bond name	Par value	Date of issue	Bond maturity	Issue value	Issue value	Issuance in current period	Interest calculated by par value	Amortization of the Premiums and Discounts	Repayment in current period	Ending balance
Bengang Steel Plate Co., Ltd. Corporate Bond of 2015 (Phase I)	1,500,000,000.00	February 5 th , 2015	3 years	1,500,000,000.00	1,494,825,782.32		38,775.000.00	-1,724,739.23		1,496,550,521.55

(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

Unit: Yuan

Financial instruments issued externally	At beginning of the period		Increase		Decrease		At end of the period	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value

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

Notes

47. Long-term payables**(1) Long-term payables disclosed by nature**

Unit: Yuan

Items	Ending balance	Beginning balance
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Notes:

48. Long-term employee benefits payable**(1) Long-term employee benefits payable**

Unit: Yuan

Items	Ending balance	Beginning balance
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(2) Changes of defined benefit plan

Defined benefit plan obligation present value:

Unit: Yuan

Items	January to June 2017	January to June 2016
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Planned assets:

Unit: Yuan

Items	January to June 2017	January to June 2016
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Defined benefit plan 净 liabilities(Net assets)

Unit: Yuan

Items	January to June 2017	January to June 2016
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Content of defined benefit plan and the related risks, and the related influences to the Company's future cash flow, time and uncertainty:

Results of significant actuarial assumption and sensitivity analysis of defined benefit plan:

Notes:

49. Special accounts payable

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance	Reason
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Notes:

50. Estimated liabilities

Unit: Yuan

Items	Ending balance	Beginning balance	Reason
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Notes, including significant assumption and estimate of estimated liabilities:

51. Deferred income

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance	Reason
Government Subsidies	410,399,000.00	700,000.00	15,047,000.00	396,052,000.00	
Total	410,399,000.00	700,000.00	15,047,000.00	396,052,000.00	--

Projects of government subsidies:

Unit: Yuan

Items	Beginning balance	Increase	Transfer to non-operating income	Other changes	Ending balance	Related to assets or income
MES PROJECT SPECIAL FUND	5,160,000.00		860,000.00		4,300,000.00	Related to assets
Second Batch of National Cleaned Manufacturing Demonstration Project Fund	800,000.00		400,000.00		400,000.00	Related to assets
Industrial Enterprise Energy Management Center Construction Demonstration Project	11,600,000.00				11,600,000.00	Related to assets
Environment Pollution Renovation Project	12,474,000.00		2,617,000.00		9,857,000.00	Related to assets
Environment Renovation Project and Regional Basin Environment Protection Project	1,180,000.00		250,000.00		930,000.00	Related to assets
Energy-saving Technological	2,954,000.00		1,477,000.00		1,477,000.00	Related to assets

Reform Fiscal Reward Project						
High Strength Cold Rolling Steel Renovation Project	250,000,000.00				250,000,000.00	Related to assets
Automobile High-class Electrolytic Zinc Steel Plate Production Line Project	32,832,000.00		4,104,000.00		28,728,000.00	Related to assets
Sintering Machine Residue Heat Usage and Desulfurization Project	12,612,000.00		2,102,000.00		10,510,000.00	Related to assets
Wastewater Treatment Plant Renovation Project	1,500,000.00		750,000.00		750,000.00	Related to assets
Overseas R&D Team Introduction Special Fund	4,000,000.00				4,000,000.00	Income
7 130t Boilers Flue Gas Desulfurization Renovation Project of Power Plant	24,000,000.00				24,000,000.00	Related to assets
Treatment and Salt Extraction Project of Desulfurization Waste Liquid of Coke Plant	200,000.00		50,000.00		150,000.00	Related to assets
Overseas Advanced Technology Introduction Special Fund	12,652,000.00		442,000.00		12,210,000.00	Related to assets

Automobile Steel Sheet Engineering Laboratory Project	1,000,000.00				1,000,000.00	Related to assets
Third-generation High Strength Steels for Automobile R&D Project	2,900,000.00				2,900,000.00	Related to assets
The 360 Cubic Meter Sintering Machine Flue Gas Desulfurization Renovation Project of Blast Furnace Plant	600,000.00		100,000.00		500,000.00	Related to assets
Environment Protection Project Special Fund	3,480,000.00		580,000.00		2,900,000.00	Related to assets
Advance Treatment of Carbon Fiber Waste Water Project of Plates Coke Plant Dongfeng Workshop	9,500,000.00				9,500,000.00	Related to assets
Coal-fired Boiler Desulfuration and Denitration Project of Bengang Power Plant High Pressure Workshop	6,000,000.00				6,000,000.00	Related to assets
Cogeneration Transformation Project of Power Plant the Third Workshop	10,000,000.00				10,000,000.00	Related to assets

Sintering Machine Energy Conservation and Environment Protection Project of Iron Making Plant	4,640,000.00		580,000.00		4,060,000.00	Related to assets
Air Quality Automatic Monitoring System	315,000.00		35,000.00		280,000.00	Related to assets
Compensation from Resource Management Committee		700,000.00	700,000.00			Income
Total	410,399,000.00	700,000.00	15,047,000.00		396,052,000.00	--

Notes:

52. Other non-current liabilities

Unit: Yuan

Items	Ending balance	Beginning balance
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Notes:

53. Share capital

Unit: Yuan

	Beginning balance	Changes(+, -)					Ending balance
		Issuing of new share	Bonus shares	Capitalization of common reserve fund	Others	Subtotal	
Total of capital shares	3,136,000,000.00						3,136,000,000.00

Notes:

54. Other equity instruments

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

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

Unit: Yuan

Financial instruments issued externally	At beginning of the period		Increase		Decrease		At end of the period	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value

Changes of other equity instruments during the current period, reason and the basis of accounting treatment

Notes:

55. Capital reserves

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance
Capital premium over par value	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

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance

Notes:

57. Other comprehensive income

Unit: Yuan

Items	Beginning balance	2016					Ending balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period	Less: Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	

			that recognized into other comprehensive income in prior period				
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Notes, including the adjustment to origin amount of effective portion of gains or losses from cash flow hedging reserve to arbitrated items:

58. Special reserves

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance
Safety production cost	372,721.86	19,733,398.02	9,449,146.14	10,656,973.74
Total	372,721.86	19,733,398.02	9,449,146.14	10,656,973.74

Notes:

59. Surplus reserves

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	961,105,529.85			961,105,529.85
Total	961,105,529.85			961,105,529.85

Notes:

60. Undistributed profits

Unit: Yuan

Items	Amount	Distribution rate
Before adjustments: undistributed profits at last year-end	-496,969,242.61	-1,278,244,071.93
Beginning balance of retained profits after adjustments	-496,969,242.61	-1,278,244,071.93
Add: undistributed profit belonging to parent company	523,635,653.57	781,274,829.32
Ending balance of undistributed profits	26,666,410.96	-496,969,242.61

List of adjustment of opening retained profits:

- 1) Influence to beginning undistributed profits was RMB 0.00 caused by retroactive adjustment due to "Accounting Standard for Business Enterprises" and related new regulations.

- 2) Influence to beginning undistributed profits was RMB 0.00 due to changes in accounting policies.
- 3) Influence to beginning undistributed profits was RMB 0.00 due to corrections of major accounting mistake.
- 4) Influence to beginning undistributed profits was RMB 0.00 due to the changes of consolidation scope caused by common control.
- 5) Influence to beginning undistributed profits was RMB 0.00 due to other adjustments.

61. Operating income and operating cost

Unit: Yuan

Items	January to June 2017		January to June 2016	
	Revenue	Cost	Revenue	Cost
Principal business	19,476,278,905.41	17,638,682,335.86	11,890,962,256.28	10,286,817,465.00
Other business	1,260,207,998.33	1,051,983,630.25	738,622,313.07	627,364,837.04
Total	20,736,486,903.74	18,690,665,966.11	12,629,584,569.35	10,914,182,302.04

62. Taxes and Surcharges

Unit: Yuan

Items	January to June 2017	January to June 2016
City maintenance and construction tax	46,713,364.91	15,218,000.34
Educational surcharges	33,504,830.35	11,090,597.39
Housing property tax	37,046,142.33	
Land use tax	3,155,810.05	
Vehicle and vessel use tax	15,152.73	
Stamp tax	13,321,430.70	24,297.03
Total	133,756,731.07	26,332,894.76

Notes:

The business activities of the occurrence of property tax, land use tax, vehicle and vessel use tax, stamp tax from May 1, 2016 is reclassified from "General and administrative expenses" to "Tax and surcharges". The tax occurred before May 1, 2016 shall not be adjusted. Comparative data stays unadjusted.

63. Selling and distribution expenses

Unit: Yuan

Items	January to June 2017	January to June 2016
Freight	428,678,322.48	282,160,883.00
Port surcharges	86,681,806.22	90,759,527.08
Agency fee	38,969,368.55	28,513,161.47
Package fee	3,109,039.80	2,761,636.55

Salary and benefits	10,794,773.70	10,503,082.85
Others	19,399,396.68	15,362,772.19
Total	587,632,707.43	430,061,063.14

Notes:

Selling and distribution expenses of the current period was RMB 587,632,707.43, increased RMB 157,571,644.29 compared to previous period which was RMB 430,061,063.14, at the rate of 36.64%. The reason of the increase is the increase of external freight expenses.

