



Bengang Steel Plates Co., Ltd.

Semi-Annual Report 2019

August, 2019

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.

Gao Lie, Chairman of the Company, Shen Qiang, the principal in charge of the accounting, and Zhao Zhonghua, 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 planned not to distribute cash dividend or bonus shares, and not to convert capital reserve into share capital.

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Definition

Terms to be defined	Refers to	Content of 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 Posco	Refers to	Bengang Posco Cold-rolled 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	Gao Lie		

II. Contact Information

	Secretary of the Board	Representative of Stock Affairs
Name	Gao Desheng	
Address	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province	
Tel	024-47827003	
Fax	024-47827004	
Email	bgbcm@163.com	

III. Other Information

1. Contact Information of the Company

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 2018 for details.

2. Place for information disclosure

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 2018 for details

IV. Summary of Accounting data and Financial index

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

Yes No

Unit: Yuan

	This reporting period	Same period in previous year	Increase or decrease in this reporting period over the previous year
Operating income	24,102,595,167.14	23,441,247,377.14	2.82%
Net profit attributable to the shareholders of the listed company	453,209,615.76	756,951,987.59	-40.13%
Net profit attributable to the shareholders of listed company after deducting non-recurring gain/loss	461,338,410.13	724,922,955.98	-36.36%
Net cash flows generated by operating activities	984,787,005.67	730,519,741.47	34.81%
Basic earnings per share	0.12	0.20	-40.00%
Diluted earnings per share	0.12	0.20	-40.00%
ROE	2.35%	4.56%	-2.21%
	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	61,423,927,056.10	59,632,504,915.83	3.00%
Net assets attributable to shareholders of the listed company	19,406,029,174.41	19,126,258,116.67	1.46%

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: RMB

	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	453,209,615.76	756,951,987.59	19,406,029,174.41	19,126,258,116.67
Items and amounts adjusted according to IFRS				

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

Applicable Not applicable

VI. Items and Amount of Non-recurring 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)	-49,987,558.33	
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)	41,695,000.00	
Profit or loss from debt restructuring	50,640.00	
Other non-operating revenue and expenditure other than above items	172,778.52	
Less: Impact of income tax	55,854.63	
Impact of non-controlling interests (after tax)	3,799.93	
Total	-8,128,794.37	--

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

(1) During the reporting period, the company's main business activities include steel smelting, rolling processing, power generation, coal chemical industry, special steel profiles, railways, import and export trade, scientific research, and product sales. The introduction of world advanced equipment technology has enabled the implementation of equipment upgrades for the steel industry. The Company has built a fine steel base, formed more than 60 varieties, more than 7500 series of product specifications, high value-added and high-tech product ratio reached more than 80%, automotive surface panels, household appliances, oil pipeline steel, container board Shipboard and other leading products are widely used in automobiles, home appliances, petrochemicals, aerospace, machinery manufacturing, energy transportation, construction and decoration, and metal products, and are exported to more than 60 countries and regions.

(2) During the reporting period, the main performance drivers were: the “four determinants” work cut down two layers of management and reduced 35.5% of the leader on department level and above; Through exchanges, adjustments, early departures and open competitions, the cadres can get through the channels, the leading cadres at the department level and above are reduced by 15.03%, the management personnel are reduced by 15%, and the proportion of production and mining management business personnel is reduced to 8% (thereinto, bureau-level cadres reduced by 40%). At the same time, a lean and efficient management and control system has been established, and overlapping, low-efficiency, and false institutions have been thoroughly cleaned up, releasing corporate vitality. Focusing on process improvement, product structure adjustment, energy conservation and emission reduction, the Company accelerated the construction of key project transformation projects, conscientiously organized the construction of projects such as the production of sheet metal CAPP power generation and special steel electric furnace capacity replacement. The Company promoted enterprise transformation and upgrading based on high-quality development requirements.

No significant change occurred during the reporting period.

II. Major Changes in Main Assets

1. Major Changes in Main Assets

Main assets	Notes to major changes
Equity assets	No significant changes.
Fixed assets	No significant changes.
Intangible assets	No significant changes.

Construction in progress	The balance at 30 June 2019 is RMB 1,374,411.00 thousand and it has increased by 64.29%, which is mainly due to the new construction of the company's construction projects in the current period.
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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 the first half of 2019, Bengang Steel Plate Co., Ltd. officially joined the Corrosion Resistant Steel Technology Innovation Alliance, China Intellectual Property Development Alliance, and entered the executive director unit of the Journal of Iron and Steel Research. Bengang Steel applied for promotion to be a member of the Lightweight Alliance. Successfully hosted the 2019 Automotive Lightweight Alliance Annual Work Conference, which was well received by the leaders of the Alliance and the delegates, and achieved the purpose of promoting the steel products of Bengang Steel and Bengang Steel. A total of 25 government projects were filed, including 11 provincial key projects in the Ministry of Industry and Information Technology in 2019, 9 provincial science and technology projects declared by the Provincial Science and Technology Department in 2019, and 1 NSFC-Liaoning Joint Fund Project of the Provincial Science and Technology Department, and 2 projects of the National Natural Science Foundation of China Regional Innovation and Development Joint Fund Guide Project. "Bengang Shenyang Research Institute Construction" is intended to be included in the national and provincial "fourteenth five-year" planning major projects. Cooperation with Dongda "Research on the new technology of composite iron coke low-carbon ironmaking charge" has been approved by the NSFC-Liaoning Joint Fund. Bengang will receive government funding of 502,000 yuan and has reached 334,000 yuan. "Development of high fatigue and thick gauge rare earth hot formed steel" was selected into the "100 Million Talent Project" project in Liaoning Province, with an estimated funding of 50,000 yuan.

In order to comprehensively improve the level of technological innovation and profitability, strengthen product adjustment and market development, improve product quality stability and assurance capabilities, promote low-cost and green manufacturing technologies, Bengang Steel identified 50 projects as the company's direct management level science and technology projects, and 98 projects as self-management level scientific and technological projects of the mines based on three major factors, which are variety, quality and cost. Bengang Steel processed classification management. The projects are divided into three categories according to the degree of importance. Based on the principle of responsibility to people and division of labor management, Bengang Steel conducted key control of the project and advancement in order. In the first half of the year, 33 new products were successfully developed, including 5 new products for automobile panels, 8 for silicon steel and home appliances, 13 for hot-rolled high-strength steel products and 7 for special steel products. Completed 57 grades of acid pickling, cold rolling, galvanizing, silicon steel and other products, including 3 pickling, 42 cold rolling, 10 galvanizing, and 2 silicon steel. In the first half of the year, a total of 94 patents were accepted by the National Patent Office, including 54 inventions and 40 utility models; 68 patents were authorized by the National Patent Office, including 6 inventions, 57 utility models, and 5 designs.

Bengang Steel continued to promote school-enterprise cooperation and joint work of production, education and research. Bengang Steel signed five cooperation projects with Northeastern University; Bengang-Liaokeda Joint Fund Project made substantial progress and officially signed four cooperation projects; cooperated with the Institute of Metals of the Chinese Academy of Sciences, platform construction, and joint training of multiple rounds of docking work.

IV. Management Discussion and Analysis

I. General

In the first half of 2019, the company's overall performance was generally outstanding, production and management had a new improvement, and the reform tasks were solidly promoted. The main indicators achieved steady growth, including: 4.758 million tons of pig iron, an increase of 833,600 tons, an increase of 21.24%; crude steel of 4,872,600 tons, an increase of 729,400 tons, an increase of 17.6%; hot rolled sheet of 6.1 million tons, an increase of 620,000 tons, an increase of 11.3%; cold rolled sheet of 2,897,200 tons, an increase of 56,900 tons, an increase of 2%; special steel of 225,600 tons, a decrease of 104,600 tons, a decrease of 31.7%.

During the reporting period, the company adopted the budget-based “overall every control and clear” work and actively promoted the construction of a three-level cost accounting system to continuously reduce production and operation costs, and took important steps in the standard mining and digging work. The process was benchmarked with the same type of steel mill and the results were remarkable. The average daily output of the new No. 1 blast furnace and No. 6 blast furnace in the plate ironmaking plant reached the best level in history. Sheet steel mills set a record for daily output. The plate hot rolling mill refreshed the highest daily production record of the whole plant twice. Under the premise of continuous improvement of the physical quality of the products, the plate cold rolling mill has achieved record high output, and the quality management of the automobile plate has been steadily improved. The middle and high-end cold-rolled automobile is qualified. The rate is the best in history and mass production is achieved.

Scientific and technological innovation and new product research and development have reached a new level, and 33 new products have been successfully developed. The successful research and development of quenching and distribution steel QP980 for cold forming has filled the gap in QP steel production and laid the foundation for the advanced automobile steel production enterprises. The Company completed Ford's first certification and Renault's production line certification work, and actively promoted BMW certification.

At the same time, the work of “Four Determinants” continued to advance. On the basis of realizing the reduction of management level, the institutions at the department level and above were further reduced, and the channels for cadres can be opened up and down through communication, adjustment, early departure and open competition. The establishment of a lean and efficient management and control system, overlapping, low-efficiency, and virtual institutions have been thoroughly cleaned up, releasing the vitality of the enterprise.

II. Main Business Analysis

1. General

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	24,102,595,167.14	23,441,247,377.14	2.82%	
Operating Cost	22,067,612,729.65	20,804,207,420.98	6.07%	
Selling and distribution expenses	574,445,199.14	514,038,008.95	11.75%	
General and administrative expenses	446,767,811.77	461,842,424.56	-3.26%	
Financial expenses	403,465,706.42	803,038,417.28	-49.76%	Net exchange losses increased over same period in previous year.
Income tax expense	25,962,181.73	11,636,226.04	123.12%	Deferred income tax increased over same period in previous year.
Research & Development Expenses	697,727,326.64	726,678,668.69	-3.98%	
Net cash flows generated from operating activities	984,787,005.67	730,519,741.47	34.81%	Cash received increased over same period in previous year
Net cash flow generated from investment activities	-545,199,197.41	-176,948,631.71	208.11%	Cash received from return on investments increased over same period in previous year
Net cash flow generated from financing activities	-451,444,368.47	-1,657,793,276.26	-72.77%	Cash paid to reimburse borrowings decreased over same period in previous year
Net increase in cash and cash equivalents	36,373,947.54	-999,206,556.27	-103.64%	Cash received increased and cash paid to reimburse borrowings 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	22,581,458,005.55	20,807,089,888.18	7.86%	6.01%	8.70%	-2.29%
By products						
Steel plate	22,258,028,765.53	20,524,102,578.76	7.79%	6.40%	9.22%	-2.38%
Others	323,429,240.02	282,987,309.42	12.50%	-15.49%	-18.83%	3.59%
By regions						
Northeast	5,606,217,660.27	5,175,158,018.48	7.69%	23.89%	26.62%	-1.99%
North China	2,740,664,946.06	2,523,356,229.07	7.93%	10.54%	12.24%	-1.39%
East China	9,115,871,237.78	8,384,696,685.96	8.02%	30.25%	32.89%	-1.83%
Northwest	52,280,532.42	48,714,460.39	6.82%	3.17%	5.47%	-2.03%
Central south	999,070,769.35	928,444,843.65	7.07%	2.34%	5.38%	-2.68%
Export	4,067,352,859.68	3,746,719,650.63	7.88%	-35.15%	-32.72%	-3.33%
Subtotal	22,581,458,005.55	20,807,089,888.18	7.86%	0.35%	0.50%	-0.13%

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	25,907.49	0.01%		
Non-operating income	8,210,182.24	1.71%		No
Non-operating expenses	57,974,322.05	12.11%		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	16,945,772,392.43	27.59%	18,570,241,607.21	29.00%	-1.41%	
Accounts receivable	614,718,839.21	1.00%	707,889,986.34	1.11%	-0.11%	
Inventories	11,967,579,023.47	19.48%	12,893,804,549.47	20.14%	-0.66%	
Long-term equity	2,481,589.04	0.00%	2,726,009.03	0.00%	0.00%	

investments						
Fixed assets	22,672,967,771.15	36.91%	22,739,708,839.78	35.51%	1.40%	
Construction in progress	1,374,410,959.70	2.24%	2,740,359,727.63	4.28%	-2.04%	
Short-term loans	12,298,193,000.00	20.02%	21,784,802,700.00	34.02%	-14.00%	
Long-term loans	6,213,054,564.15	10.12%	4,406,999,573.88	6.88%	3.24%	

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
Cash at bank and on hand	5,156,849,822.92	Deposit for notes and L/C
Total	5,156,849,822.92	

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

There is no investment in securities during the reporting period.