64. General and administrative expenses

Unit: Yuan

Items	January to June 2017	January to June 2016
Salary and benefits	94,209,841.05	76,395,221.96
Accounts payable for repair	80,215,426.18	92,167,672.38
Taxes		44,353,333.71
Land use right fee	27,345,714.30	28,257,238.10
Depreciation	25,945,531.46	13,236,195.97
Social security expense	21,716,785.13	20,539,733.05
Pollution discharge fee	25,709,122.00	5,866,430.00
Water resources fee	5,596,700.00	
Housing fund	4,614,199.60	5,022,412.40
Heating fee	11,677,556.25	4,103,468.74
Entertainment expense	1,535,128.96	1,333,401.18
Amortization of intangible assets	2,982,306.37	2,969,528.58
Freight	277,851.35	290,256.00
Lease expense	572,987.24	693,067.82
Others	56,552,255.19	56,726,758.59
Total	358,951,405.08	351,954,718.48

Notes:

65. Financial expenses

Unit: Yuan

Items	January to June 2017	January to June 2016
Interest cost	434,308,806.10	396,101,669.29
Less: Interest income	36,772,069.07	12,694,596.80
Exchange loss	-23,234,309.69	175,055,105.02

Others	7,210,977.46	28,205,647.68
Total	381,513,404.80	586,667,825.19

Notes:

Financial expenses of the current period was RMB 381,513,404.80, decreased RMB 205,154,420.39 compared to the previous period which was RMB 586,667,825.19, at the rate of 34.97%. The reason of the decrease is because of the decrease of exchange loss.

66. Asset impairment loss

Unit: Yuan

Items	January to June 2017	January to June 2016
Loss for bad debts	-6,653,848.89	-1,880,998.86
Impairment of inventories	-36,736,605.65	
Total	-43,390,454.54	-1,880,998.86

Notes:

Asset impairment loss of the current period was RMB-43,390,450.54, decreased RMB 41,509,455.68 compared to previous period which was RMB -1,880,998.86, at the rate of 2,206.78%. The reason of the decrease is because of the reverse of inventory impairment.

67. Variable profit and loss of fair value

Unit: Yuan

Sources	January to June 2017	January to June 2016

Notes:

68. Income on investment

Unit: Yuan

Items	January to June 2017	January to June 2016
Income from bank short-term financial products	3,294,593.14	
Total	3,294,593.14	

Notes:

69. Other Incomes

Unit: Yuan

Sources	January to June 2017	January to June 2016

70. Non-operating income

Unit: Yuan

Items	January to June 2017	January to June 2016	The amount recognized in non-operating profit
Non-current assets disposal income	3,015,294.00	2,120,458.89	3,015,294.00
Including: Fixed assets disposal income	3,015,294.00	2,120,458.89	3,015,294.00
Debt restructuring gain	822,116.45	4,527,416.04	822,116.45
Government Subsidies	15,047,000.00	16,622,000.00	15,047,000.00
Others	2,130,078.13	926,794.62	2,130,078.13
Total	21,014,488.58	24,196,669.55	21,014,488.58

Details of government subsidies recorded into current profits and loss:

Unit: Yuan

Items	Distribution entity	Distribution reason	Nature type	Whether influence the profits or losses of the year or not	Whether Special subsidy or not	Current amount	Amount of the previous period	Related to assets or income
Transfer from deferred income	City Bureau of Finance	Subsidy	Subsidies granted by the state to encourage and support certain industries and industries (according to the national policy regulations)	Yes	No	14,347,000.00	16,622,000.00	Related to assets
Compensation from Benxi Lake Resource Management Committee	Benxi Xihu District National Treasury Payment and Delivery Center	Subsidy	Subsidies granted by the state to encourage and support certain industries and industries (according to	Yes	No	700,000.00		Income

			the national policy regulations)					
Total	--	--	--	--	--	15,047,000.00	16,622,000.00	--

Notes:

71. Non-operating expenses

Unit: Yuan

Items	January to June 2017	January to June 2016	The amount recognized in non-operating profit
Non-current assets disposal loss	4,593,420.30	105,474.99	4,593,420.30
Including: Fixed assets disposal loss	4,593,420.30	105,474.99	4,593,420.30
Total	4,593,420.30	105,474.99	4,593,420.30

Notes:

72. Income tax expense**(1) Income tax expense**

Unit: Yuan

Items	January to June 2017	January to June 2016
Income tax payable for the current year	16,796,524.06	3,949,704.94
Deferred income tax expense	100,308,537.10	136,112,516.35
Total	117,105,061.16	140,062,221.29

(2) Accounting profit and income tax expense adjustment process

Unit: Yuan

Items	January to June 2017
Total profit	647,072,805.21
Income tax expense calculate according to the official or applicable tax rate	161,768,201.30
Effect of use of deductible losses of unrecognized deferred tax asset of prior period	-44,663,140.14
Income tax expense	117,105,061.16

Notes

73. Other comprehensive income

Please refer to notes.

74. Notes of statement of cash flows**(1) Cash received related to other operating activities**

Unit: Yuan

Items	January to June 2017	January to June 2016
Withdraw of current accounts, advance for another	49,988,918.77	70,468,435.19
Interest income	36,772,069.07	12,694,596.80
Special subsidy income	700,000.00	
Non-operating income	350,490.77	926,794.62
Others	5,600.00	238,169.68
Total	87,817,078.61	84,327,996.29

Notes:

(2) Cash paid related to other operating activities

Unit: Yuan

Items	January to June 2017	January to June 2016
Current accounts, advance for another	317,981,786.61	322,978,268.19
General and administrative expenses	18,370,234.96	40,919,405.31
Selling and distribution expenses	4,534,010.56	5,628,363.93
Bank charges	7,210,977.46	28,205,647.68
Others	287,293.34	2,128,404.62
Total	348,384,302.93	399,860,089.73

Notes:

(3) Other cash received relevant to investment activity

Unit: Yuan

Items	January to June 2017	January to June 2016
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Notes:

(4) Other cash paid relevant to investment activity

Unit: Yuan

Items	January to June 2017	January to June 2016
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Notes:

(5) Cash received related to other financing activities

Unit: Yuan

Items	January to June 2017	January to June 2016
Financing service charges and handling fees		
Financial leasing		210,000,000.00
Total		210,000,000.00

Notes:

(6) Cash paid related to other financing activities

Unit: Yuan

Items	January to June 2017	January to June 2016
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Notes:

75. Supplementary details of statement of cash flows**(1) Supplementary details of statement of cash flows**

Unit: Yuan

Supplementary information	Amount in this period	Amount in last year
1. A reconciliation of net profit to cash flows from operating activities:	--	--
Net Profit	529,967,744.05	206,295,737.87
Add: Asset impairment losses	-43,390,454.54	-1,880,998.86
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	935,125,024.26	1,015,556,593.59
Amortization of intangible assets	2,982,306.37	2,969,528.58
Losses proceeds from disposal of PPE, intangible assets and other long-term assets(Earnings marked“—”)	1,578,126.30	-2,014,983.90
Financial expenses(Earnings marked“—”)	381,513,404.80	586,667,825.19
Investment loss(Earnings marked“—”)	-3,294,593.14	
Deferred tax assets reduction(Addition marked“—”)	100,308,537.11	136,112,516.35

Inventories reduction(Addition marked“—”)	-52,529,908.92	-902,878,201.17
Operating receivable items reduction(Addition marked“—”)	40,403,360.62	32,967,723.56
Operating payable items increase (Less marked“—”)	-5,939,969,231.63	1,316,981,622.31
Net cash flows generated from operating activities	-4,047,305,684.72	2,390,777,363.52
2. Payments of investing and financing activities not involving cash:	--	--
3. The net increase in cash and cash equivalents:	--	--
Ending balance of the monetary funds	11,484,974,631.49	7,378,445,456.46
Less: Beginning balance of the monetary funds	12,273,574,488.67	4,612,782,772.98
The net increase in cash and cash equivalents	-788,599,857.18	2,765,662,683.48

(2) Net Cash paid of obtaining the subsidiary

Unit: Yuan

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

Notes:

(3) Net Cash receive of disposal of the subsidiary

Unit: Yuan

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

Notes:

(4) The structure of cash and cash equivalents

Unit: Yuan

Items	Ending balance	Beginning balance
1. Cash	11,484,974,631.49	12,273,574,488.67

Including: Cash on hand	64,107.73	47,743.38
Bank deposits available on demand	11,190,437,502.33	12,238,841,745.29
Other monetary funds available on demand	294,473,021.43	34,685,000.00
2. The final cash and balance of cash equivalents	11,484,974,631.49	12,273,574,488.67

Notes:

76. Notes to changes in equity

Notes to the other adjustment to closing balance of the previous period and the adjustment amount:

77. The assets with the ownership or use right restricted

Unit: Yuan

Items	Ending book value	Reason
Cash at bank and on hand	755,604,520.08	Deposit for notes and L/C
Notes receivable	1,385,808,380.90	Pledged for acceptance bill
Total	2,141,412,900.98	--

Notes:

78. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: Yuan

Items	Ending balance in foreign currency	Exchange rate at the year-end	Ending balance translated to RMB
Including: USD	477,924,242.86	6.7744	3,237,649,990.83
EUR	87,829,623.74	7.7496	680,644,452.14
HKD	1,009,079.01	0.8679	875,779.67
Short-term loans			
Including: USD	965,500,000.00	6.7744	6,540,683,200.00
Non-current liabilities due within one year			
Including: USD	149,000,000.00	6.7744	1,009,385,600.00
JPY	23,176,000.00	0.0605	1,402,148.00
Including: USD	181,000,000.00	6.7744	1,226,166,400.00

EUR	105,775,601.20	7.7496	819,718,599.06
Japanese Yen	220,172,000.00	0.0605	13,320,406.00

Notes:

(2) Note to overseas entities including: for significant overseas 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

79. Hedging

Hedging items disclosed by category and related hedging instruments and the qualitative and quantitative information of risks:

None

80. Others

None

VIII. Change of the consolidation scope

1. Business combination involving entities now under common control

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

Unit: Yuan

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

Notes:

(2) Combined cost and goodwill

Unit: Yuan

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

The main formation reason for the large goodwill:

Notes:

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

Unit: Yuan

	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:

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**

None

(6) Notes

None

2. Business consolidation under common control**(1) Business combination under the same control during the reporting period**

Unit: Yuan

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

Notes:

(2) Combination cost

Unit: Yuan

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

Unit: Yuan

	Combination date	Distribution rate at end of the 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:

None

5. Others

None

IX. Equity in other entities

1. Equity in subsidiaries

(1) Constitution of enterprise group

Name of the	Principal place of	Registered	Nature of	Proportion of shares held (%)	Acquiring
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subsidiaries	business	address	business	Direct	Indirect	method
Xiamen Bengang Steel & Iron Sales Co., Ltd.	Xiamen	Xiamen	Sales	100.00%		Business consolidation under common control
Wuxi Bengang Steel & Iron Sales Co., Ltd.	Wuxi	Wuxi	Sales	100.00%		Business consolidation under common control
Tianjin Bengang Steel & Iron Trading Co., Ltd.	Tianjin	Tianjin	Sales	100.00%		Business consolidation under common control
Nanjing Bengang Steel Material Sales Ltd.	Nanjing	Nanjing	Sales	100.00%		Business consolidation under common control
Yantai Bengang Steel & Iron Sales Co., Ltd.	Yantai	Yantai	Sales	100.00%		Business consolidation under common control
Harbin Bengang Economic and Trading Co., Ltd.	Harbin	Harbin	Sales	100.00%		Business consolidation under common control
Changchun Bengang Steel & Iron Sales Co., Ltd.	Changchun	Changchun	Sales	100.00%		Business consolidation under common control
Guangzhou Bengang Steel & Iron Trading Co., Ltd.	Guangzhou	Guangzhou	Sales	100.00%		Establishment
Shanghai Bengang Metallurgy Science and Technology Co., Ltd.	Shanghai	Shanghai	Sales	100.00%		Establishment
Bengang Steel Plate Liaoyang	Liaoyang	Liaoyang	Manufacturing	100.00%		Establishment

Orel Ball Co., Ltd.						
Dalian Benruitong Automobile Material Technologies Co., Ltd.	Dalian	Dalian	Manufacturing	65.00%		Establishment
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	Benxi	Benxi	Manufacturing	75.00%		Business consolidation under common control
Benxi Bengang Steel Sales Co., Ltd	Benxi	Benxi	Sales	100.00%		Establishment
Shenyang Bengang Metallurgical Science and Technology Co., Ltd.	Shenyang	Shenyang	Sales	100.00%		Establishment
Bengang Baojin (Shenyang) Automobile New Material Co., Ltd	Shenyang	Shenyang	Sales	85.00%		Establishment

Notes:

None

Basis of determine the Company control the investee while holding half or less voting rights and basis of determine the Company does not control while holding more than half voting rights:

None

Basis of control to structured entity included in the consolidation scope:

None

Basis of determine whether the Company is the agent or the principal:

None

Notes:

None

(2) Significant not wholly-owned subsidiaries

Unit: Yuan

Name of the subsidiaries	Proportion of	Profits and losses	Dividend declared to	Ending balance of
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	non-controlling interests (%)	attributing to non-controlling shareholders	distribute to non-controlling shareholders	non-controlling interests
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	25.00%	7,001,363.17	34,024,878.25	495,896,015.95
Dalian Benruitong Automobile Material Technologies Co., Ltd.	35.00%	-677,807.69		26,010,970.18

Holding proportion of minority shareholder in subsidiary different from voting proportion:

None

Notes:

None

(3) The main financial information of significant not wholly owned subsidiary

Unit: Yuan

Name of the subsidiaries	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current liabilities	Total liabilities
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	2,050,711,701.48	2,159,343,225.82	4,210,054,927.30	2,226,470,863.51		2,226,470,863.51	2,110,629,548.42	2,306,996,743.92	4,417,626,292.34	2,327,572,997.38		2,327,572,997.38
Dalian Benruitong Automobile Material Technologies Co., Ltd.	119,006,557.85	157,858,619.47	276,865,177.32	202,548,119.65		202,548,119.65	188,167,707.25	161,544,880.30	349,712,587.55	273,458,936.47		273,458,936.47

Unit: Yuan

Name of the subsidiaries	January to June 2017				January to June 2016			
	Turnover	Net Profit	Total comprehensive	Net cash flows from	Turnover	Net Profit	Total comprehensive	Net cash flows from

			ve income	operating activities			ve income	operating activities
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	3,953,643.06 9.30	28,005,452.6 8	28,005,452.6 8	-44,864,088.8 1	2,592,071.40 0.46	99,409,153.7 7	99,409,153.7 7	58,017,011.9 7
Dalian Benruitong Automobile Material Technologies Co., Ltd.	84,612,504.0 6	-1,936,593.41	-1,936,593.41	16,421,759.6 5	137,623,373. 15	-3,127,791.12	-3,127,791.12	-12,791,423.7 9

Notes:

None

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt

None

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

None

Notes:

None

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**

Unit: Yuan

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Notes

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Name	Principal place of business	Registered address	Nature of business	Proportion of shares held (%)		Accounting treatment of the investment of joint venture or associated enterprise
				Direct	Indirect	

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

Unit: Yuan

	Ending balance/January to June 2017	Beginning balance/January to June 2016

Notes

(3) Major financial information of significant joint venture

Unit: Yuan

	Ending balance/current period	Beginning balance/previous period

Notes

(4) Main financial information of significant associated enterprise

Unit: Yuan

	Ending balance/current period	Beginning balance/previous 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	--	--

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**

Unit: Yuan

Name	The cumulative recognized losses in previous accumulatively derecognized	The derecognized losses or the share of net profit in reporting period	The noncumulative unrecognized losses in reporting period

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	Principal place of business	Registered address	Nature of business	Proportion /share portion	
				Direct	Indirect

Notes to holding proportion or share portion in common operation different from voting proportion:

Basis of common operation as a single entity, classify as common operation:

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. Others**X. Risks associated with 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.

The currency risk facing the Company originates from the assets and liabilities measured by US dollars, Euro, Hong Kong dollars and Japanese Yen. The ending balance of the assets and liabilities after converted in RMB is shown as below:

Unit: RMB 10,000

Items	Ending balance				
	USD	Euro	HKD	Japanese Yen	Total
Assets	323,765.00	68,064.45	87.58		391,917.02
Liabilities	877,623.52	81,971.86		1,472.26	961,067.64

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.

Unit: RMB 10,000

Items	Ending balance				
	Impact on USD	Impact on Euro	Impact on HKD	Impact on Japanese Yen	Total
Appreciation by 5%	-12,141.19	2,552.42	3.28	-55.21	-9,640.70
Depreciation by 5%	12,141.19	-2,552.42	-3.28	55.21	9,640.70

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 un-derivative 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.

Unit: RMB 10,000

Items	Ending balance				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Trade and other payables	630,502.58	120,022.87	80,242.31	30,122.01	860,889.77
Loans and interests	2,389,846.21	99,468.00	133,086.83	83,578.98	2,705,980.03
Bonds payable	157,755.00				157,755.00
Total	3,178,103.79	219,490.87	213,329.14	113,701.00	3,724,624.80

XI. The disclosure of the fair value

1. Ending fair value of assets and liabilities calculated by fair value

Unit: Yuan

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
1. Consistent fair value	--	--	--	--

measurement				
2. 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 2
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. Others

XII. Related party transactions

1. Details of parent company

(In 100 Million Yuan)

Name of parent company	Registered address	Nature of business	Registered capital	Share proportion (%)	Voting rights (%)
Benxi Steel & Iron (Group) Co., Ltd.	Benxi	Manufacturing	53.69	77.88%	77.88%
Bengang Group Co., Ltd.	Benxi	Manufacturing	180	77.88%	77.88%

Note:

The parent company of Benxi Steel (Group) Co., Ltd. is Bengang Group Co., Ltd.

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

2. Details of the subsidiaries

For details of subsidiaries of the Company please refer to Note "Equity in other entities".

3. Information on the joint ventures and associated enterprises of the Company

See details to Notes.

Information on other joint venture and associated enterprise of occurring related party transactions with the Company in reporting period, or form balance due to related party transactions in previous period:

Name	Relationship
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Notes

4. Details of other related parties

Name of Other related parties	Relationship
Bengang Group International Economic and Trading Co., Ltd.	Both belong to Bengang Group Co., Ltd.
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Same parent company
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Both belong to Bengang Group Co., Ltd.
Bengang Electronics and Gas Co., Ltd.	Both belong to Benxi Steel and Iron (Group) Co., Ltd.
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Designing Institute	Same parent company
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Plant Construction Supervisor Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	Same parent company
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	Both belong to Bengang Group Co., Ltd.
Benxi New Career Development Co., Ltd.	Same parent company
Dalian Boluole Steel Tube Co., Ltd.	Both belong to Benxi Steel and Iron (Group) Co., Ltd.
Guangzhou Free Trade Zone Bengang Sales Co., Ltd.	Both belong to Benxi Steel and Iron (Group) Co., Ltd.

Liaoning Bengang Steel & Iron Trading Co., Ltd.	Same parent company
Liaoning Hengtai Heavy Machinery Co., Ltd.	Same parent company
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Same parent company
Liaoning Metallurgy Technician College	Same parent company
Liaoning Metallurgy Technician College	Same parent company
Suzhou Bengang Industrial Co., Ltd.	Shareholding company
Shanghai Bengang Steel & Iron Trade Co., Ltd.	Both belong to Benxi Steel and Iron (Group) Co., Ltd.
Benxi Steel & Iron(Group) Medical Department	Both belong to Benxi Steel and Iron (Group) Co., Ltd.
Bengang Group Finance Co., Ltd.	Both belong to Bengang Group Co., Ltd.
Liaoning Hengyi Financial Leasing Co., Ltd.	Both belong to Bengang Group Co., Ltd.

Notes

5. Related Party Transactions

(1) Related party transactions of purchasing goods and services

Company as the purchaser

Unit: Yuan

Name	The content of related party transactions	January to June 2017	The approved trade credit	Whether exceed trade credit or not	January to June 2016
Benxi Steel & Iron (Group) Co., Ltd.	Accounts payable for repair	127,818,662.00	350,000,000.00	No	142,914,791.40
Benxi Steel & Iron (Group) Co., Ltd.	Land leasing fee	27,345,714.30		No	28,257,238.10
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Products	174,967.51	5,000,000.00	No	197,900.00
Benxi Steel & Iron (Group) Mining Co., Ltd.	Labor cost	2,537,625.86		No	8,012,301.00
Benxi Steel & Iron (Group) Mining Co., Ltd.	Raw material and supplementary material	2,176,386,929.60	4,000,000,000.00	No	1,930,519,957.48
Benxi Steel & Iron (Group) Mining Co., Ltd.	Freight	31,783.77		No	1,442,630.61

Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Raw material and supplementary material	128,200,766.66	200,000,000.00	No	57,261,826.00
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Processing fee	761,185.36	10,000,000.00	No	867,249.53
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Raw materials	50,067,484.09	120,000,000.00	No	36,885,463.89
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Spare parts	55,223,576.67	300,000,000.00	No	54,201,883.14
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Repair services	3,688,668.68		No	5,302,423.00
Benxi Steel & Iron (Group) Construction Co., Ltd.	Spare parts	7,343,354.50	700,000,000.00	No	7,635,945.10
Benxi Steel & Iron (Group) Construction Co., Ltd.	Project fee	129,406,022.95		No	122,809,324.62
Benxi Steel & Iron (Group) Construction Co., Ltd.	Repair services	32,379,820.88		No	41,930,655.47
Benxi Steel & Iron (Group) Construction Co., Ltd.	Raw material and supplementary material	4,647,769.44		No	3,726,235.00
Benxi Steel & Iron (Group) Construction Co., Ltd.	Freight	1,550,379.98		No	1,392,792.26
Benxi Steel & Iron (Group) Industrial	Spare parts	89,056,575.46		No	12,098,061.54

Development Co., Ltd.					
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Raw material and supplementary material	106,726,625.72	450,000,000.00	No	118,140,441.19
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Repair services	11,179,880.95		No	7,004,363.38
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Freight	1,370,590.70		No	2,870,362.41
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Project fee	1,398,249.24		No	630,100.00
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Raw material & supplementary materials & spare parts	1,396,647.57	250,000,000.00	No	4,131,446.44
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Project fee	28,706,439.35		No	28,166,151.94
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Accounts payable for repair	21,309,880.35		No	20,660,206.00
Bengang Electronics and Gas Co., Ltd.	Raw material and supplementary material	84,260,711.25	210,000,000.00	No	53,938,969.16
Bengang Electronics and Gas Co., Ltd.	Project fee	419,352.41		No	1,429,583.24
Bengang Electronics and Gas Co., Ltd.	Repair services	6,921,824.58		No	4,427,487.00
Benxi High-tech Drilling Tools	Spare parts	393,070.06	8,000,000.00	No	263,037.74

Manufacture Co., Ltd.					
Benxi New Career Development Co., Ltd.	Labor protection fee	294,457.32	20,000,000.00	No	1,183,634.68
Liaoning Metallurgy Technician College	Spare parts	13,193,086.82	30,000,000.00	No	7,065,509.18
Liaoning Metallurgy Technician College	Spare parts	2,303,327.48	15,000,000.00	No	
Bengang Group International Economic and Trading Co., Ltd.	Agency fee	36,856,843.30	360,000,000.00	No	28,513,161.47
Bengang Group International Economic and Trading Co., Ltd.	Port surcharges	77,511,480.65		No	103,016,500.03
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Spare parts	6,932,300.00	80,000,000.00	No	14,300,186.79
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Repair services	3,059,417.05		No	11,808,973.00
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Heating costs	1,686,000.00		No	6,273,973.39
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Raw material and supplementary material		20,000,000.00	No	33,835.74
Benxi Steel & Iron (Group) Designing Institute	Design fees	2,359,000.00	30,000,000.00	No	4,463,442.91
Benxi Beiyong Steel	Raw material and	4,727,294,158.47	13,500,000,000.00	No	2,775,256,599.12

& Iron (Group) Co., Ltd.	supplementary material				
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Energy & Power	501,840,790.72		No	186,873,654.59
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Freight	8,894,757.14		No	3,910,293.80
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Labor cost	55,630,095.04		No	26,988,500.01
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Spare parts	18,442,067.23		No	5,546,327.45
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Raw material and spare parts	106,615,430.32	180,000,000.00	No	40,450,852.53
Liaoning Hengtai Heavy Machinery Co., Ltd.	Raw material and spare parts	38,734,351.70	70,000,000.00	No	3,347,989.41
Liaoning Hengtai Heavy Machinery Co., Ltd.	Repair and labor cost	6,364,702.64		No	7,594,926.00
Bengang Group Co., Ltd.	Property management fee	310,698.12	8,000,000.00	No	422,750.00
Total		8,709,027,523.89	20,916,000,000.00	No	5,924,169,936.73

Company as the seller

Unit: Yuan

Name	The content of related party transactions	January to June 2017	January to June 2016
Bengang Electronics and Gas Co., Ltd.	Energy & Power	496,261.60	506,435.79
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Raw material & supplementary materials & spare parts	347,784,283.81	48,003,943.30
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Products	4,973,269.68	2,200,079.70
Benxi Beiyong Steel & Iron	Energy & Power	143,893,069.82	49,331,879.14

(Group) Co., Ltd.			
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Energy & Power	137,583.72	477,081.15
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Energy & Power	503,015.61	288,813.78
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Products		42,000,927.99
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Products	4,620,747.58	6,053,249.23
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Energy & Power	7,913,565.57	9,179,055.96
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Raw material & supplementary materials & spare parts	514,127.97	1,514,608.74
Benxi Steel & Iron (Group) Construction Co., Ltd.	Energy & Power	2,144,512.75	2,455,519.74
Benxi Steel & Iron (Group) Construction Co., Ltd.	Raw material & supplementary materials & spare parts	1,384,111.28	40,563,514.42
Benxi Steel & Iron (Group) Mining Co., Ltd.	Energy & Power	458,582,060.66	361,479,232.83
Benxi Steel & Iron (Group) Mining Co., Ltd.	Raw material & supplementary materials & spare parts	6,467,665.26	41,615,621.07
Benxi Steel & Iron (Group) Mining Co., Ltd.	Freight revenue	4,072,326.92	4,362,538.55
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Energy & Power	14,523,775.89	19,598,496.83
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Raw material & supplementary materials & spare parts	685,704.00	5,333,835.74
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Freight revenue	96,738.16	82,818.57

Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Energy & Power	4,053,089.03	3,316,373.17
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Products	126,887.14	126,431.04
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Raw material & supplementary materials & spare parts	27,595,285.96	28,143,989.05
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Energy & Power	83,013.82	100,709.65
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Energy & Power	772,159.41	477,947.47
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Raw material & supplementary materials & spare parts	98,352.61	1,141,388.99
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Energy & Power	1,300,384.81	1,056,102.39
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Raw material & supplementary materials & spare parts	43,580,212.34	10,221,213.07
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Freight revenue	3,143.36	4,319.92
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Products	7,126,315.80	1,553,826.03
Benxi Steel & Iron (Group) Co., Ltd.	Energy & Power	6,145,233.63	35,259,836.35
Benxi Steel & Iron (Group) Co., Ltd.	Raw material & supplementary materials & spare parts	3,215,453.07	3,371,111.95
Benxi New Career Development Co., Ltd.	Energy & Power	186,027.31	165,240.02
Dalian Boluole Steel Tube Co., Ltd.	Products	2,237,856.57	1,532,438.22
Liaoning Bengang Steel & Iron Trading Co., Ltd.	Products	460,444.50	92,983,672.54
Benxi Steel & Iron (Group) General Hospital	Energy & Power	51,687.01	48,288.52

Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Energy & Power	8,991,868.63	8,449,073.80
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Raw material & supplementary materials & spare parts	8,797,596.07	6,514,862.48
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Products		8,109,275.13
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Raw material & supplementary materials & spare parts		
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Products		
Suzhou Bengang Industrial Co., Ltd.	Products	136,230,997.93	96,985,025.50
Bengang Group Finance Co., Ltd.	Energy & Power	7,485.42	8,150.41
Bengang Group Co., Ltd.	Energy & Power	76,301.79	28,820.54
Total		1,249,932,616.48	934,645,748.77

Related party transactions of purchasing goods and services Notes

None

(2) Related trusteeship/contract

Lists of related trusteeship/contract:

Unit: Yuan

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

None

Lists of entrust/contractee:

Unit: Yuan

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

None

(3) Lease information of related parties

Company as the lessor:

Unit: Yuan

Lessee	Lease capital category	The lease income confirmed in this year	The lease income confirmed in last year
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Warehouse and machinery	250,000.00	158,500.00
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Plants and machinery	244,805.87	

Company as the lessee:

Unit: Yuan

Lessor	Lease capital category	Lease charges of 2016	Lease charges of 2015
Benxi Steel & Iron (Group) Co., Ltd.	2300 Hot rolling product line	120,000,000.00	120,000,000.00
Benxi Steel & Iron (Group) Co., Ltd.	Land use right	27,345,714.30	28,257,238.10
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	1780 Hot rolling product line	77,816,940.06	65,950,200.00

Notes:

- 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.
- The Company leases land use right from the Group. Lease period lasts from 15 April 2009. The leasing fee is determined by the area of the land which is 7,669,068.17 square meters. Average price is RMB 0.624 per Square meter per month; hence annual rent is RMB 57,426,000.00.
- The Company leases 1780 hot rolling product line from Benxi Beiyong Steel & Iron (Group) Co., Ltd. The lease term lasts from 1 January 2017 to 31 December 2019. 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.