(2) Investment in Derivatives

Applicable Not applicable

There is no investment in derivatives during the reporting period.

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 Rolling Steel Sheet Co., Ltd.	Subsidiary	Processing and sales of steel	Steel rolling process	1,920,000,000.00	5,768,553,041.57	2,009,690,896.59	3,720,975,482.91	10,280,800.04	7,704,734.61

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 January to September 2019

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. Macroeconomic risk

Risks: The international situation is complex and volatile, global economic uncertainty still exists, volatility in emerging markets and developing economies is increasing, international trade protectionism is becoming more and more serious, and the impact of Sino-US trade war on steel exports will continue. At present, China's economy is still in a critical period of structural adjustment and transformation and development. The old and new power conversion of economic growth has not yet been completed, and the risk of economic downturn is still relatively large, posing certain downside risks and challenges for the steel industry.

Countermeasures: Timely understanding and analysis of relevant national industrial policies and macroeconomic situation, according to the company's overall strategic planning, innovation-driven development, to meet the diversified needs of users; comprehensive and advanced corporate benchmarking, find gaps, improve and enhance. Pay close attention to the relevant policies of the steel industry and changes in the environment of the industry. When there are major changes, Bengang Steel will promptly predict the impact of risks and adjust the response measures.

2. Marketing risk

Risks: Despite the huge achievements in steel production capacity, the steel industry's production capacity structure still has problems, and the pressure of compliant enterprise capacity release is still too fast. Since 2019, domestic steel production has maintained growth, the overall destocking rate has slowed down, and the pressure on the supply side has been continuously enlarged. As a result, the domestic steel market has weakened and the steel price has gradually shifted. In particular, the state's deep regulation of the downstream real estate market, coupled with the gradual slowdown in infrastructure investment growth, will be further evident in the second half of the year, and the pattern of strong supply and demand in the market is difficult to change.

Countermeasures: Pay close attention to the changes in demand for steel products in the domestic market, timely grasp the fluctuations of domestic fixed asset investment, adjust the business strategy in light of the implementation of national shutdown and elimination of backward steel production capacity, and the construction and new capacity production. Strengthen the ability of independent innovation, feedback market information and customer needs to the R&D, quality, and production departments, improve the quality of products, and enhance the core competitiveness of the Company.

3. Environmental protection risk

Risks: Environmental emission standards have become stricter, and government regulation and social requirements have become stronger. Since the implementation of the new "Environmental Protection Law", laws and regulations and governments at all levels have increasingly demanded environmental protection, and strict enforcement of environmental protection departments has become the new normal. At the same time, the state's regulatory measures for environmental governance have become more stringent, and the investment and operating costs of steel companies in environmental protection will be greatly increased, and environmental protection pressures will continue to increase.

Countermeasures: Pay attention to various national environmental protection policies, improve corporate environmental protection standards, and make them meet and appropriately exceed national standards. Strengthen the internal supervision and inspection of the company's various sources of pollution, and strengthen the environmental awareness of all employees. Accelerate the development of energy-saving and environmental protection technologies, improve environmental protection and energy-saving efficiency; accelerate the construction progress of identified environmental protection projects to ensure that national environmental protection requirements are met.

4. Raw fuel cost fluctuation risk

Risks: Due to environmental protection policies, de-capacity and weather, the original fuel supply may be staged insufficiently and not timely. The price of raw fuels has strengthened overall, especially the price of imported iron ore has risen sharply, and the profit margin of steel companies has been greatly reduced. The cost of the steel industry has further increased, which has affected the cost control and operating results of steel companies.

Countermeasures: Make full use of the advantages of own mines, strengthen management of raw fuel demand planning, procurement planning, procurement implementation, warehousing, maintain information communication, rationally

arrange economic inventory; establish stable supply channels, establish and maintain good cooperative relations with suppliers Strengthen the ability to grasp the upstream raw material market information, strengthen the company's own sensitivity to the market and its ability to research and judge, and improve its ability to respond to fluctuations in raw fuel prices.

V. Important Events

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

1. General meeting of shareholders during the reporting period

Meeting session	Meeting type	Investors' participation ratio	Date of convening	Date of disclosure	Disclosure index
The first temporary general meeting of 2019	Temporary general meeting	61.37%	2019/03/14	2019/03/15	Announcement No.: 2019-008
The annual general meeting of 2018	Annual general meeting	61.36%	2019/05/16	2019/05/17	Announcement No.: 2019-029
The second temporary general meeting of 2019	Temporary general meeting	61.83%	2019/06/10	2019/06/11	Announcement No.: 2019-038

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 planned 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

Commitments	Commitment party	Type of commitment	Contents	Commitment time	Commitment period	Performance
Commitment of shares reform						
Commitment made in the acquisition report or the equity change report						
Commitment made during asset restructuring						
Commitment made during initial public offering or	Company directors,	Other	According to the relevant provisions of	Jan 26 th 2016	Dec 9 th 2019	Under normal

refinancing	senior management	commitment	the China Securities Regulatory Commission, the following commitments can be made to the company's efforts to fill the rewards: During the tenure, faithfully and diligently perform duties and safeguards the legitimate rights and interests of the company and all shareholders, including but not limited to: 1. Commitment not to transfer benefits to other units or individuals without compensation or unfair conditions, and not to damage the company's interests in other ways; 2. Commitment to constrain the behavior of job consumption; 3. Commitment to not use company assets to engage in investment and consumption activities unrelated to the performance of their duties; 4. Commitment to the compensation system established by the board of directors or the Remuneration and Appraisal Committee is linked to the implementation of the company's measures to cover the return; 5. If the company launches an equity incentive plan in the future, the terms of the exercise of the equity incentive plan are linked to the implementation of the company's measures to fill the rewards.			fulfillment
	Liaoning Provincial Transportation Investment Group Co., Ltd.	Share sales restriction	The allocated shares will be locked for 12 months from the date of the listing of the new non-public offering of shares, and will not be transferred during this period.	Mar 5 th 2018	12 months from the date of the listing of the new non-public offering	Fulfilled
	CCB Principal Asset Management Co.,Ltd.	Share sales restriction	The allocated shares will be locked for 12 months from the date of the listing of the new non-public offering of shares, and will not be transferred during this period.	Mar 5 th 2018	12 months from the date of the listing of the new non-public offering	Fulfilled

	Beixin Ruifeng Fund Management Co., Ltd.	Share sales restriction	The allocated shares will be locked for 12 months from the date of the listing of the new non-public offering of shares, and will not be transferred during this period.	Mar 5 th 2018	12 months from the date of the listing of the new non-public offering	Fulfilled
	China Life AMP Asset Management Co., Ltd.	Share sales restriction	The allocated shares will be locked for 12 months from the date of the listing of the new non-public offering of shares, and will not be transferred during this period.	Mar 5 th 2018	12 months from the date of the listing of the new non-public offering	Fulfilled
Stock option incentive commitment						
Other commitments to the company's minority shareholders						
Whether Commitment fulfilled on time or not	Yes					

IV. Appointment and Dismiss of Certified Accountant's Firm

Is the semi-annual financial report audited?

Yes No

The semi-annual report has not been audited.

V. Illustrations of the Board of Directors and Supervisory Committee on the Modified Audit Report Issued by the CPAs

Applicable Not applicable

VI. Illustrations of the Board of Directors on the Modified 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 is no Significant lawsuits and arbitrations during the reporting period.

Other 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

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	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	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	14,299.69	0.59%	50,000	No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Purchase of goods and services	Land lease fee	On agreement	Related agreement price	2,734.57	0.11%		No	Execute according to the agreement	No	2019/4/19	
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Same controller	Purchase of goods and services	Products	On agreement	Related agreement price	82.25	0.00%	1,000	No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group)	Same controller	Purchase of goods and	Labor cost	On agreement	Related agreement	391.41	0.02%		No	Execute according to the	No	2019/4/19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Mining Co., Ltd.		services			price					agreement			
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	215,655.53	8.95%	500,000	No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	85.36	0.00%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	11,056.03	0.46%	30,000	No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Steel & Iron Processing and Logistics Co., Ltd.	Same controller	Purchase of goods and services	Processing fee	On agreement	Related agreement price	84.61	0.00%	300	No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Same controller	Purchase of goods and services	Raw materials	On agreement	Related agreement price	3,418.04	0.14%	10,000	No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	3,341.85	0.14%	25,000	No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron	Same controller	Purchase of goods	Repair services	On agreement	Related agreement price	370.37	0.02%		No	Execute according to	No	2019/4/19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
(Group) Machinery Manufacture Co., Ltd.		and services			ment price					the agreement			
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	424.68	0.02%		No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price	7,123.75	0.30%	50,000	No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	7,085.65	0.29%		No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	332.06	0.01%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	152.48	0.01%		No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	2,896.02	0.12%		No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group)	Same controller	Purchase of goods and	Raw material and supplementary	On agreement	Related agreement	6,106.81	0.25%	30,000	No	Execute according to the	Yes	2019/4/19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Industrial Development Co., Ltd.		services	ntary material		price					agreement			
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	940.92	0.04%		No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	349.19	0.01%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price	15.8	0.00%		No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Purchase of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	88.6	0.00%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price	453.18	0.02%		No	Execute according to the agreement	No	2019/4/19	
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	5,520.77	0.23%	28,000	No	Execute according to the agreement	No	2019/4/19	
Bengang	Same	Purchase	Raw	On	Related	5,873.3	0.24%	20,000	No	Execute	Yes	2019/4/	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Electronics and Gas Co., Ltd.	controller	purchase of goods and services	material and supplementary material	agreement	agreement price	6				according to the agreement		19	
Bengang Electronics and Gas Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	252.09	0.01%		No	Execute according to the agreement	No	2019/4/19	
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	4.47	0.00%	500	No	Execute according to the agreement	Yes	2019/4/19	
Benxi New Career Development Co., Ltd.	Same controller	Purchase of goods and services	Labour protection fee	On agreement	Related agreement price	47.2	0.00%	1,200	No	Execute according to the agreement	Yes	2019/4/19	
Benxi New Career Development Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material and food	On agreement	Related agreement price	48.42	0.00%		No	Execute according to the agreement	Yes	2019/4/19	
Liaoning Metallurgy Technician College	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	699.54	0.03%	1,500	No	Execute according to the agreement	Yes	2019/4/19	
Bengang Group International Economic and Trading Co., Ltd.	Same controller	Purchase of goods and services	Agency fee	On agreement	Related agreement price	3,417.46	0.14%		No	Execute according to the agreement	Yes	2019/4/19	
Bengang Group International Economic and Trading Co., Ltd.	Same controller	Purchase of goods and services	Port surcharges	On agreement	Related agreement price	5,240.58	0.22%	25,000	No	Execute according to the agreement	No	2019/4/19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	226.21	0.01%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price	2,191.45	0.09%	10,000	No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same controller	Purchase of goods and services	Heating costs	On agreement	Related agreement price	27.2	0.00%	500	No	Execute according to the agreement	No	2019/4/19	
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	2.84	0.00%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Designing Institute	Same controller	Purchase of goods and services	Design fees	On agreement	Related agreement price	29.24	0.00%	1,000	No	Execute according to the agreement	No	2019/4/19	
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	591,426.43	24.54%	1,800,000	No	Execute according to the agreement	No	2019/4/19	
Benxi Beiyong Steel & Iron (Group)	Same controller	Purchase of goods and services	Energy & Power	On agreement	Related agreement price	31,906.75	1.32%		No	Execute according to the agreement	No	2019/4/19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Co., Ltd.										nt			
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	234.47	0.01%		No	Execute according to the agreement	No	2019/4/19	
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Labor cost	On agreement	Related agreement price	4,250.18	0.18%		No	Execute according to the agreement	No	2019/4/19	
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	758.28	0.03%		No	Execute according to the agreement	Yes	2019/4/19	
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Same controller	Purchase of goods and services	Raw material and spare parts	On agreement	Related agreement price	4,493.46	0.19%	15,000	No	Execute according to the agreement	Yes	2019/4/19	
Liaoning Hengtai Heavy Machinery Co., Ltd.	Same controller	Purchase of goods and services	Raw material and spare parts	On agreement	Related agreement price	171.84	0.01%		No	Execute according to the agreement	Yes	2019/4/19	
Liaoning Hengtai Heavy Machinery Co., Ltd.	Same controller	Purchase of goods and services	Repair and labor cost	On agreement	Related agreement price	1,133.13	0.05%	8,000	No	Execute according to the agreement	No	2019/4/19	
Bengang Group Co., Ltd.	Controller	Purchase of goods and services	House renting fee	On agreement	Related agreement price	37.61	0.00%		No	Execute according to the agreement	Yes	2019/4/19	
Bengang Group Co., Ltd.	Controller	Purchase of goods and services	Property management fee	On agreement	Related agreement price		0.00%	1,000	No	Execute according to the agreement	No	2019/4/19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Bengang Electronics and Gas Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	50.42	0.00%	500	No	Execute according to the agreement	No	2019/4/19	
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	60,230.78	2.73%	300,000	No	Execute according to the agreement	Yes	2019/4/19	
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	792.19	0.04%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	7,565.39	0.34%		No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	6.2	0.00%	500	No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	27.47	0.00%	500	No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Machinery Manufacture Co.,	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	995.77	0.05%	8,000	No	Execute according to the agreement	Yes	2019/4/19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand d)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand d)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Ltd.													
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	716.43	0.03%		No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	605.66	0.03%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	19.45	0.00%	10,000	No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	108.13	0.00%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	34,182.02	1.55%	100,000	No	Execute according to the agreement	No	2019/4/19	
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	3,156.26	0.14%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Mining	Same controller	Sales of goods and services	Freight revenue	On agreement	Related agreement price	487.08	0.02%		No	Execute according to the agreement	No	2019/4/19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Co., Ltd.										nt			
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	2,289.99	0.10%	8,000	No	Execute according to the agreement	No	2019/4/19	
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	994.94	0.05%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same controller	Sales of goods and services	Freight revenue	On agreement	Related agreement price		0.00%		No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	407.66	0.02%	5,000	No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	12.46	0.00%		No	Execute according to the agreement	Yes	2019/4/19	
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	717.36	0.03%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi	Same	Sales of	Energy &	On	Relate	7.68	0.00%	300	No	Execute	No	2019/4/	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	controller	goods and services	Power	agreement	d agreement price					according to the agreement		19	
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	79.48	0.00%	8,000	No	Execute according to the agreement	No	2019/4/19	
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	248.68	0.01%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	302.41	0.01%		No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	9,363.79	0.42%		No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Freight revenue	On agreement	Related agreement price		0.00%	30,000	No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Sales of goods and services	Energy & Power	On agreement	Related agreement price	147.07	0.01%		No	Execute according to the agreement	No	2019/4/19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand d)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand d)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
										nt			
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	156.1	0.01%	1,000	No	Execute according to the agreement	Yes	2019/4/19	
Benxi New Career Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	15.13	0.00%	500	No	Execute according to the agreement	No	2019/4/19	
Dalian Boluole Steel Tube Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	188.32	0.01%	1,000	No	Execute according to the agreement	Yes	2019/4/19	
Benxi Steel & Iron (Group) General Hospital	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	3.09	0.00%	50	No	Execute according to the agreement	No	2019/4/19	
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	0.27	0.00%	500	No	Execute according to the agreement	No	2019/4/19	
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	832.61	0.04%	5,000	No	Execute according to the agreement	Yes	2019/4/19	
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	24.14	0.00%		No	Execute according to the agreement	Yes	2019/4/19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Suzhou Bengang Industrial Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	16,362.43	0.74%	50,000	No	Execute according to the agreement	Yes	2019/4/19	
Bengang Group Finance Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	0.69	0.00%	50	No	Execute according to the agreement	No	2019/4/19	
Bengang Group Co., Ltd.	Controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	7.79	0.00%	500	No	Execute according to the agreement	No	2019/4/19	
Total				--	--	1,076,587.17	--	3,137,400	--	--	--	--	--
Details of any sales return of a large amount				N/A									
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)				N/A									
Reason for any significant difference between the transaction price and the Market price for reference (if applicable)				N/A									

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

There were no 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. Non-operating capital occupation of listed companies by controlling shareholders and their related parties

Applicable Not applicable

There was no non-operating capital occupation of listed companies by controlling shareholders and their related parties during the reporting period.

XIV. Major Contracting

1. Trusteeship, contracting, and leasing matters

(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) Lease

Applicable Not applicable

There was no lease during the reporting period.

2. Major Guarantee

Applicable Not applicable

There was no guarantee during the reporting period.

3. Other Major Contracts

Applicable Not applicable

There was no other major contract during the reporting period.

XV. Social Responsibilities

1. Environmental protection-related conditions

Whether the listed company and its subsidiaries belong to the key pollutant discharge units announced by the environmental protection department.

Yes

Name	Main pollutants and specific pollutants	Discharge modes	The number of discharge hatch	The distribution of discharge hatch	Emission concentration	The emission standard	Total emission	Approved total emission	Surpass the emission standard
Bengang Steel Plates Co., Ltd.	COD	Continuous	1	Energy integral factory sewage treatment plant.	Sewage 22-26	Sewage 50	120.52 tons	Unapproved by the government	None
Bengang Steel Plates Co., Ltd.	NH3-N	Continuous	1	Energy integral factory sewage treatment plant.	Sewage 3-5	Sewage 5	19.97 tons	Unapproved by the government	None
Bengang Steel Plates Co., Ltd.	Particulate Matter	Continuous and intermittent	178	Raw material dumper, transfer station, mine pit, pre-mixing; ironmaking iron and steel field, furnace top, fuel, solvent, whole grain, ore coke tank, sintering head, tail; steelmaking water pretreatment, iron alloy feeding, North-South inverted irrigation stations, primary dust removal, secondary dust removal, refining and dust removal; special steel furnace, refining furnace, electro slag furnace; desulfurization and denitrification of power generation boilers; cold-rolled	Raw materials 7-20; Ironmaking 5-48; Steelmaking 7-14; Special steel 7-15; Power generation 5-10; Cold rolling; 6-18; hot rolling 6-15.	Raw materials 25; ironmaking 25-50; steelmaking 20-50; special steel 20; power generation 10-30; cold rolling 20; hot rolling 20.	6373.76 tons	Unapproved by the government	None

				acid regeneration, pickling, tensioning, welding, leveling, Annealing, baking; hot rolling furnace.					
Bengang Steel Plates Co., Ltd.	SO ₂	Continuous and intermittent	64	Ironmaking sintering head; power generation boiler; cold rolling roasting, annealing; hot rolling furnace.	Sintering machine head 12-40; power generation 10-70; cold rolling 80-74-141; hot rolling 95-147.	Sintering head 200; power generation 100-200; cold rolling 150; hot rolling 150.	3033.86 tons	Unapproved by the government	None
Bengang Steel Plates Co., Ltd.	Oxides of nitrogen	Continuous and intermittent	57	Ironmaking sintering head; power generation boiler; cold rolling roasting, annealing; hot rolling furnace.	Sintering head 110-230; power generation 50-140; cold rolling 69-172; hot rolling 105-124.	Sintering head 300; power generation 100-200; cold rolling 300; hot rolling 300.	6181.68 tons	Unapproved by the government	None

Construction and operation of pollution prevention facility:

The company has a total of 178 sets of environmental pollution prevention and control facilities. In addition to the hot rolling mill 2300 production line, the rough-rolling finishing rolling plastic plate dust collector which is designed for the production of stainless steel, the rest of the facilities are put into use normally.

Environmental Impact Assessment and Other Environmental Protection Administrative Licensing of Construction Projects:

Bengang Steel Plate Co., Ltd. acquired the environmental impact assessment (EIA) approval of the high-grade high-magnetic non-oriented silicon steel project (Ben-Huan-Jian-Biao-Zi [2019] No. 03, May 25, 2019);

The steel factory's No.8 casting machine project of the Company acquired the EIA approval (Ben-Huan-Jian-Biao-Zi [2019] No. 04);

The environmental assessment of the registration of 4-6th converter of the steel factory was completed and the EIA registration form was filed (record number: 201921050200000031).

Emergency plan for emergency environmental incidents:

The company and its subordinate 13 units are revised the emergency plans for emergency environmental incidents, and carried out related work such as risk assessment and investigation of emergency resources in accordance with the "Law of the People's Republic of China on Incident Responses", "Notice on Printing and Distributing the Guidelines for Risk Assessment of Enterprises' Environmental Emergencies (Trial)", and "Emergency Preparedness for Environmental Incidents of Enterprises and Institutions" Existing laws and regulations such as the Administrative Measures (Trial). At the same time, all units will formulate drill plans and gradually carry out emergency plan drills according to the pre-planned situation.

Environmental self-monitoring project.

In 2019, the self-monitoring plan was carried out in accordance with the requirements of the pollutant discharge permit. The monitoring points of Benxi Steel pollution sources: 172 flue gas, 10 wastewater monitoring points, 5 noise points at the boundary of the plant, 27 atmospheric dustfall points, and newly added unorganized monitoring. The number of points is 60. From the plate factory to the mine, the monitoring is divided into weekly, monthly, seasonal, semi-annual and annual frequency monitoring. The main monitoring items of the automatic air quality monitoring station are PM10, PM2.5, sulfur dioxide and nitrogen dioxide. , O3, CO, one set of data per hour, a total of 26000 monitoring data were obtained throughout the half of the year; 27 steel dust points were distributed in the steel plant area, and 162 monitoring data were obtained; routine monitoring tasks for flue gas were completed, and monitoring was achieved throughout the year. 476 data; 5 noise monitoring points at the boundary of the plant, 80 monitoring data; 10 wastewater monitoring points, 1838 monitoring data; 150 temporary monitoring data, and a total of 2706 monitoring data reported by the monitoring station. Monthly, quarterly reports and separate monitoring reports for each mine are reported.

Other environmental information that should be disclosed:

None

Other environmental protection related information:

None

2. Performing corporation social responsibility of targeted poverty alleviation

During the current reporting period, there has been no accurate poverty alleviation work, and there is no follow-up accurate poverty alleviation plan.

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
I. Restricted Shares	739,371,532	19.08%				-739,371,532	-739,371,532	0	
2. State-owned Legal-person Shareholding	184,842,883	4.77%				-184,842,883	-184,842,883	0	
3. Other domestic shareholdings	554,528,649	14.31%				-554,528,649	-554,528,649	0	
Including:									
Domestic legal person holding	554,528,649	14.31%				-554,528,649	-554,528,649	0	
II. Non-restricted Shares	3,136,000,000	80.92%				739,371,532	739,371,532	3,875,371,532	100.00%
1. Common shares in RMB	2,736,000,000	70.60%				739,371,532	739,371,532	3,475,371,532	89.68%
2. Foreign shares in domestic market	400,000,000	10.32%						400,000,000	10.32%
III. Total shares	3,875,371,532	100.00%						3,875,371,532	100.00%

Causation of share capital changes

Applicable Not applicable

The company has a non-public offering of 739,371,532 RMB ordinary shares to Liaoning Provincial Transportation Investment Group Co., Ltd., CCB Principal Asset Management Co., Ltd., Beixin Ruifeng Fund Management Co., Ltd. and China Life AMP Fund Management Co., Ltd. The company completed the settlement on April 18, 2019.