(4) Information of Guarantee among related parties

Company as the warrantor

Unit: Yuan

Secured party	Guarantee amount	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
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Company as the warrantee

Unit: Yuan

Warrantor	Guarantee amount	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2016/11/10	2017/9/13	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	100,000,000.00	2016/11/9	2017/8/23	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2016/11/9	2017/8/17	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	150,000,000.00	2016/11/11	2017/10/19	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2016/11/11	2017/10/12	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2016/11/15	2017/11/8	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2016/11/16	2017/11/15	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2016/12/8	2017/12/7	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	80,000,000.00	2016/12/6	2017/12/5	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2016/12/13	2017/12/12	No
Bengang Group Co., Ltd.	150,000,000.00	2016/7/22	2017/7/22	No
Bengang Group Co., Ltd.	150,000,000.00	2016/7/21	2017/7/21	No
Bengang Group Co., Ltd.	230,000,000.00	2016/8/12	2017/8/12	No
Bengang Group Co., Ltd.	490,000,000.00	2016/8/19	2017/8/18	No
Bengang Group Co., Ltd.	180,000,000.00	2016/8/5	2017/8/5	No
Bengang Group Co., Ltd.	200,000,000.00	2016/8/12	2017/8/12	No

Bengang Group Co., Ltd.	170,000,000.00	2016/8/5	2017/8/5	No
Bengang Group Co., Ltd.	220,000,000.00	2016/8/5	2017/8/5	No
Bengang Group Co., Ltd.	250,000,000.00	2016/10/20	2017/10/20	No
Bengang Group Co., Ltd.	250,000,000.00	2016/10/20	2017/10/20	No
Bengang Group Co., Ltd.	100,000,000.00	2016/9/29	2017/8/1	No
Bengang Group Co., Ltd.	140,000,000.00	2017/5/19	2018/5/19	No
Bengang Group Co., Ltd.	200,000,000.00	2017/5/19	2018/5/19	No
Bengang Group Co., Ltd.	200,000,000.00	2017/5/19	2018/5/19	No
Bengang Group Co., Ltd.	160,000,000.00	2017/5/19	2018/5/19	No
Bengang Group Co., Ltd.	150,000,000.00	2017/1/13	2018/1/13	No
Bengang Group Co., Ltd.	110,000,000.00	2017/1/13	2018/1/13	No
Bengang Group Co., Ltd.	200,000,000.00	2017/3/24	2018/3/24	No
Bengang Group Co., Ltd.	168,000,000.00	2017/6/9	2018/6/9	No
Bengang Group Co., Ltd.	300,000,000.00	2017/5/17	2018/5/16	No
Bengang Group Co., Ltd.	200,000,000.00	2017/5/17	2018/5/16	No
Bengang Group Co., Ltd.	135,000,000.00	2017/1/20	2018/1/19	No
Bengang Group Co., Ltd.	500,000,000.00	2017/6/23	2018/6/23	No
Benxi Steel & Iron (Group) Co., Ltd.	74,000,000.00	2016/9/28	2017/9/27	No
Benxi Steel & Iron (Group) Co., Ltd.	150,000,000.00	2017/5/16	2018/5/15	No
Benxi Steel & Iron (Group) Co., Ltd.	74,000,000.00	2017/5/24	2018/5/23	No
Benxi Steel & Iron (Group) Co., Ltd.	270,000,000.00	2017/1/17	2018/1/16	No
Benxi Steel & Iron (Group) Co., Ltd.	400,000,000.00	2017/2/16	2018/2/15	No
Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2017/1/12	2018/1/11	No
Benxi Steel & Iron (Group) Co., Ltd.	400,000,000.00	2017/4/25	2017/7/24	No
Benxi Steel & Iron (Group) Co., Ltd.	500,000,000.00	2017/4/28	2017/7/27	No
Benxi Steel & Iron (Group) Co., Ltd.	460,000,000.00	2017/4/28	2017/11/27	No
Benxi Steel & Iron	170,000,000.00	2017/5/27	2018/1/26	No

(Group) Co., Ltd.				
Benxi Steel & Iron (Group) Co., Ltd.	700,000,000.00	2017/2/27	2025/2/20	No
Bengang Group Co., Ltd.	677,440,000.00	2016/8/19	2017/8/14	No
Benxi Steel & Iron (Group) Co., Ltd.	697,763,200.00	2016/9/30	2017/9/29	No
Benxi Steel & Iron (Group) Co., Ltd.	1,016,160,000.00	2016/9/28	2017/9/27	No
Benxi Steel & Iron (Group) Co., Ltd.	152,424,000.00	2016/12/23	2017/12/22	No
Benxi Steel & Iron (Group) Co., Ltd.	609,696,000.00	2017/5/19	2018/5/18	No
Benxi Steel & Iron (Group) Co., Ltd.	697,763,200.00	2017/5/19	2018/5/15	No
Benxi Steel & Iron (Group) Co., Ltd.	1,016,160,000.00	2017/5/19	2018/5/8	No
Benxi Steel & Iron (Group) Co., Ltd.	677,440,000.00	2017/2/24	2018/2/23	No
Bengang Group Co., Ltd.	207,635,360.00	2016/12/27	2020/6/21	No
Bengang Group Co., Ltd.	677,440,000.00	2016/8/3	2018/8/28	No
Bengang Group Co., Ltd.	325,171,200.00	2016/7/14	2018/7/12	No
Bengang Group Co., Ltd.	338,720,000.00	2016/6/21	2018/6/20	No
Bengang Group Co., Ltd.	541,952,000.00	2016/5/30	2018/5/18	No
Bengang Group Co., Ltd.	128,713,600.00	2016/4/28	2018/4/18	No
Bengang Group Co., Ltd.	2,065,483.30	2015/6/25	2025/9/30	No
Bengang Group Co., Ltd.	70,566,803.65	2015/8/20	2025/9/30	No
Bengang Group Co., Ltd.	9,255,928.50	2015/8/20	2019/9/30	No
Bengang Group Co., Ltd.	47,756.76	2015/6/25	2026/4/30	No
Bengang Group Co., Ltd.	4,902,478.41	2015/6/25	2026/4/30	No
Bengang Group Co., Ltd.	31,533.97	2015/12/28	2026/4/30	No
Bengang Group Co., Ltd.	59,717,848.78	2015/12/28	2026/4/30	No
Bengang Group Co., Ltd.	25,161,064.71	2015/6/25	2020/4/30	No
Bengang Group Co., Ltd.	8,998,273.67	2015/12/28	2020/4/30	No
Bengang Group Co., Ltd.	4,326,100.67	2015/6/25	2025/6/30	No
Bengang Group Co., Ltd.	123,705,935.08	2015/6/25	2025/6/30	No
Bengang Group Co., Ltd.	3,797,480.46	2015/12/28	2025/6/30	No

Bengang Group Co., Ltd.	22,333,519.70	2015/6/25	2019/6/30	No
Bengang Group Co., Ltd.	15,984,345.19	2015/12/28	2019/6/30	No
Bengang Group Co., Ltd.	5,572,548.89	2015/6/25	2025/10/31	No
Bengang Group Co., Ltd.	88,488,280.86	2015/6/25	2025/10/31	No
Bengang Group Co., Ltd.	40,562,264.44	2015/12/28	2025/10/31	No
Bengang Group Co., Ltd.	35,828,162.52	2015/6/25	2019/10/31	No
Bengang Group Co., Ltd.	687,486.16	2015/12/28	2019/10/31	No
Bengang Group Co., Ltd.	4,721,803.46	2015/6/25	2025/8/31	No
Bengang Group Co., Ltd.	106,871,392.51	2015/6/25	2025/8/31	No
Bengang Group Co., Ltd.	2,241,804.29	2015/12/28	2025/8/31	No
Bengang Group Co., Ltd.	28,100,818.36	2015/6/25	2019/8/31	No
Bengang Group Co., Ltd.	3,706,999.93	2015/12/28	2019/8/31	No
Bengang Group Co., Ltd.	9,951,765.08	2015/12/28	2019/7/30	No
Bengang Group Co., Ltd.	5,304,591.51	2016/6/27	2020/4/30	No
Bengang Group Co., Ltd.	32,734,871.86	2016/6/27	2020/4/30	No
Bengang Group Co., Ltd.	24,883,510.54	2016/12/14	2026/4/30	No
Bengang Group Co., Ltd.	472,947.08	2016/12/14	2020/4/30	No
Benxi Steel & Iron (Group) Co., Ltd.	14,021,480.00	1997/10/10	2027/9/10	No
Bengang Group Co., Ltd.; Benxi Steel & Iron (Group) Co., Ltd.	100,000,000.00	2016/3/30	2025/3/20	No
Bengang Group Co., Ltd.	100,000,000.00	2016/3/31	2018/3/31	No
Bengang Group Co., Ltd.	59,140,000.00	2015/3/26	2019/3/21	No
Bengang Group Co., Ltd.	100,000,000.00	2015/6/25	2021/9/21	No
Bengang Group Co., Ltd.	24,000,000.00	2015/12/9	2022/3/21	No
Bengang Group Co., Ltd.	72,150,000.00	2016/12/27	2020/6/21	No
Bengang Group Co., Ltd.	15,919,840.00	2016/12/27	2020/6/21	No
Bengang Group Co., Ltd.	258,185.44	2015/6/25	2025/9/30	No
Bengang Group Co., Ltd.	8,820,850.46	2015/8/20	2025/9/30	No
Bengang Group Co., Ltd.	4,627,964.25	2015/8/20	2019/9/30	No
Bengang Group Co., Ltd.	582,380.58	2015/6/25	2026/4/30	No
Bengang Group Co., Ltd.	7,029,339.16	2015/12/28	2026/4/30	No
Bengang Group Co., Ltd.	10,064,425.90	2015/6/25	2020/4/30	No
Bengang Group Co., Ltd.	3,599,309.47	2015/12/28	2020/4/30	No