Approval of share capital changes

Applicable Not applicable

Status of registration process of transferred shares

Applicable Not applicable

Progress of Share Repurchase

Applicable Not applicable

Implementation Progress of Reducing Holdings of Repurchase Shares by Centralized Bidding

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

Shareholder	Number of initial restricted shares	Number of Limited Shares Released in the Current Period	Increased number of restricted shares in the current period	End-of-Term Limited Shares	Restriction reason	Release date
Liaoning Provincial Transportation Investment Group Co., Ltd.	184,842,883	184,842,883	0	0	The number of restricted shares participating in the additional issue was 184,842,883.	April 18th 2019
CCB Principal Asset Management – ICBC – CR Trust – CR Trust · Xing Sheng No. 5 Collective Fund Trust Plan	184,842,883	184,842,883	0	0	The number of restricted shares participating in the additional issue was 184,842,883.	April 18th 2019
Bei Xin Rui Feng Fund – China Merchants Bank – Bei Xin Rui Feng Fund Feng Qing No. 229 Asset Management Plan	184,842,883	184,842,883	0	0	The number of restricted shares participating in the additional issue was 184,842,883.	April 18th 2019
China Life AMP Fund– ICBC – China Life AMP – Hua Xin Trust Targeted Additional Shares Issuance No. 10 Asset Management Plan	184,842,883	184,842,883	0	0	The number of restricted shares participating in the additional issue was 184,842,883.	April 18th 2019
Total	739,371,532	739,371,532	0	0	--	--

II. Securities Issuance and Listing

Applicable Not applicable

III. Total Number of shareholders and shareholding

Unit: Shares

Total number of common shareholders at the end of the reporting period	55,071		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	Number of pledged or frozen shares	
							Status	Number
Benxi Steel & Iron (Group) Co., Ltd.	State-owned legal person	61.43%	2,380,901,255	25,491,992		2,380,901,255	Pledged	1,463,095,133
							Frozen	45,000,000
Liaoning Provincial Transportation	State-owned legal person	4.77%	184,842,883			184,842,883		

Investment Group Co., Ltd.								
CCB Principal Asset Management – ICBC – CR Trust – CR Trust · Xing Sheng No. 5 Collective Fund Trust Plan	Others	4.77%	184,842,883			184,842,883		
Bei Xin Rui Feng Fund – China Merchants Bank – Bei Xin Rui Feng Fund Feng Qing No. 229 Asset Management Plan	Others	4.77%	184,842,883			184,842,883		
China Life AMP Fund– ICBC – China Life AMP – Hua Xin Trust Targeted Additional Shares Issuance No. 10 Asset Management Plan	Others	4.77%	184,842,883			184,842,883		
Liang zhongqing	Domestic natural person	0.50%	19,292,013	19,292,013		19,292,013		
Liu qiuying	Domestic natural person	0.37%	14,158,663	14,158,663		14,158,663		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.21%	8,157,311			8,157,311		
Chen jinhong	Domestic natural person	0.18%	6,876,375	-604,300		6,876,375		
Chen guohua	Domestic natural person	0.14%	5,489,314	5,489,314		5,489,314		
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., Ltd.	2,380,901,255	Common shares in RMB	2,380,901,255					
Liaoning Provincial Transportation Investment Group Co., Ltd.	184,842,883	Common shares in RMB	184,842,883					
CCB Principal Asset Management – ICBC – CR Trust – CR Trust · Xing Sheng No. 5 Collective Fund Trust Plan	184,842,883	Common shares in RMB	184,842,883					
Bei Xin Rui Feng Fund – China Merchants Bank – Bei Xin Rui Feng Fund Feng Qing No. 229 Asset Management Plan	184,842,883	Common shares in RMB	184,842,883					
China Life AMP Fund– ICBC – China Life AMP – Hua Xin Trust Targeted Additional Shares Issuance No. 10 Asset Management Plan	184,842,883	Common shares in RMB	184,842,883					
Liang zhongqing	19,292,013	Common shares in RMB	19,292,013					
Liu qiuying	14,158,663	Common shares in RMB	14,158,663					
VANGUARD EMERGING MARKETS STOCK INDEX FUND	8,157,311	Foreign shares in domestic exchange	8,157,311					
Chen jinhong	6,876,375	Common shares in RMB	6,876,375					

Chen guohua	5,489,314	Common shares in RMB	5,489,314
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 participating in securities margin trading (if any) (see Note 4)	Benxi Steel & Iron (Group) Co., Ltd. holds 2,141,901,255 shares of the Company's stock through ordinary account and holds 239,000,000 shares of the Company's stock through credit security account totaling 2,380,901,255 shares. Liang zhongqing holds 142,200 shares of the Company's stock through ordinary account. Liu qiuying holds 5,266,200 shares of the Company's stock through ordinary account and holds 8,892,463 shares of the Company's stock through credit security account. Chen guohua holds 5,489,314 through credit security account.		

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. Change of controlling shareholder or actual controller

Change of controlling shareholder during the reporting period

Applicable Not applicable

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

Change of actual controller during the reporting period

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, and Senior Executives

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

√ Applicable □ Not applicable

Name	Position	Office status	Shares held at the year-begin	Shares increased during the reporting period	Shares decreased during the reporting period	Other increase / decrease	Shares held at the year-end
Gao Lie	Director, Chairman	In office					
Cao Aimin	Director, Vice Chairman	In office					
Shen Qiang	Director, General Manager	In office					
Huang Xinghua	Director	In office					
Zhang Suxun	Independent Director	In office					
Zhong Tianli	Independent Director	In office					
Zhao Xinan	Independent Director	In office					
Han Mei	Supervisor, Chairman of Supervisory Committee	In office					
Li Lin	Supervisor	In office					
Li Xiaowei	Supervisor	In office					
Zhao Xingtao	Supervisor	In office					
Zhang yanlong	Supervisor	In office					
Bao Mingwei	Deputy General Manager	In office					
Wang Fengmin	Deputy General Manager	In office					
Huo	Deputy General	In office					

Gang	Manager						
Zhao Zhonghua	Director of Finance	In office					
Gao Desheng	Secretary of the Board	In office					
Wang Shu	Director, Chairman	Leaving office					
Jin Yongli	Independent Director	Leaving office					
Liu Yansong	Supervisor	Leaving office					
Hu Guangyuan	Deputy General Manager	Leaving office					
Total	--	--					

II. Change in Directors, Supervisors and Senior Executives

√ Applicable Not applicable

Name	Position	Type of change	Date	Reason
Wang Shu	Director, Chairman	Leaving office	Mar 13 th , 2019	Voluntary turnover
Gao Lie	Director, Chairman	Elected	Mar 14 th , 2019	
Shen Qiang	Director	Elected	May 16 th , 2019	
Jin Yongli	Independent Director	Leaving office at the end of the term	May 16 th , 2019	Term expired
Zhang Suxun	Independent Director	Elected	May 16 th , 2019	
Li Xiaowei	Supervisor	Elected	Mar 14 th , 2019	
Liu Yansong	Employee representative supervisor	Leaving office	Jun 26 th , 2019	Voluntary turnover
Zhao Xingtao	Employee representative supervisor	Elected	Jun 26 th , 2019	
Gao Lie	General Manager	Appointed and dismissed	Mar 14 th , 2019	Job Change
Shen Qiang	General Manager	Appointment	Mar 14 th , 2019	
Hu Guangyuan	Deputy Manager	Leaving office	Mar 14 th , 2019	Job Change
Huo Gang	Deputy Manager	Appointment	Mar 14 th , 2019	

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 annual report

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	16,945,772,392.43	16,567,471,755.77
Settlement provisions		
Capital lent		
Financial assets held for trading		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	4,518,016,226.76	3,580,145,843.38
Accounts receivable	614,718,839.21	639,482,481.45
Receivables financing		
Prepayments	1,314,464,404.93	1,321,537,514.78
Premium receivable		
Reinsurance accounts receivable		
Receivable deposit for reinsurance contract		
Other receivables:	205,466,650.77	202,763,964.98
Including: Interest receivables	13,872,107.84	11,608,705.43
Dividend receivables		

Redemptory financial assets for sale		
Inventories	11,967,579,023.47	10,677,747,112.40
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	247,612,982.23	292,119,771.13
Total current assets	35,813,630,519.80	33,281,268,443.89
Non-current assets:		
Loan and advances issued		
Debt investments		
Available-for-sale financial assets		1,041,824,829.00
Other debt investments		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	2,481,589.04	2,455,681.55
Other equity instrument investments	1,041,824,829.00	
Other non-current financial assets		
Investment properties		
Fixed assets	22,672,967,771.15	23,924,504,539.97
Construction in progress	1,374,410,959.70	836,594,457.82
Productive biological assets		
Oil and gas assets		
Right of use assets		
Intangible assets	274,783,708.74	278,062,441.04
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	175,524,513.32	191,452,547.21
Other non-current assets	68,303,165.35	76,341,975.35
Total non-current assets	25,610,296,536.30	26,351,236,471.94
Total assets	61,423,927,056.10	59,632,504,915.83
Current Liabilities:		

Short-term loans	12,298,193,000.00	11,938,490,375.85
Loan from central bank		
Absorbed deposit and interbank deposit		
Financial liabilities held for trading		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable	11,650,282,357.86	10,013,192,014.02
Accounts payable	5,626,838,770.27	5,522,042,811.65
Advance from customers	3,345,451,646.56	3,331,854,098.42
Financial assets sold for repurchase		
Deposits from customers and interbank		
Acting trading securities		
Acting underwriting securities		
Employee benefits payable	50,261,386.01	51,466,231.72
Current tax liabilities	62,888,848.55	515,752,369.68
Other payables	899,997,986.06	862,511,178.96
Including: Interest payables	9,343,905.54	9,658,681.99
Dividend payables	193,768,576.60	
Handling charges and commission payable		
Reinsurance accounts payable		
Contract liabilities		
Liabilities held for sale		
Non-current liabilities due within one year	1,036,582,163.28	350,965,576.32
Other current liabilities		
Total current liabilities	34,970,496,158.59	32,586,274,656.62
Non-current liabilities:		
Provision for insurance contract		
Long-term loans	6,213,054,564.15	7,083,640,094.16
Bonds payable		

Including: Preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payables	52,733,529.65	13,686,705.92
Long-term employee benefits payables		
Estimated liabilities		
Deferred income	248,232,002.97	289,499,002.97
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	6,514,020,096.77	7,386,825,803.05
Total liabilities	41,484,516,255.36	39,973,100,459.67
Shareholders' equity:		
Share capital	3,875,371,532.00	3,875,371,532.00
Other equity instruments		
Including: Preferred stock		
Perpetual bond		
Capital reserves	12,343,209,847.29	12,343,209,847.29
Less: treasury shares		
Other comprehensive income		
Special reserves	21,013,956.29	683,937.71
Surplus reserves	961,105,529.85	961,105,529.85
General risk reserves		
Undistributed profits	2,205,328,308.98	1,945,887,269.82
Total equity attributable to equity holders of the parent company	19,406,029,174.41	19,126,258,116.67
Non-controlling interests	533,381,626.33	533,146,339.49
Total shareholder's equity	19,939,410,800.74	19,659,404,456.16
Total liabilities and shareholder's equity	61,423,927,056.10	59,632,504,915.83

Legal Representative: Gao Lie

Person in charge of accounting: Shen Qiang

Accounting Dept. Leader: Zhao Zhonghua

2. BALANCE SHEET OF THE PARENT COMPANY

Unit: Yuan

Items	Ending balance	Beginning balance
Current assets:		
Cash at bank and on hand	14,845,582,986.81	15,536,305,375.00
Financial assets held for trading		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	4,296,253,321.51	3,356,020,598.89
Accounts receivable	402,397,751.85	409,553,059.27
Receivables financing		
Prepayments	1,292,855,972.17	1,309,194,738.97
Other receivables	228,691,383.89	235,037,391.46
Including: Interest receivables	12,222,112.07	9,815,280.04
Dividend receivables		
Inventories	10,420,332,375.72	8,681,362,081.72
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	194,348,087.50	193,989,096.20
Total current assets	31,680,461,879.45	29,721,462,341.51
Non-current assets:		
Debt investments		
Available-for-sale financial assets		1,041,624,829.00
Other debt investments		
Held-to-maturity investment		
Long-term receivables		
Long-term equity investments	2,016,281,902.16	2,016,281,902.16
Other equity instrument investments	1,041,624,829.00	
Other non-current financial assets		
Investment properties		

Fixed assets	20,954,291,845.88	22,035,187,328.57
Construction in progress	1,357,632,503.06	825,553,510.15
Productive biological assets		
Oil and gas assets		
Right of use assets		
Intangible assets	147,123,109.32	148,776,177.96
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	80,910,940.25	96,220,003.00
Other non-current assets	68,303,165.35	76,341,975.35
Total non-current assets	25,666,168,295.02	26,239,985,726.19
Total assets	57,346,630,174.47	55,961,448,067.70
Current Liabilities:		
Short-term loans	10,998,193,000.00	10,624,270,375.85
Financial assets held for trading		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable	9,985,911,079.49	9,213,748,427.22
Accounts payable	6,566,943,730.51	5,940,816,426.48
Advance from customers	3,042,304,493.12	3,189,143,565.45
Contract liabilities		
Employee benefits payable	49,866,464.88	49,378,095.47
Current tax liabilities	47,720,744.95	507,003,883.57
Other payables	689,660,196.29	538,051,513.13
Including: Interest payables	7,250,794.60	7,341,833.33
Dividend payables	193,768,576.60	
Liabilities held for sale		
Non-current liabilities due within one year	1,036,582,163.28	350,965,576.32
Other current liabilities		
Total current liabilities	32,417,181,872.52	30,413,377,863.49
Non-current liabilities:		
Long-term loans	6,213,054,564.15	7,083,640,094.16

Bonds payable		
Including: Preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payables	52,733,529.65	13,686,705.92
Long-term employee benefits payable		
Estimated liabilities		
Deferred incomes	248,232,002.97	289,499,002.97
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	6,514,020,096.77	7,386,825,803.05
Total liabilities	38,931,201,969.29	37,800,203,666.54
Shareholders' equity:		
Share capital	3,875,371,532.00	3,875,371,532.00
Other equity instruments		
Including: Preferred stock		
Perpetual bond		
Capital reserves	11,923,058,165.17	11,923,058,165.17
Less: treasury shares		
Other comprehensive income		
Special reserves	18,126,059.79	525,218.48
Surplus reserves	961,105,529.85	961,105,529.85
Undistributed profits	1,637,766,918.37	1,401,183,955.66
Total shareholder's equity	18,415,428,205.18	18,161,244,401.16
Total liabilities and shareholder's equity	57,346,630,174.47	55,961,448,067.70

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unit: Yuan

Items	Jan – Jun 2019	Jan – Jun 2018
1. Total operating income	24,102,595,167.14	23,441,247,377.14
Including: Operating income	24,102,595,167.14	23,441,247,377.14
Interest income		
Premium earned		

Income from handling charges and commission		
2. Total operating cost	23,621,825,282.23	22,738,904,288.94
Including: Operating cost	22,067,612,729.65	20,804,207,420.98
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	114,125,362.97	153,307,375.64
Selling and distribution expenses	574,445,199.14	514,038,008.95
General and administrative expenses	446,767,811.77	461,842,424.56
Research and development expenses	15,408,472.28	2,470,641.53
Financial expenses	403,465,706.42	803,038,417.28
Including: interest expenses	586,490,262.69	575,001,615.20
Interest incomes	127,083,779.58	61,605,403.34
Add: Other incomes	41,695,000.00	41,274,238.70
Income on investment ("-" for loss)	25,907.49	3,493,150.68
Including: Income from associates and joint ventures	25,907.49	
Income from derecognition of financial assets measured at amortised cost ("-" for loss)		
Exchange Income ("-" for loss)		
Hedging income from net exposure ("-" for loss)		
Gains from the change in fair value ("-" for loss)		
Expected credit losses ("-" for loss)	3,751,513.83	

Asset impairment losses (“-” for loss)		20,917,963.64
Assets disposal gains (“-” for loss)	2,418,704.34	825,580.63
3. Operating profit (“-” for loss)	528,661,010.57	768,854,021.85
Add: Non-operating income	8,210,182.24	2,138,397.80
Less: Non-operating expenses	57,974,322.05	1,382,402.26
4. Total profit (“-” for loss)	478,896,870.76	769,610,017.39
Less: Income tax expenses	25,962,181.73	11,636,226.04
5. Net Profit (“-” for loss)	452,934,689.03	757,973,791.35
(1) Classification by continuing operating		
1 Net profit from continuing operation	452,934,689.03	757,973,791.35
2 Net profit from discontinued operation		
(2) Classification by ownership		
1 Net profit attributable to the owners of parent company	453,209,615.76	756,951,987.59
2 Net profit attributable to non-controlling shareholders	-274,926.73	1,021,803.76
6. Other comprehensive income after tax		
Other comprehensive income attributable to owners of parent company after tax		
1) Other comprehensive income items that will not be reclassified into gains/losses		
(1) . Re-measurement of defined benefit plans of changes in net debt or net assets		
(2) . Other comprehensive income under the equity method cannot be reclassified into profit or loss		
(3). Changes of fair value of other equity instrument investments		
(4). Changes in the fair value of the company's own credit risk		
(5). Others		

2) Other comprehensive income that will be reclassified into profit or loss		
(1) . Other comprehensive income under the equity method can be reclassified into profit or loss		
(2). Gains and losses from fair value changes of other debt investments		
(3). Gains and losses from fair value changes of available-for-sale financial assets		
(4). Gains and losses resulting from reclassification of financial assets recognised in other comprehensive income		
(5). Gains and losses from reclassification of held-to-maturity investments to available-for-sale investments		
(6). Credit impairment losses of other debt investments		
(7). Effective portion of gains or losses from cash flow hedging		
(8). Translation differences in foreign currency financial statements		
(9). Others		
Other comprehensive income attributable to non-controlling shareholders after tax		
7. Total comprehensive income	452,934,689.03	757,973,791.35
Total comprehensive income attributable to owners of parent company	453,209,615.76	756,951,987.59
Total comprehensive income attributable to non-controlling shareholders	-274,926.73	1,021,803.76
8. Earnings per share:		
1) Basic earnings per share	0.12	0.20
2) Diluted earnings per share	0.12	0.20

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: Gao Lie Person in charge of accounting: Shen Qiang Accounting Dept. Leader: Zhao Zhonghua

4. INCOME STATEMENT OF THE PARENT COMPANY

Unit: Yuan

Items	Jan – Jun 2019	Jan – Jun 2018
1. Total operating income	23,447,215,857.93	23,682,865,109.14
Less: Operating cost	21,757,289,997.18	21,401,191,962.20
Taxes and surcharges	84,467,404.41	135,543,392.96
Selling and distribution expenses	335,094,548.06	265,554,867.46
General and administrative expenses	419,337,998.35	438,193,017.33
Research and development expenses	15,408,472.28	2,470,641.53
Financial expenses	388,071,914.59	774,523,490.60
Including: interest expenses	558,095,343.66	543,682,390.97
Interest incomes	114,189,626.94	58,304,426.91
Add: Other incomes	41,695,000.00	41,274,238.70
Income on investment ("-" for loss)		3,493,150.68
Including: Income from associates and joint ventures		
Income from derecognition of financial assets measured at amortised cost ("-" for loss)		
Hedging income from net exposure ("-" for loss)		
Gains from the change in fair value ("-" for loss)		
Expected credit losses ("-" for loss)	3,751,513.83	
Asset impairment losses ("-" for loss)		20,917,963.64
Assets disposal gains ("-" for loss)	2,465,706.59	825,580.63
2. Operating profit ("-" for loss)	495,457,743.48	731,898,670.71
Add: Non-operating income	8,138,040.75	1,714,748.66
Less: Non-operating expenses	57,935,182.17	1,382,402.26
3. Total profit ("-" for loss)	445,660,602.06	732,231,017.11

Less: Income tax expenses	15,309,062.75	5,679,337.17
4. Net Profit ("-" for loss)	430,351,539.31	726,551,679.94
(1) Classification by continuing operating		
(2) Classification by ownership		
5. Other comprehensive income after tax		
1) Other comprehensive income items that will not be reclassified into gains/losses		
(1) . Re-measurement of defined benefit plans of changes in net debt or net assets		
(2) . Other comprehensive income under the equity method cannot be reclassified into profit or loss		
(3). Changes of fair value of other equity instrument investments		
(4). Changes in the fair value of the company's own credit risk		
(5). Others		
2) Other comprehensive income that will be reclassified into profit or loss		
(1) . Other comprehensive income under the equity method can be reclassified into profit or loss		
(2). Gains and losses from fair value changes of other debt investments		
(3). Gains and losses from fair value changes of available-for-sale financial assets		
(4). Gains and losses resulting from reclassification of financial assets recognised in other comprehensive income		
(5). Gains and losses from reclassification of held-to-maturity investments to available-for-sale		

investments		
(6). Credit impairment losses of other debt investments		
(7). Effective portion of gains or losses from cash flow hedging		
(8). Translation differences in foreign currency financial statements		
(9). Others		
6. Total comprehensive income	430,351,539.31	726,551,679.94
7. Earnings per share:		
1) Basic earnings per share		
2) Diluted earnings per share		

5. CONSOLIDATED STATEMENT OF CASH FLOWS

Unit: Yuan

Items	Jan – Jun 2019	Jan – Jun 2018
1. Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	16,357,053,782.81	15,984,735,085.76
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	247,667,635.74	246,514,404.27
Other cash received relating to operating activities	144,904,624.34	81,782,480.19
Subtotal of cash inflow received from operation activities	16,749,626,042.89	16,313,031,970.22
Cash paid for goods and services	13,876,838,386.74	14,086,077,537.47
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	987,603,117.25	779,373,374.96
Cash paid for all types of taxes	653,208,180.03	406,064,168.90
Other cash paid relating to operating activities	247,189,353.20	310,997,147.42
Subtotal of cash outflow received from operation activities	15,764,839,037.22	15,582,512,228.75
Net cash flows generated from operating activities	984,787,005.67	730,519,741.47
2. Cash flows from investing activities:		
Cash received from return on investments		500,000,000.00
Cash received from distribution of dividends or profit		3,493,150.68
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
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		503,493,150.68
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	545,199,197.41	680,441,782.39
Cash paid for acquisition of investments		
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	545,199,197.41	680,441,782.39
The net cash flow generated by investment activities	-545,199,197.41	-176,948,631.71
3. Cash flows from financing activities:		
Proceeds from investment		3,965,799,988.19
Including: Proceeds from investment of non-controlling shareholders of subsidiary		
Proceeds from borrowings	5,828,037,190.72	9,721,396,957.08
Cash received from bond issuance		
Other proceeds relating to financing activities		
Subtotal cash inflow received from financing activities	5,828,037,190.72	13,687,196,945.27
Cash repayments of borrowings	5,653,303,509.62	14,683,452,081.71
Cash payments for distribution of dividends, profit or interest expenses	626,178,049.57	661,538,139.82
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	6,279,481,559.19	15,344,990,221.53

The net cash flow generated by financing activities	-451,444,368.47	-1,657,793,276.26
4. Effect of foreign exchange rate changes on cash and cash equivalents	48,230,507.75	105,015,610.23
5. Net increase in cash and cash equivalents	36,373,947.54	-999,206,556.27
Add: Cash and cash equivalents at the beginning of the period	11,752,548,621.97	17,037,713,410.49
6. Cash and cash equivalents at the ending of the period	11,788,922,569.51	16,038,506,854.22

6. CASH FLOW STATEMENT OF THE PARENT COMPANY

Unit: Yuan

Items	Jan – Jun 2019	Jan – Jun 2018
1. Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	15,970,406,775.11	15,778,223,117.53
Tax rebate received	219,614,786.86	119,119,395.04
Other cash received relating to operating activities	140,536,583.70	76,026,838.22
Subtotal of cash inflow received from operation activities	16,330,558,145.67	15,973,369,350.79
Cash paid for goods and services	13,842,821,616.84	13,721,886,325.25
Cash paid to and on behalf of employees	928,568,022.64	726,170,588.86
Cash paid for all types of taxes	576,260,568.31	341,018,028.32
Other cash paid relating to operating activities	165,446,890.35	222,352,157.09
Subtotal of cash outflow received from operation activities	15,513,097,098.14	15,011,427,099.52
Net cash flows generated from operating activities	817,461,047.53	961,942,251.27
2. Cash flows from investing activities:		
Cash received from return on investments		500,000,000.00
Cash received from distribution of		3,493,150.68

dividends or profit		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
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		503,493,150.68
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	539,451,276.57	677,920,104.21
Cash paid for acquisition of investments		259,300,000.00
Net cash received from subsidiary and other operating unit		
Other cash paid relating to investing activities		
Subtotal of cash outflows from investing activities	539,451,276.57	937,220,104.21
The net cash flow generated by investment activities	-539,451,276.57	-433,726,953.53
3. Cash flows from financing activities:		
Proceeds from investment		3,965,799,988.19
Proceeds from borrowings	4,902,327,190.72	8,986,529,900.00
Cash received from bond issuance		
Other proceeds relating to financing activities		
Subtotal cash inflow received from financing activities	4,902,327,190.72	12,952,329,888.19
Cash repayments of borrowings	4,713,373,509.62	13,939,938,977.79
Cash payments for distribution of dividends, profit or interest expenses	589,497,122.29	635,530,683.74
Other cash payments relating to financing activities		
Subtotal of cash outflows from financing activities	5,302,870,631.91	14,575,469,661.53