Bengang Group Co., Ltd.	576,813.42	2015/6/25	2025/6/30	No
Bengang Group Co., Ltd.	16,494,124.65	2015/6/25	2025/6/30	No
Bengang Group Co., Ltd.	506,330.73	2015/12/28	2025/6/30	No
Bengang Group Co., Ltd.	14,889,013.08	2015/6/25	2019/6/30	No
Bengang Group Co., Ltd.	10,656,230.07	2015/12/28	2019/6/30	No
Bengang Group Co., Ltd.	11,757,603.69	2015/6/25	2025/10/31	No
Bengang Group Co., Ltd.	5,070,283.05	2015/12/28	2025/10/31	No
Bengang Group Co., Ltd.	17,914,081.22	2015/6/25	2019/10/31	No
Bengang Group Co., Ltd.	343,743.20	2015/12/28	2019/10/31	No
Bengang Group Co., Ltd.	13,949,149.50	2015/6/25	2025/8/31	No
Bengang Group Co., Ltd.	280,225.54	2015/12/28	2025/8/31	No
Bengang Group Co., Ltd.	14,050,409.18	2015/6/25	2019/8/31	No
Bengang Group Co., Ltd.	1,853,499.96	2015/12/28	2019/8/31	No
Bengang Group Co., Ltd.	4,975,882.54	2015/12/28	2019/7/30	No
Bengang Group Co., Ltd.	2,121,836.61	2016/6/27	2020/4/30	No
Bengang Group Co., Ltd.	3,851,161.40	2016/6/27	2020/4/30	No
Bengang Group Co., Ltd.	2,927,471.85	2016/12/14	2026/4/30	No
Bengang Group Co., Ltd.	189,178.74	2016/12/14	2020/4/30	No
Benxi Steel & Iron (Group) Co., Ltd.	1,402,148.00	1997/10/10	2027/9/10	No
Bengang Group Co., Ltd.	27,860,000.00	2015/3/26	2019/3/21	No
Bengang Group Co., Ltd.	17,850,000.00	2016/12/27	2020/6/21	No
Bengang Group Co., Ltd.	340,000,000.00	2016/8/25	2017/8/24	No
Bengang Group Co., Ltd.	220,000,000.00	2016/10/20	2017/10/20	No
Bengang Group Co., Ltd., Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2016/7/29	2017/7/26	No
Bengang Group Co., Ltd., Benxi Steel & Iron (Group) Co., Ltd.	100,000,000.00	2016/10/25	2017/10/23	No
Bengang Group Co., Ltd.	500,000,000.00	2016/11/10	2017/8/1	

Information of Guarantee among related parties

The warrantors provide guarantee for the Company's outstanding bank loans.

(5) Inter-bank lending of capital of related parties

Unit: Yuan

Name	Amount borrowed and loaned	Date of value	Maturity date	Notes
Borrowed				
Benxi Steel & Iron (Group) Co., Ltd.	14,220,000.00	2017/1/17	2018/1/16	
Benxi Steel & Iron (Group) Co., Ltd.	19,000,000.00	2017/6/14	2018/6/13	
Benxi Steel & Iron (Group) Co., Ltd.	11,369,400.00	2017/6/22	2018/6/21	
Benxi Steel & Iron (Group) Co., Ltd.	32,700,000.00	2016/10/24	2017/10/23	
Benxi Steel & Iron (Group) Co., Ltd.	22,120,000.00	2016/11/11	2017/11/10	
Loaned				
	99,409,400.00			

(6) Related party asset transfer and debt restructuring

Unit: Yuan

Name	The content of related party transactions	January to June 2017	January to June 2016

(7) Remuneration of key management personnel

Unit: Yuan

Items	January to June 2017	January to June 2016

(8) Other related party transactions

(1) Loan from and deposits in Bengang Group Finance Co., Ltd. Unit: RMB 10,000

Items	Beginning balance	Increase	Decrease	Ending balance	Nature
Deposits	366,863.85	4,656,434.34	4,439,792.54	583,505.65	

6. Receivables and payables of the related parties**(1) Receivables of the Company**

Unit: Yuan

Items Name	Name	Ending balance		Beginning balance	
		Carrying amount	Provision for bad	Carrying amount	Provision for bad

			debts		debts
Accounts receivable	Benxi Beiyang Steel & Iron (Group) Co., Ltd.	17,732,985.04		18,392,217.28	
Accounts receivable	Bengang Electronics and Gas Co., Ltd.	2,518,970.91	191,192.77	2,544,096.41	191,192.77
Accounts receivable	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	52,584,877.55	6,252,766.59	58,688,479.41	6,978,534.14
Accounts receivable	Benxi Steel & Iron (Group) Construction Co., Ltd.	20,465,486.44	16,953,842.92	27,591,781.37	16,953,842.92
Accounts receivable	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	20,767,168.35	2,160,167.07	43,138,986.20	2,160,167.07
Accounts receivable	Benxi New Career Development Co., Ltd.	5,101,491.42	4,493,529.85	6,021,519.36	4,493,529.85
Accounts receivable	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	1,707,735.13		7,065,515.62	
Accounts receivable	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	411,752.60		499,596.68	
Accounts receivable	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	167,403.11	10,273.91	205,478.22	10,273.91
Accounts receivable	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	9,987,621.61		9,777,694.51	
Accounts receivable	Bengang Group International Economic and Trading Co., Ltd.	16,116,883.06		19,014,727.54	

	Subtotal:	147,562,375.22	30,061,773.11	192,940,092.60	30,787,540.66
Prepayments	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	336,897,265.03		209,639,029.05	
Prepayments	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	12,986,662.13		9,675,956.28	
Prepayments	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	22,451.35		47,265.99	
	Subtotal:	349,906,378.50		219,362,251.32	
Other receivables	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	2,511,984.11	173,991.52	2,797,309.70	173,991.52
Other receivables	Liaoning Metallurgy Technician College	132,501.57	156,265.86	156,265.86	156,265.86
Other receivables	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	4,610,543.21	55.08	658,020.63	55.08
Other receivables	Benxi Steel & Iron (Group) Construction Co., Ltd.	1,041,994.41	885,014.32	1,218,997.41	885,014.32
Other receivables	Bengang Group International Economic and Trading Co., Ltd.	15,997,051.61	2,000.00	12,953,078.23	2,000.00
Other receivables	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	598,678.69	326,757.79	482,278.78	326,757.79
Other receivables	Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	191,491.57	140,059.31	198,482.11	140,059.31
Other receivables	Benxi Steel & Iron (Group) Medical	773,464.11	611,332.98	904,953.91	611,332.98

	Department				
	Subtotal:	25,857,709.29	2,295,476.86	19,369,386.63	2,295,476.86

(2) Payables of the Company

Unit: Yuan

Items Name	Name	Ending balance	Beginning balance
Notes payable	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	20,404,409.86	28,192,278.69
Notes payable	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	49,168,681.00	31,824,694.29
Notes payable	Bengang Electronics and Gas Co., Ltd.	2,303,662.21	307,463.98
Notes payable	Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.		2,041,572.16
Notes payable	Liaoning Metallurgy Technician College		6,204,029.01
Notes payable	Benxi Steel & Iron (Group) Mining Co., Ltd.		568,740,355.56
Notes payable	Benxi Steel & Iron (Group) Construction Co., Ltd.	2,779,709.03	1,963,555.75
Notes payable	Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	2,980,712.19	646,271.77
Notes payable	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	320,987,663.93	
Notes payable	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.		57,117,975.37
Notes payable	Liaoning Metallurgy Technician College		410,420.63
Notes payable	Liaoning Hengtai Heavy Machinery Co., Ltd.		664,260.60
Notes payable	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.		1,461,822.77
	Subtotal	398,624,838.22	699,574,700.58

Accounts payable	Bengang Electronics and Gas Co., Ltd.	14,136,459.51	14,363,839.08
Accounts payable	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	887,095.04	3,481,794.33
Accounts payable	Bengang Group International Economic and Trading Co., Ltd.	790,278,853.89	1,332,351,145.92
Accounts payable	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	131,292,835.12	153,595,680.56
Accounts payable	Benxi Steel & Iron (Group) Construction Co., Ltd.	159,279,391.32	122,639,049.77
Accounts payable	Benxi Steel & Iron (Group) Mining Co., Ltd.	911,756,652.03	875,832,744.08
Accounts payable	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	88,584,398.24	89,661,554.50
Accounts payable	Benxi New Career Development Co., Ltd.	6,531,844.53	10,111,480.54
Accounts payable	Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	127,539,632.47	112,970,904.61
Accounts payable	Benxi Steel & Iron (Group) Designing Institute	5,505,610.62	4,428,544.35
Accounts payable	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	57,947,618.34	67,838,466.80
Accounts payable	Benxi Steel & Iron (Group) Medical Department	20,877.51	20,440.35
Accounts payable	Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	46,163,591.79	40,858,004.25
Accounts payable	Benxi High-tech Drilling Tools Manufacture Co., Ltd.	652,188.35	545,111.09
Accounts payable	Liaoning Metallurgy Technician College	11,679,069.18	13,042,942.26
Accounts payable	Liaoning Bengang Steel & Iron Trading Co., Ltd.		
Accounts payable	Benxi Steel & Iron (Group) Thermal Power Development	115,322.99	108,353.68

	Co., Ltd.		
Accounts payable	Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	239,187.21	351,984.00
Accounts payable	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	27,381,156.15	28,345,263.60
Accounts payable	Liaoning Metallurgy Technician College	3,400,575.41	3,064,133.55
Accounts payable	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	544,494.82	607,335.86
Accounts payable	Liaoning Hengtai Heavy Machinery Co., Ltd.	14,429,696.43	16,153,790.49
Accounts payable	Benxi Steel & Iron (Group) Plant Construction Supervisor Co., Ltd.	47,207.48	49,955.00
Accounts payable	Bengang Group Co., Ltd.	5,626.56	4,717.26
	Subtotal	2,398,419,385.00	2,890,427,235.93
Advance from customers	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	758,322.02	683,249.32
Advance from customers	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	2,280,187.93	2,054,478.78
Advance from customers	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	1,896,198.24	1,567,300.28
Advance from customers	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	5,921,216.77	7,418,119.01
Advance from customers	Dalian Boluole Steel Tube Co., Ltd.	882,512.73	1,377,911.64
Advance from customers	Liaoning Bengang Steel & Iron Trading Co., Ltd.	66,237,222.08	87,655,913.68
Advance from customers	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	186,387.64	640,854.91
Advance from customers	Liaoning Hengtai Heavy Machinery Co., Ltd.		
Advance from customers	Benxi Steel & Iron (Group)		

	Thermal Power Development Co., Ltd.		
Advance from customers	Bengang Group International Economic and Trading Co., Ltd.	69,021.17	69,021.17
Advance from customers	Suzhou Bengang Industrial Co., Ltd.	31,129,090.40	18,849,730.95
	Subtotal	109,360,158.99	120,316,579.74
Other payables	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	2,032,488.21	2,311,747.28
Other payables	Bengang Group International Economic and Trading Co., Ltd.	27,984,077.05	22,209,584.96
Other payables	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	70,037.80	72,796.80
Other payables	Benxi Steel & Iron (Group) Construction Co., Ltd.	5,171,112.35	5,279,716.11
Other payables	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	2,013,845.68	1,796,857.20
Other payables	Benxi New Career Development Co., Ltd.	522,702.70	1,062,187.97
Other payables	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	350,000.00	350,000.00
Other payables	Benxi Steel & Iron (Group) Medical Department		
Other payables	Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	95,572.40	107,000.00
Other payables	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	1,069,085.08	1,349,684.48
Other payables	Benxi Steel & Iron (Group) Co., Ltd.	200,504,584.76	153,946,251.96
Other payables	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	939,138.72	1,127,701.72
Other payables	Guangzhou Free Trade Zone Bengang Sales Co., Ltd.	2,674,436.85	2,674,436.85

Other payables	Benxi Steel & Iron (Group) Plant Construction Supervisor Co., Ltd.	359,989.37	453,844.39
Other payables	Liaoning Hengyi Financial Leasing Co., Ltd.	539,891.03	539,891.03
Other payables	Liaoning Metallurgy Technician College	3,000.00	3,000.00
	Subtotal	244,329,961.99	193,284,700.75

7. Related parties commitment

None

8. Others

None

XIII. Commitments and Contingencies

1. Commitments

Commitments at balance sheet date

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; 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 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 2017 to 31 December 2019. 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.

For details of above leasing conditions please refer to Note 9 (4) 2.

2. Contingencies

(1) Significant contingency at balance sheet date

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

(2) The Company have no significant contingency to disclose, also should be stated

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

2. Others**XIV. Subsequent events****1. Significant events had not adjusted**

Unit: Yuan

Items	Content	Influence number to the financial position and operating results	Reason of unable to estimate influence number
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2. Profit distribution after the reporting period**3. Sales return****4. Other significant events****(1) Segment information**

Since the Company's main product is steel with other products accounting for only a small proportion, and the main production base is located in Liaoning area, segmented reporting is not applicable.

(2) Financial lease

For prioritizing the capital structure and exploring financing channel, on 20 April 2015, the Company signed the "Financial lease cooperation framework" with Liaoning Hengyi Financial Leasing Co., Ltd. with the amount of financial lease not exceeding RMB 5,000 million. The Company obtains the fund through sales and lease back financial lease with interest rate not above the benchmark interest rate of loan over the same period published by the People's bank of China and the interest rate will be adjusted with the changes of benchmark interest rate of loan published by the People's bank of China over the lease term. The term of financial lease shall not exceed 36 months

On 28 December 2016, the Company signed the "Financing lease back after sales contract" (Contract No. 2016HYZL0006-ZL-01). The purchase price of the leased asset is RMB 210,000,000.00. Lease period is one year starting from 28 March 2016. Lease rate was 4.35% when signing the contract.

(3) On 27 December 2016, as the 1st extraordinary Shareholders' general meeting approves "the proposal of the non-public offering of A shares program of the Company (December 2016 revised edition)", the Company considers to undertake the non-public offering shares to particular investors and thus raise capital of RMB 4 billion. The Company raises funds mainly for the purpose of high strength cold rolling steel renovation project, the third cold rolling work hot-dip galvanizing production line project, and repaying bank loans. Legal procedures are being reviewed for approval

(4) As at 30 June 2017, the controlling shareholder Benxi Steel & Iron (Group) Co., Ltd. held a total number of 1,251,000,000 shares pledged, accounting for 39.89% of the total number of shares of the Company.

XV. Other significant events

1. The accounting errors correction in previous period

(1) Retrospective restatement

Unit: Yuan

Content	Processing program	Name of the influenced report items during comparison period	Cumulative impact
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(2) Prospective application

Content	Processing program	Reason of adopting prospective application
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2. Debt restructuring

3. Replacement of assets

(1) Non-monetary assets exchange

(2) Other assets replacement

4. Pension plan

5. Discontinuing operation

Unit: Yuan

Items	Revenue	Expenses	Total profit	Income tax expense	Net Profit	Termination of the business profits attributable to the parent company owner
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Notes

6. Segment information

(1) Recognition basis and accounting policies of reportable segment

(2) Financial information of segment

Unit: Yuan

Items		Offset in segment	Total
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(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) Notes

7. Other important transactions and events have an impact on investor's decision-making

8. Others

XVI. Notes to the financial statements of parent company

1. Accounts receivable

(1) Accounts receivable disclosed by category

Unit: Yuan

Category	Ending balance					Beginning balance				
	Carrying amount		Provision for bad debts		Total net book value of Fixed assets	Carrying amount		Provision for bad debts		Total net book value of Fixed assets
	Amount	Percentage	Amount	Bad debts ratio		Amount	Percentage	Amount	Bad debts ratio	
Accounts receivable tested for impairment by portfolio	689,888,707.86	100.00%	197,950,562.42	28.69%	491,938,145.44	658,679,865.43	100.00%	203,609,563.43	30.91%	455,070,302.00
Total	689,888,707.86	100.00%	197,950,562.42	28.69%	491,938,145.44	658,679,865.43	100.00%	203,609,563.43	30.91%	455,070,302.00

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

Applicable Not applicable

Accounts receivables tested for impairment by portfolio using the method of Aging analysis:

Applicable Not applicable

Unit: Yuan

Aging	Ending balance		
	Accounts receivable	Provision for bad debts	Bad debts ratio
Within 1 year (inclusive)			
	337,110,882.55		
Subtotal of within 1 year	337,110,882.55		
1-2 years	138,635,838.56	6,931,791.93	5.00%
2-3 years	28,904,020.32	5,780,804.06	20.00%
Over 3 years	185,237,966.42	185,237,966.42	100.00%
Total	689,888,707.86	197,950,562.42	28.69%

Notes:

1. The recognition and provision for bad debts for the individually significant receivables:

The recognition standard of bad debts provision for the individually significant receivables: Individually significant receivables refer to accounts receivable over RMB10 million or other receivables over RMB 5 million.

The provision for bad debts for the individually significant receivables:

The impairment test shall 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 debts provision and shall be recorded into the profits and losses at the current period.

2. The recognition and provision for bad debts for the receivables in portfolio:

Criteria for Recognition of Portfolio	
Portfolio:	Insignificant amount of receivables and unadjusted individual receivables
Recognition and provision for bad debts for portfolio	
Portfolio:	Aging analysis method

Aging analysis method for bad debts provision:

Aging	Bad debts ratio for accounts receivable (%)	Bad debts ratio for other receivables (%)
Within 1 year (inclusive)		
1-2 years (inclusive)	5	5
2-3 years (inclusive)	20	20
Over 3 years	100	100

3. Insignificant individual amounts of accounts receivable that recognize bad debts individually:

(1) Reasons for individual recognition and provision of bad debts. Accounts receivable amount is proved to be unrecoverable with conclusive evidence.

(2) Method of bad debts recognition and provision

If conclusive evidence shows the possibility of recovering the amount is small, recognize bad debts individually as if the amount is unrecoverable.

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) Information of provision, reversal or recovery of bad debts of current period

The provision of bad debts of current period is RMB0.00; Bad debt provision written back was RMB 5,659,001.01 in the period.