The net cash flow generated by financing activities	-400,543,441.19	-1,623,139,773.34
4. Effect of foreign exchange rate changes on cash and cash equivalents	48,222,621.42	105,012,744.72
5. Net increase in cash and cash equivalents	-74,311,048.81	-989,911,730.88
Add: Cash and cash equivalents at the beginning of the period	10,807,824,843.20	16,713,104,199.65
6. Cash and cash equivalents at the ending of the period	10,733,513,794.39	15,723,192,468.77

7. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unit: Yuan

Items	Jan to Jun 2019														Non-controlling interests	Total shareholder's equity
	Owner's equity attributable to parent company												Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others				
		Preference shares	Perpetual bond	Others												
1. Ending balance of last year	3,875,371,532.00				12,343,209,847.29			683,937.71	961,105,529.85		1,945,887,269.82		19,126,258,116.67	533,146,339.49	19,659,404,456.16	
Add: Change of accounting policies																
Correction of errors for previous period																

Business consolidation under common control															
Others															
2. Beginning balance of current year	3,875,371,532.00				12,343,209,847.29			683,937.71	961,105,529.85		1,945,887,269.82		19,126,258,116.67	533,146,339.49	19,659,404,456.16
3. Changes in current year (“-” for decrease)							20,330,018.58				259,441,039.16		279,771,057.74	235,286.84	280,006,344.58
1) Total comprehensive income											453,209,615.76		453,209,615.76	-274,926.73	452,934,689.03
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											-193,768,576.60		-193,768,576.60		-193,768,576.60
(1) Appropriation to surplus reserves															
(2) Appropriation to general risk reserve															
(3) Profit distribution to shareholders												-193,768,576.60		-193,768,576.60	
(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) Changes in defined benefit plan to retained earnings															
(5) Other comprehensive income to retained earnings															

(6) Others															
5) Special reserves								20,330,018.58					20,330,018.58	510,213.57	20,840,232.15
(1) Provision of special reserves								25,542,658.45					25,542,658.45	510,213.57	26,052,872.02
(2) Use of special reserves								5,212,639.87					5,212,639.87		5,212,639.87
6) Others															
4. Ending balance of current year	3,875,371,532.00				12,343,209,847.29			21,013,956.29	961,105,529.85			2,205,328,308.98	19,406,029,174.41	533,381,626.33	19,939,410,800.74

Items	Jan to Jun 2018														Non-controlling interests	Total shareholder's equity
	Owner's equity attributable to parent company												Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits	Others				
	Preference shares	Perpetual bond	Others													
4. Ending balance of last year	3,136,000,000.00				9,114,845,542.05			475,046.75	961,105,529.85			1,103,162,610.35	14,315,588,729.00	533,475,744.19	14,849,064,473.19	

Add:																
Change of accounting policies																
Correction of errors for previous period																
Business consolidation under common control																
Others																
5. Beginning balance of current year	3,136,000,000.00				9,114,845,542.05			475,046.75	961,105,529.85			1,103,162,610.35		14,315,588,729.00	533,475,744.19	14,849,064,473.19
6. Changes in current year (“-” for decrease)	739,371,532.00				3,228,364,305.24			208,890.96				842,724,659.47		4,810,669,387.67	-329,404.70	4,810,339,982.97
1) Total												1,036,493,236.07		1,036,493,236.07	-315,177.71	1,036,178,058.36

comprehensive income														
2) Capital increase and decrease by shareholders	739,371,532.00				3,228,364,305.24							3,967,735,837.24		3,967,735,837.24
(1) Common share invested by shareholders	739,371,532.00				3,228,364,305.24							3,967,735,837.24		3,967,735,837.24
(2) Capital input by the holder of other equity instruments														
(3) Share-based payment attributable to owners' equity														
(4) Others														
3) Profit distribution											-193,768,576.60	-193,768,576.60		-193,768,576.60
(1) Appropriation to surplus reserves														
(2)														

Appropriation to general risk reserve															
(3) Profit distribution to shareholders											-193,768,576.60		-193,768,576.60		-193,768,576.60
(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) Changes in defined benefit plan to retained earnings															
(5) Other comprehensive income to retained earnings															
(6) Others															
5) Special reserves							208,890.96					208,890.96	-14,226.99	194,663.97	
(1) Provision of special reserves							46,823,964.39					46,823,964.39	0.00	46,823,964.39	
(2) Use of special reserves							46,615,073.43					46,615,073.43	14,226.99	46,629,300.42	
(6) Others															
4. Ending balance of current year	3,875,371,532.00				12,343,209,847.29		683,937.71	961,105,529.85			1,945,887,269.82	19,126,258,116.67	533,146,339.49	19,659,404,456.16	

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

Unit: Yuan

Items	Jan to Jun 2019											
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensi ve income	Special reserves	Surplus reserves	Undistributed profits	Others	Total shareholder's equity
		Prefer ence shares	Perpetual bond	Others								
1. Ending balance of last year	3,875,371,532.00				11,923,058,165.17			525,218.48	961,105,529.85	1,401,183,955.66		18,161,244,401.16
Add: Change of accounting policies												
Correction of errors for previous period												
Others												
2. Beginning balance of current year	3,875,371,532.00				11,923,058,165.17			525,218.48	961,105,529.85	1,401,183,955.66		18,161,244,401.16
3. Changes in							17,600,841.31			236,582,962.71		254,183,804.02

current year ("-" for decrease)												
1) Total comprehensive income										430,351,539.31		430,351,539.31
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										-193,768,576.60		-193,768,576.60
(1) Appropriation												

to surplus reserves												
(2) Profit distribution to shareholders											-193,768,576.60	-193,768,576.60
(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) Changes in defined benefit plan to retained												

earnings												
(5) Other comprehensive income to retained earnings												
(6) Others												
5) Special reserves								17,600,841.31				17,600,841.31
(1) Provision of special reserves								22,722,987.71				22,722,987.71
(2) Use of special reserves								5,122,146.40				5,122,146.40
(6) Others												
4. Ending balance of current year	3,875,371,532.00				11,923,058,165.17			18,126,059.79	961,105,529.85	1,637,766,918.37		18,415,428,205.18

Items	Jan to Jun 2018											
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total shareholder's equity
		Preference shares	Perpetual bond	Others								
1. Ending balance of	3,136,000,000.00				8,694,693,859.93			276,727.96	961,105,529.85	613,351,724.38		13,405,427,842.12

last year												
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			276,727.96	961,105,529.85	613,351,724.38		13,405,427,842.12
3. Changes in current year (“-” for decrease)	739,371,532.00				3,228,364,305.24			248,490.52		787,832,231.28		4,755,816,559.04
1) Total comprehensive income										981,600,807.88		981,600,807.88
2) Capital increase and decrease by shareholders	739,371,532.00				3,228,364,305.24							3,967,735,837.24
(1) Common share invested by	739,371,532.00				3,228,364,305.24							3,967,735,837.24

shareholders												
(2) Capital input by the holder of other equity instruments												
(3) Share-based payment attributable to owners' equity												
(4) Others												
3) Profit distribution										-193,768,576.60		-193,768,576.60
(1) Appropriation to surplus reserves												
(2) Profit distribution to shareholders										-193,768,576.60		-193,768,576.60
(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) Changes in defined benefit plan to retained earnings												
(5) Other comprehensive income to retained earnings												
(6) Others												
5) Special reserves								248,490.52				248,490.52
(1) Provision of special reserves								40,685,554.06				40,685,554.06
(2) Use of special								40,437,063.54				40,437,063.54

reserves												
6) Others												
4. Ending balance of current year	3,875,371,532.00				11,923,058,165.17			525,218.48	961,105,529.85	1,401,183,955.66		18,161,244,401.16

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 RMB 5.40 each, and listed in Shenzhen Stock Exchange since 15 January 1998. The capital shares were totaled to 1,136,000,000 shares.

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 placing price was RMB4.6733 per share.

Approved by the China Securities Regulatory Commission [2017] No. 1476, Bengang Steel Plate Co., Ltd. privately placed no more than 739,371,534 RMB ordinary shares (A shares) to no more than 10 issuers. The non-public offering was completed on 9 February 2018, and 739,371,532 shares were actually issued. The placing price was RMB5.41 per share.

As at 30 June 2019, the capital shares were totaled to 3,875,371,532 shares.

The Company’s uniform social credit code: 91210000242690243E.

The Company’s registered address: 16th Renmin Road, Pingshan District, Benxi, Liaoning Province.

The Company’s legal representative: Gao Lie.

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. Consolidation scope

The financial statements have been approved for reporting by the board of directors of the Company on 28 August 2019.

Consolidation Scope

As at 30 June 2019, subsidiaries included in the Company’s consolidated financial statements are as follows:

Name of the subsidiaries

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Guangzhou Bengang Steel & Iron Trading Co., Ltd.
Shanghai Bengang Metallurgy Science and Technology Co., Ltd.
Bengang Steel Plates Liaoyang Pellet Co., Ltd.
Dalian Benruitong Automobile Material Technology Co., Ltd.
Changchun Bengang Steel & Iron Sales Co., Ltd.
Harbin Bengang Economic and Trading Co., Ltd.
Nanjing Bengang Materials Sales Co., 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 Posco Cold-rolled Sheet Co., Ltd.
Benxi Bengang Steel Sales Co., Ltd.
Shenyang Bengang Metallurgical Science and Technology Co., Ltd.
Chongqing Liaoben Steel & Iron Trading Co., Ltd.
Bengang Baojin (Shenyang) Automobile New Material Technology Co., Ltd.

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/not under common control Business combination under common control

The assets and liabilities that the Company acquired in a business combination shall be measured on the basis of their carrying amount of acquiree's assets, liabilities (as well as the goodwill arising from the business combination) in the consolidated financial statement of the ultimate controller on the combining date. As for the balance between the carrying amount of the net assets obtained by the Company and the carrying amount of the consideration paid by it (or the total par value of the shares issued), capital reserve needs to be adjusted. If the capital reserve is not sufficient, any excess shall be adjusted against retained earnings.

Business combination not under common control

The Company shall, on the acquisition date, measure the assets given and liabilities incurred or assumed by an enterprise for a business combination in light of their fair values, and shall record the balances between them and their carrying amounts into the profits and losses at the current period. The Company shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as goodwill. The Company shall treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree into the profits and losses of the current period.

The intermediary costs and relevant fees for the business combination 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) Increasing new subsidiaries and businesses

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

ultimate controlling party first obtained control.

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

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

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

(2) Disposing subsidiaries or businesses

1. General treatment

If the Company disposes a subsidiary during the 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 subsidiaries by multiple transactions

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

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

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

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

(3) Acquiring the subsidiaries' 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 portion of equity investments in subsidiaries without losing 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. 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.

8. 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.

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 income statement shall be translated using an exchange rate that is determined in a systematic and reasonable manner and approximates the spot exchange rate on 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.

9. Financial instruments

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

1. Classification of financial instruments

The Company shall classify financial assets on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset as: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (debt instrument) and financial assets measured at fair value through profit or loss at initial measurement.

A financial asset shall be measured at amortised cost if both of the following conditions are met. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Other financial assets other than these are classified as financial assets measured at fair value through profit or loss.

The Company may make an election at initial recognition for non-trading equity instrument investments whether it is designated as a financial asset (equity instrument) that is measured at fair value through other comprehensive income.

The Company shall classify financial liabilities as financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss at initial measurement.

The Company may, at initial recognition, designate a financial liability as measured at fair value through profit or loss because either:

- (a) it eliminates or significantly reduces an accounting mismatch;
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel;
- (c) the financial liability contains embedded derivatives that need to be separated.

2. Recognition and measurement of financial instruments

(1) Financial assets measured at amortised cost

Financial assets measured at amortized cost include notes receivables, accounts receivables, other receivables, long-term receivables, debt investments, etc. At initial recognition, the Company shall measure a financial asset at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset. The Company shall measure account receivables at their transaction price if the account receivables do not contain a significant financing component and accounts receivables that the company has decided not to consider for a financing component of no more than one year.

Interests calculated by using the effective interest method during the holding period shall be recognized in profit or loss.

When recovering or disposing the receivables, the difference between the price obtained and the carrying value shall be recognized in current profit or loss.

(2) Financial assets measured at fair value through other comprehensive income (debt instruments)

Financial assets measured at fair value through other comprehensive income (debt instruments) include receivables financing, other debt investments, etc. At initial recognition, the Company shall measure a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset. The financial assets are subsequently measured at fair value. Changes in fair value are included in other comprehensive income except for interest calculated using the effective interest method, impairment losses or gains and exchange gains and losses.

When the financial assets are derecognized, the accumulated gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in profit or loss.

(3) Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income (equity instruments) include other equity instrument investments, etc.

At initial recognition, the Company shall measure a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. The financial assets are subsequently measured at fair value. Changes in fair value are included in other comprehensive income. The dividends obtained are recognised in profit and loss.

When the financial assets are derecognized, the accumulated gain or loss previously recognised in other comprehensive income is transferred from other comprehensive income and recognised in retained earnings.

(4) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include transactional financial assets, derivative financial assets, other non-current financial assets, etc.

The Company shall measure the financial assets at fair value at initial recognition. Transaction costs are recognised in profit or loss. Changes in fair value are included in profit or loss.

When the financial assets are derecognized, the difference between the fair value and the initially recorded amount is recognized as investment income, and the gains and losses from changes in fair value are adjusted.

(5) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include current financial liabilities, derivative financial liabilities, etc.

The Company shall measure the financial assets at fair value at initial recognition. Transaction costs are recognised in profit or loss. Changes in fair value are included in profit or loss.

When the financial liabilities are derecognized, the difference between the fair value and the initially recorded amount is recognized as investment income, and the gains and losses from changes in fair value are adjusted.

(6) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include short-term borrowings, notes payables, accounts payables, other payables, long-term borrowings, bonds payables, long-term payables.

At initial recognition, the Company shall measure a financial liability at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Interests calculated by using the effective interest method during the holding period shall be recognized in profit or loss.

When the financial liabilities are derecognized, the difference between the price obtained and the carrying value shall be recognised in profit and loss.

3. Recognition 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 derecognize the financial asset. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not derecognize the financial asset.

To judge whether the transfer of a financial asset can satisfy the conditions as prescribed in these Standards for the derecognition 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 derecognition, the difference between the amounts of the following 2 items shall be recorded in the profit or loss 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 be derecognized, the entire book value of the transferred financial asset shall, between the portion derecognized and the portion not derecognized, 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 profit or loss of the current period :

- (1) The book value of the portion derecognized; and
- (2) The sum of consideration of the portion derecognized, 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 derecognized (in the case 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 of derecognition, it shall continue to be recognized as financial assets and the consideration received shall be recognized as financial liabilities.

4. Derecognition of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the financial liability be derecognized 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 derecognize the existing financial liability, and shall at the same time recognize a new financial liability.

Where the Company makes substantial revisions to part or all of the contractual stipulations of the existing financial liability, it shall derecognize 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 a financial liability is totally or partially derecognized, the Company shall recognize in profit or loss of the current period the difference between the carrying amount derecognized 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 recognized. The gap between the carrying amount which is distributed to the part derecognized and the considerations it has paid (including the noncash assets it has transferred out and the new financial liabilities it has assumed) shall be recognized into profit or loss of the current period.

5. Determination of the fair value of the financial assets (liabilities)

If active markets for the financial instruments exist, the fair value shall be measured by quoted prices in the active markets. If active markets for the financial instruments do not exist, valuation techniques shall be applied for the measurement. The Company uses valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value. The Company chooses relevant observable inputs for identical or similar assets or liabilities. Only when relevant observable inputs are unavailable or should the Company use unobservable inputs for the asset or liability.

6. Impairment of the financial assets

The Company shall recognize loss allowance for expected credit losses on financial asset measured at amortised cost, and financial assets measured at fair value through other comprehensive income, such as debt instrument investments, contract assets, financial guarantee contract, etc.

The Company considers reasonable and relevant information on past events, current conditions and forecasts of future economic conditions, and takes the risk of default as a weight, and calculates the difference between the cash flow receivable from the contract and the cash flow expected to be received. The probability-weighted amount of the present value of the current value confirms the expected credit loss.

At each reporting date, the Company shall measure the expected credit losses of financial instruments at different stages. If the credit risk on a financial instrument has not increased significantly since initial recognition, it is in the first stage, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk has increased significantly since initial recognition but the credit impairment has not occurred, it is in the second stage, and the company shall measure the loss allowance for a financial instrument

at an amount equal to the lifetime expected credit losses. If the credit risk has increased significantly since initial recognition and the credit impairment has occurred, it is in the third stage, and the company shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses..

The Company shall recognize the amount of expected credit losses or reversal in profit or loss. For debt instruments held at fair value through other comprehensive income, the Company shall recognize the amount of expected credit losses or gains in profit or loss, and adjust other comprehensive income.

For note receivables, account receivables and asset contracts, whether a significant financing component is contained or not, the Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses.

The impairment test shall be assessed individually for account receivables if there is evidence indicating that the receivables have been impaired, and for others applicable to individual assessments to recognise the expected credit losses and individual impairment.

For accounts receivable that do not have objective evidence of impairment or when individual financial assets cannot be used to estimate expected credit losses at reasonable cost, the Company shall divide receivables based on the credit risk characteristics into different portfolio and calculate expected credit loss based on portfolios.

The recognition of expected credit losses for the receivables in portfolio:

Items	Criteria for portfolio	Recognition method for expected credit losses
Account receivables – Aging analysis method	Similar credit characteristics for similar aging	The Company shall, based on past events, current conditions and forecasts of future economic conditions, calculate expected credit losses using comparison table of accounts receivables aging analysis and lifetime expected credit loss ratio.
Other receivables – Aging analysis method	Similar credit characteristics for similar aging	The Company shall, based on past events, current conditions and forecasts of future economic conditions, calculate expected credit losses using comparison table of other receivables aging analysis and lifetime expected credit loss ratio.

Account receivables and other receivables - Aging analysis method for lifetime expected credit loss ratio:

Aging	Expected credit loss ratio for accounts receivable (%)	Expected credit loss ratio for other receivables (%)
Within 1 year (inclusive)		
1-2 years (inclusive)	5.00	5.00
2-3 years (inclusive)	20.00	20.00
Over 3 years	100.00	100.00

10. Inventory

1. Inventory classification

Inventories include material in transit, raw material, low-valued consumables, finished goods, work in process, 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 inventory 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 the Company 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.

11. Assets hold for sales

The Company classifies non-current assets or disposal asset groups when the assets meet the following criterion into holding categories for sale simultaneously:

- (1) According to the practice of selling such assets or disposal asset groups in similar transactions, they can be sold immediately under current conditions;
- (2) The sale of assets is highly probable, as the company has already made a resolution on a sale plan and obtained a certain purchase commitment, and the transaction is expected to be completed within one year. The relevant regulations that the assets can be sold have been approved by relevant authorities or regulatory authorities of the Company.

12. Long-term equity investment

1. Criteria of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. If the Company and other joint venture have joint control of the investee and have rights to the net assets of the investee, the investee is a joint venture of the Company.

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

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

(1) Long-term equity investment from business acquisition

For a business combination 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.

For a business combination not under common control, the initial investment cost of the long-term equity investment shall be the acquisition cost at the acquisition date. When an investor becomes capable of exercising control over an investee due to additional investment or other reasons, the initial investment cost under the cost method shall be the carrying amount of previously-held equity investment together with the additional investment cost.

(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.

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.

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 according to the Company's accounting principles and operating period based on the fair values of the investee's identifiable net assets at the acquisition date. During the holding period, if the investee makes consolidated financial statements, the Company shall calculate its share based on the investee's net profit, other comprehensive income and the amount of other owners' equity attribute to the investee in the consolidated financial statements.

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 3 (5) "The accounting treatment for Business combination under/now under common control" and Note 3 (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

When disposing 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 due to decrease of shareholding ratio because of additional investment by other investors, 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.

13. Investment property

Investment property refers to real estate held for the purpose of earning rent or capital appreciation, or both, including leased land use rights, land use rights held and prepared for transfer after appreciation, and leased buildings (Buildings that are leased after completion of self-construction or development activities and buildings that are being used for rental in the future during construction or development).

The company uses the cost model to measure the existing investment property. For investment property measured according to the cost model - the rental building adopts the same depreciation policy as the fixed assets of the company, and the land use right for rental is amortized according to the same amortization policy as the intangible assets.

14. Fixed assets

1. Recognition of Fixed assets

The term "fixed assets" refers to the tangible assets held for the sake of producing commodities, rendering labor service, renting or business management and of which 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 pertinent 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

Fixed assets are depreciated under the straight line method. The depreciation rate is determined according to the category of assets, the useful life and the expected residual rate. If the components of the fixed assets have different useful lives or provide the economic benefits in a different way, then different depreciation rate or method shall be applied and the depreciation of the components shall be calculated separately.

Fixed assets acquired under financial leasing is depreciated over the useful life if it is reasonably certain that the ownership of the leased assets will be acquired upon expiry of lease, or over the shorter of lease term and useful life if it is not reasonably certain that the ownership of the leased assets will be acquired upon expiry of lease.

Details of classification, depreciation period, residual value rate and annual depreciation rate are as follows:

Category	Depreciation method	Depreciation Period	Residual Value Rate (%)	Depreciation Rate (%)
Plants and Buildings	straight line method	8-40 years	0.00	2.50-12.50
Machinery	straight line method	4-18 years	3.00	5.39-24.25

Transportation and other straight line method equipment	5-18 years	3.00	5.39-19.40
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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.

15. 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.

16. 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.

Assets eligible for capitalization 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.

17. Intangible Assets

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
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Land use right	50 years	Land use right certificate
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The Company shall review the useful lives and amortization methods of intangible assets with limited useful lives at each year end.

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.

4. 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.

18. Impairment of long-term assets

For long-term assets under the cost model such as long-term equity investments, Investment property, fixed assets, construction in progress, intangible assets with limited useful lives 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.

19. Long-term deferred expense

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

20. 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

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.

3. Accounting treatment of termination benefits

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

21. Estimated liabilities

1. Recognition criteria of estimated liabilities

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

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

2. Measurement of estimated liabilities

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

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

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

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

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

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

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

22. Revenue

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 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.

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

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.

23. Government Subsidies

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

The criteria and accounting treatment of government subsidies pertinent 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.

Recognition

Government subsidies related to assets shall be recognized by deducting the subsidies at the caring amount of the assets or recognized as deferred income. Subsidies that recognized as deferred income shall be recognized in profit or loss over the periods during the useful lives of the relevant assets.

Accounting treatment

Government subsidies related to assets shall be recognized by deducting the subsidies at the caring 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 recorded in Other Income. Subsidies that unrelated to daily activities should be recorded in Non-operating Income).

The criteria and accounting treatment of government subsidies pertinent to income.

The government subsidy related to income refers to the government subsidy other than the government subsidy related to the asset.

Recognition

The government subsidies related to incomes to compensate future expenses, shall be recognized as deferred income and transferred to current profit or loss. Government subsidies to compensate expenses or losses already incurred shall be recognized in current profit and loss.

Accounting treatment

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 recorded in Other Income. Subsidies that unrelated to daily activities should be recorded in Non-operating Income) in the period during which the expenses compensation is recognized or deduct relevant cost or loss. Government subsidies to compensate expenses or losses already incurred shall be recognized in current profit and loss (Subsidies related to daily activities should be recorded in Other Income. Subsidies unrelated to daily activities should be recorded in Non-operating Income) or deduct relevant cost or loss.

24. Deferred tax assets and deferred tax liabilities

An enterprise shall recognize the deferred income tax assets 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.

25. 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.

26. 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.

27. Change of significant accounting policy and accounting estimate

(1) Significant changes in accounting policies.

Applicable Not applicable

The contents and reasons	Approval procedure	The items affected and the amount
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of accounting policy changes		
(1) In Statement of Financial Position, "Notes receivable and accounts receivable" is separated into "Notes receivable" and "Accounts receivable"; The comparative data is adjusted accordingly.	Approved by the fifth session of the eighth board of directors	"Notes receivable and accounts receivable" is separated into "Notes receivable" and "Accounts receivable", amount for current year is 4,518,016,226.76 and 614,718,839.21, amount for previous year is 3,580,145,843.38 and 639,482,481.45. "Notes receivable and accounts receivable" is separated into "Notes receivable" and "Accounts receivable", amount for current year is 4,296,253,321.51 and 402,397,751.85, amount for previous year is 3,356,020,598.89 and 409,553,059.27.
(2) Adjust the "credit impairment loss" and "asset impairment loss" in the income statement to add the operating profit, and the loss is listed as "-".	Approved by the fifth session of the eighth board of directors	Adjust the "asset impairment loss" in the income statement to add the operating profit, amount for the current year is 0.00, amount for previous year is 20,917,963.64; Adjust the "credit impairment loss" in the income statement to add the operating profit, amount for the current year is 3,751,513.83.