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

Unit: Yuan

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

Unit: Yuan

Items	Amount written off
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Significant amount written off:

Unit: Yuan

Company	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 five debtors at the year-end

Company	Ending balance		
	Amount	Percentage of total Accounts receivable (%)	Provision for bad debts
Benxi Nanfen Xinhe Metallurgical Co., Ltd.	87,396,378.47	12.67	4,368,958.76
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	52,584,877.55	7.62	6,252,766.59
Hua You Steel Pipe Co., Ltd.	29,732,876.07	4.31	29,616,623.65
Ningbo CIMC Logistics Equipment Co., Ltd.	21,855,329.22	3.17	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	19,023,387.89	2.76	
Total	210,592,849.20	30.53	42,290,507.72

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

Notes:

2. Other receivables

(1) Other receivables disclosed by category

Unit: Yuan

Category	Ending balance					Beginning balance				
	Carrying amount		Provision for bad debts		Net Book Value	Carrying amount		Provision for bad debts		Net Book Value
	Amount	Percentage	Amount	Bad debts ratio		Amount	Percentage	Amount	Bad debts ratio	
Accounts receivable tested for impairment by portfolio	236,478,074.50	99.27%	62,189,392.14	23.27%	174,288,682.36	271,534,044.90	99.36%	63,184,240.02	23.27%	208,349,804.88
Other insignificant items but tested for impairment individually	1,740,000.00	0.73%			1,740,000.00	1,740,000.00	0.64%			1,740,000.00
Total	238,218,074.50	100.00%	62,189,392.14	26.11%	176,028,682.36	273,274,044.90	100.00%	63,184,240.02	23.12%	210,089,804.88

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

Applicable Not applicable

Other receivables tested for impairment by portfolio using the method of Aging analysis:

Applicable Not applicable

Unit: Yuan

Aging	Ending balance		
	Other receivables	Provision for bad debts	Bad debts ratio
Within 1 year (inclusive)			
	164,487,738.98		
Subtotal of within 1 year	164,487,738.98		
1-2 years	6,663,168.20	333,158.41	5.00%
2-3 years	4,338,666.99	867,733.40	20.00%
Over 3 years	60,988,500.33	60,988,500.33	100.00%
Total	236,478,074.50	62,189,392.14	26.30%

Notes:

1. The recognition and provision for bad debts for the individually significant receivables:

The recognition standard of bad debts provision for the individually significant receivables: Individually significant receivables refer to accounts receivable over RMB10 million or other receivables over RMB 5 million.

The provision for bad debts for the individually significant receivables:

The impairment test shall 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 debts provision and shall be recorded into the profits and losses at the current period.

2. The recognition and provision for bad debts for the receivables in portfolio:

Criteria for Recognition of Portfolio	
Portfolio:	Insignificant amount of receivables and unadjusted individual receivables
Recognition and provision for bad debts for portfolio	
Portfolio:	Aging analysis method

Aging analysis method for bad debts provision:

Aging	Bad debts ratio for accounts receivable (%)	Bad debts ratio for other receivables (%)
Within 1 year (inclusive)		
1-2 years (inclusive)	5	5
2-3 years (inclusive)	20	20
Over 3 years	100	100

3. Insignificant individual amounts of accounts receivable that recognize bad debts individually:

(1) Reasons for individual recognition and provision of bad debts. Accounts receivable amount is proved to be unrecoverable with conclusive evidence.

(2) Method of bad debts recognition and provision

If conclusive evidence shows the possibility of recovering the amount is small, recognize bad debts individually as if the amount is unrecoverable.

Provision of bad debts under the percentage of balance method:

Applicable Not applicable

Provision of bad debts under other methods:

Applicable Not applicable

(2) Information of provision, reversal or recovery of bad debts of current period

The provision of bad debts of current period is RMB0.00; Bad debt provision written back was RMB 994,847.88 in the period.

There into, the significant bad debt provision written back or retrieved during the current period:

Unit: Yuan

Company	Amount of written back or retrieving	way of retrieving
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(3) Receivable accounts written back or retrieved in the report period

Unit: Yuan

Items	Amount written off
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Significant other receivables:

Unit: Yuan

Company	Property of account	Amount written off	Reason of writing off	Written off procedures	Created by related transaction or not
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Notes:

(4) Other receivables disclosed by nature

Unit: Yuan

Nature	Ending balance	Beginning balance
Accounts	227,525,677.56	259,660,295.88
Export tax rebate	0.00	4,990,848.26
Others	10,692,396.94	8,622,900.76
Total	238,218,074.50	273,274,044.90

(5) Top five debtors at the year-end

Unit: Yuan

Company	Nature or content	Ending balance	Aging	Percentage of total other receivables	Provision for bad debts Ending balance
Benxi Steel & Iron (Group) Machinery Manufacturing Co., Ltd.	Accounts	4,610,543.21	Within 1 year	1.94%	
Huozhou Coal and Electricity Group Co., Ltd.	Accounts	4,341,257.18	Over 3 years	1.82%	4,341,257.18
State Grid Liaoning Power Supply Co., Ltd. Benxi Branch	Accounts	3,530,637.67	Within 1 year	1.48%	
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Accounts	2,511,984.11	3 年以内	1.05%	173,991.52
Liaoning Huawei Coal Preparation Co., Ltd.	Accounts	2,261,360.00	Over 3 years	0.95%	2,261,360.00
Total	--	17,255,782.17	--	7.24%	6,776,608.70

(6) Receivable accounts involving the government

Unit: Yuan

Company	Government Subsidies Items Name	Ending balance	Age at end of period	Predicted time and amount of receiving
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(7) De-recognition other receivables due to financial assets transfer**(8) Assets and liabilities formed by transferring and continuous involvement of other receivables**

Notes:

3. Long-term equity investments

Unit: Yuan

Items	Ending balance			Beginning balance		
	Carrying amount	Total impairment	Book value	Carrying amount	Total impairment	Book value
Investment to subsidiaries	1,751,981,902.16		1,751,981,902.16	1,700,981,902.16		1,700,981,902.16
Total	1,751,981,902.16		1,751,981,902.16	1,700,981,902.16		1,700,981,902.16

(1) Investment to subsidiaries

Unit: Yuan

Company invested in	Beginning balance	Increase	Decrease	Ending balance	Provision for impairment	Ending balance of provision for impairment
Guangzhou Bengang Steel & Iron Trading Co., Ltd.	1,000,000.00			1,000,000.00		
Shanghai Bengang Metallurgy Science and Technology Co., Ltd.	19,200,000.00			19,200,000.00		
Bengang Steel 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 & Iron Sales Co., Ltd.	-1,355,124.64			-1,355,124.64		
Harbin Bengang Economic and Trading Co., Ltd.	423,398.23			423,398.23		
Nanjing Bengang Steel Material Sales Ltd.	2,081,400.65			2,081,400.65		
Wuxi Bengang Steel & Iron Sales Co., Ltd.	936,718.57			936,718.57		
Xiamen Bengang Steel & Iron Sales Co., Ltd.	1,095,711.66			1,095,711.66		
Yantai Bengang Steel & Iron Sales Co., Ltd.	19,600,329.41			19,600,329.41		
Tianjin Bengang Steel & Iron Trading Co., Ltd.	33,318,095.80			33,318,095.80		
Benxi Bengang Steel Sales Co., Ltd	5,000,000.00			5,000,000.00		
Shenyang Bengang Metallurgical Science and Technology Co., Ltd.	5,000,000.00			5,000,000.00		
Bengang Baojin(Shenyang) Automobile New Material Co, Ltd.		51,000,000.00		51,000,000.00		
Total	1,700,981,902.16	51,000,000.00		1,751,981,902.16		

(2) Investment to joint venture and associated enterprise

Unit: Yuan

Name	Beginning balance	Changes								Ending balance	Ending balance of provision for impairment
		Add investment	Reduce investment	Investment income under equity method	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Provision impairment	Others		
1. Joint venture											
2. Associated enterprise											

(3) Notes**4. Operating income and operating cost**

Unit: Yuan

Items	January to June 2017		January to June 2016	
	Revenue	Cost	Revenue	Cost
Principal business	19,350,686,493.45	17,842,348,026.16	12,051,859,180.54	10,706,509,048.28
Other business	1,846,830,285.75	1,640,628,048.16	1,133,529,266.65	1,023,377,735.93
Total	21,197,516,779.20	19,482,976,074.32	13,185,388,447.19	11,729,886,784.21

Notes:

5. Income on investment

Unit: Yuan

Items	January to June 2017	January to June 2016
Income from long-term equity investment (cost method)	102,074,634.76	13,713,328.45
Income from bank short-term financial products	3,294,593.14	
Total	105,369,227.90	13,713,328.45

6. Others

XVII. Supplementary information

1. Details of non-recurring profit and loss

Applicable Not applicable

Unit: Yuan

Items	January to June 2017	Notes
Profit or loss from disposal of non-current assets	-1,578,126.30	
Details of government subsidies recorded into current profits and loss(except such government subsidy closely related to the company's normal business operation, meeting the regulation of national policy and enjoyed constantly in certain quota or quantity according to a certain standard)	15,047,000.00	
Profit or loss from investment or assets entrusted to others	3,294,593.14	
Profit or loss from debt restructuring	822,116.45	
Other non-operating revenue and expenditure other than above items	2,130,078.13	
Less: Impact of income tax	4,928,915.36	
Impact of minority interests	24,516.32	
Total	14,762,229.74	--

For the Company's non-recurring profit and loss items as defined in "the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Profits and Losses" and its non-recurring profit and loss items as illustrated in "the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Profits and Losses" which have been defined as recurring profits and losses, it is necessary to explain the reason.

Applicable Not applicable

2. Net asset yield and earnings per share

Profit in the Reporting Period	Weighted average net assets yield (%)	Earnings per share	
		Basic earnings per share(RMB/Share)	Diluted gains per share(RMB/Share) (RMB/Share)
Net profit attributable to ordinary	4.04%	0.167	0.167

shareholders			
Net profit attributable to ordinary shareholders after deducting non-recurring profit and loss	3.92%	0.162	0.162

3. The differences between domestic and international accounting standards

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

Applicable Not applicable

Unit: Yuan

	Net Profit		Net assets	
	2016	2015	Ending balance	Beginning balance
According to CAS	523,635,653.57	182,538,176.32	13,249,274,456.60	12,715,354,551.15
Items and amount adjusted according to IAS:				

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

Applicable Not applicable

(3) Accounting data differences between domestic and foreign accounting standards, if the differences has already been adjusted by the foreign audit agency shall indicate the name of the agency.

4. Others

XI. Documents available for inspection

1. Financial Statements signed and stamped by the legal representative, CFO, and accounting manager;
2. All of the original copies of documents and announcements that have been published on China Securities Journal, Securities Times, and Hong Kong Commercial Daily.