(1) New Financial Instrument guidelines

Since January 1, 2019, the company has implemented the "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets" and "Accounting Standards for Business Enterprises No. 24 - Hedge Accounting" and "Accounting Standards for Business Enterprises No. 37 - Financial Instruments Disclosure" (hereinafter referred to as "New Financial Instruments Guidelines") revised by the Ministry of Finance in 2017.

In terms of the classification and measurement of financial assets, the new financial instrument standard requires financial assets to be classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset and eliminates the classification of loans, receivables, held to maturity investments, and available for sale financial assets in the original financial instruments. An investment in an equity instrument is generally classified as a financial asset at fair value through profit or loss. It also allows a non-tradable equity instrument investment to be designated as a financial asset at fair value through other comprehensive income. The designation is irrevocable and the accumulated fair value changes previously recognised in other comprehensive income are not carried forward to profit or loss. In respect of impairment, the requirements of the new financial instrument standard for impairment are applied to financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, lease receivables and financial guarantee contracts. The new financial instrument standard requires the use of an expected credit loss model to confirm credit loss provisions to replace the original credit loss model. The new impairment model adopts a three-stage model. According to the relevant item, whether the credit risk has increased significantly since the initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses or an amount equal to the lifetime expected credit losses. For receivables and long-term receivables formed by transactions regulated by the income standard, as well as the receivables of finance leases formed by transactions regulated by the "Accounting Standards for Business Enterprises No. 21 – Leases", the Company shall measure the loss allowance at an amount equal to lifetime expected credit losses.

If the recognition and measurement of financial instruments before January 1, 2019 is inconsistent with the requirements of the new financial instruments, the company shall make retrospective adjustments in accordance with the requirements of the new financial instruments guidelines. The company does not make adjustments when it involves inconsistency between the previous comparative financial statement data and the new financial instrument guidelines. The difference between the original book value of the financial instrument and the new book value on the date of the implementation of the new financial instrument's standard is included in retained earnings or other comprehensive income as of January 1, 2019.

(2) The revision of the format for the issuance of the financial statements

Ministry of Finance issued “Notice of the Ministry of Finance on the revision of the format for the issuance of the financial statements of the general enterprise for the year 2019” (Cai Kuai 2019 No.6, hereinafter referred to as “Cai Kuai No. 6 Notice”) on 30 April 2019, which revised the format of financial statement for the general enterprise. The major impact of the implementation of the above regulations are as above.

(2) Significant changes in accounting estimates

Applicable Not applicable

(3) Adjustments of beginning balance due to the first time implementation of the new financial instruments guidelines, new income standards, new lease standards

Applicable Not applicable

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unit: yuan

Items	Dec 31 st 2018	Jan 1 st 2019	Adjustment amount
Current assets:			
Cash at bank and on hand	16,567,471,755.77	16,567,471,755.77	
Settlement provisions			
Capital lent			
Financial assets held for trading			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	3,580,145,843.38	3,580,145,843.38	
Accounts receivable	639,482,481.45	639,482,481.45	
Receivables financing			
Prepayments	1,321,537,514.78	1,321,537,514.78	
Premium receivable			
Reinsurance accounts receivable			

Receivable deposit for reinsurance contract			
Other receivables:	202,763,964.98	202,763,964.98	
Including: Interest receivables	11,608,705.43	11,608,705.43	
Dividend receivables			
Redemptory financial assets for sale			
Inventories	10,677,747,112.40	10,677,747,112.40	
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	292,119,771.13	292,119,771.13	
Total current assets	33,281,268,443.89	33,281,268,443.89	
Non-current assets:			
Loan and advances issued			
Debt investments			
Available-for-sale financial assets	1,041,824,829.00		-1,041,824,829.00
Other debt investments			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	2,455,681.55	2,455,681.55	
Other equity instrument investments			1,041,824,829.00
Other non-current financial assets			
Investment properties			
Fixed assets	23,924,504,539.97	23,924,504,539.97	
Construction in progress	836,594,457.82	836,594,457.82	
Productive biological assets			
Oil and gas assets			
Right of use assets			
Intangible assets	278,062,441.04	278,062,441.04	
Development expenditure			
Goodwill			

Long-term deferred expenses			
Deferred tax assets	191,452,547.21	191,452,547.21	
Other non-current assets	76,341,975.35	76,341,975.35	
Total non-current assets	26,351,236,471.94	26,351,236,471.94	
Total assets	59,632,504,915.83	59,632,504,915.83	
Current Liabilities:			
Short-term loans	11,938,490,375.85	11,938,490,375.85	
Loan from central bank			
Absorbed deposit and interbank deposit			
Financial liabilities held for trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Note payables	10,013,192,014.02	10,013,192,014.02	
Account payables	5,522,042,811.65	5,522,042,811.65	
Advance from customers	3,331,854,098.42	3,331,854,098.42	
Financial assets sold for repurchase			
Deposits from customers and interbank			
Acting trading securities			
Acting underwriting securities			
Employee benefits payable	51,466,231.72	51,466,231.72	
Current tax liabilities	515,752,369.68	515,752,369.68	
Other payables	862,511,178.96	862,511,178.96	
Including: Interest payables	9,658,681.99	9,658,681.99	
Dividend payables			
Handling charges and commission payable			
Reinsurance accounts payable			
Contract liabilities			
Liabilities held for sale			
Non-current liabilities due within one year	350,965,576.32	350,965,576.32	
Other current liabilities			

Total current liabilities	32,586,274,656.62	32,586,274,656.62	
Non-current liabilities:			
Provision for insurance contract			
Long-term loans	7,083,640,094.16	7,083,640,094.16	
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payables	13,686,705.92	13,686,705.92	
Long-term employee benefits payables			
Estimated liabilities			
Deferred income	289,499,002.97	289,499,002.97	
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities	7,386,825,803.05	7,386,825,803.05	
Total liabilities	39,973,100,459.67	39,973,100,459.67	
Shareholders' equity:			
Share capital	3,875,371,532.00	3,875,371,532.00	
Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Capital reserves	12,343,209,847.29	12,343,209,847.29	
Less: treasury shares			
Other comprehensive income			
Special reserves	683,937.71	683,937.71	
Surplus reserves	961,105,529.85	961,105,529.85	
General risk reserves			
Undistributed profits	1,945,887,269.82	1,945,887,269.82	
Total equity attributable to equity holders of the parent company	19,126,258,116.67	19,126,258,116.67	
Non-controlling interests	533,146,339.49	533,146,339.49	
Total shareholder's equity	19,659,404,456.16	19,659,404,456.16	
Total liabilities and shareholder's equity	59,632,504,915.83	59,632,504,915.83	

BALANCE SHEET OF THE PARENT COMPANY

Unit: Yuan

Items	Dec 31 st 2018	Jan 1 st 2019	Adjustment amount
Current assets:			
Cash at bank and on hand	15,536,305,375.00	15,536,305,375.00	
Financial assets held for trading			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	3,356,020,598.89	3,356,020,598.89	
Accounts receivable	409,553,059.27	409,553,059.27	
Receivables financing			
Prepayments	1,309,194,738.97	1,309,194,738.97	
Other receivables	235,037,391.46	235,037,391.46	
Including: Interest receivables	9,815,280.04	9,815,280.04	
Dividend receivables			
Inventories	8,681,362,081.72	8,681,362,081.72	
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	193,989,096.20	193,989,096.20	
Total current assets	29,721,462,341.51	29,721,462,341.51	
Non-current assets:			
Debt investments			
Available-for-sale financial assets	1,041,624,829.00		-1,041,624,829.00
Other debt investments			
Held-to-maturity investment			
Long-term receivables			
Long-term equity investments	2,016,281,902.16	2,016,281,902.16	
Other equity instrument investments		1,041,624,829.00	1,041,624,829.00
Other non-current financial assets			
Investment properties			
Fixed assets	22,035,187,328.57	22,035,187,328.57	
Construction in progress	825,553,510.15	825,553,510.15	
Productive biological assets			
Oil and gas assets			
Right of use assets			
Intangible assets	148,776,177.96	148,776,177.96	
Development expenditure			
Goodwill			
Long-term deferred expenses			

Deferred tax assets	96,220,003.00	96,220,003.00	
Other non-current assets	76,341,975.35	76,341,975.35	
Total non-current assets	26,239,985,726.19	26,239,985,726.19	
Total assets	55,961,448,067.70	55,961,448,067.70	
Current Liabilities:			
Short-term loans	10,624,270,375.85	10,624,270,375.85	
Financial assets held for trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	9,213,748,427.22	9,213,748,427.22	
Accounts payable	5,940,816,426.48	5,940,816,426.48	
Advance from customers	3,189,143,565.45	3,189,143,565.45	
Contract liabilities			
Employee benefits payable	49,378,095.47	49,378,095.47	
Current tax liabilities	507,003,883.57	507,003,883.57	
Other payables	538,051,513.13	538,051,513.13	
Including: Interest payables	7,341,833.33	7,341,833.33	
Dividend payables			
Liabilities held for sale			
Non-current liabilities due within one year	350,965,576.32	350,965,576.32	
Other current liabilities			
Total current liabilities	30,413,377,863.49	30,413,377,863.49	
Non-current liabilities:			
Long-term loans	7,083,640,094.16	7,083,640,094.16	
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payables	13,686,705.92	13,686,705.92	
Long-term employee benefits payable			
Estimated liabilities			
Deferred incomes	289,499,002.97		
Deferred tax liabilities		289,499,002.97	
Other non-current liabilities			
Total non-current liabilities	7,386,825,803.05	7,386,825,803.05	
Total liabilities	37,800,203,666.54	37,800,203,666.54	
Shareholders' equity:			
Share capital	3,875,371,532.00	3,875,371,532.00	
Other equity instruments			
Including: Preferred stock			
Perpetual bond			

Capital reserves	11,923,058,165.17	11,923,058,165.17	
Less: treasury shares			
Other comprehensive income			
Special reserves	525,218.48	525,218.48	
Surplus reserves	961,105,529.85	961,105,529.85	
Undistributed profits	1,401,183,955.66	1,401,183,955.66	
Total shareholder's equity	18,161,244,401.16	18,161,244,401.16	
Total liabilities and shareholder's equity	55,961,448,067.70	55,961,448,067.70	

VI. Taxes

1. Major type of taxes and corresponding tax rates

Tax	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	6%, 10%、16%(Jan to Mar in 2019) 6%, 9%, 13% (Apr to Jun in 2019)
City maintenance and construction tax	Based on VAT and business tax actually paid	7%, 5%
Enterprise income tax	Based on taxable profit	25%

Notes to whether there is different income tax rate

Tax payer	Income tax rate
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VII. Notes to the consolidated financial statements

1. Cash at bank and on hand

Items	Ending balance	Beginning balance
Cash on hand	5,346.25	4,839.95
Cash at bank	11,788,917,223.26	11,752,543,782.02
Other monetary funds	5,156,849,822.92	4,814,923,133.80
Total	16,945,772,392.43	16,567,471,755.77

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	4,538,099,822.92	3,794,647,133.80
Margin for letter of credit	165,270,000.00	105,000,000.00
Time deposit or notice deposit for guarantee	453,480,000.00	915,276,000.00
Total	5,156,849,822.92	4,814,923,133.80

2. Notes receivable**(1) Notes receivable disclosed by category**

Items	Ending balance	Beginning balance
Bank acceptance bill	4,361,187,029.40	3,540,317,759.10
Commercial acceptance bill	156,829,197.36	39,828,084.28
Total	4,518,016,226.76	3,580,145,843.38

(2) The pledged acceptance bill at the end of the period

There is no pledged acceptance bill at the end of the period.

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

Items	Derecognized ending balance	Unrecognized ending balance
Bank acceptance bill	7,280,230,450.89	
Commercial acceptance bill		
Total	7,280,230,450.89	

(4) No Notes receivable has been transferred into accounts receivable due to inability of drawer to meet acceptance bill at the year-end.**3. Accounts receivable****(1) Accounts receivable disclosed by category**

Items	Carrying amount		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Bad debts ratio (%)	
Accounts receivable tested for impairment individually	47,762,337.18	6.02	47,762,337.18	100.00	
Including:					
Accounts receivable tested for impairment by portfolio	745,278,892.11	93.98	130,560,052.90	17.52	614,718,839.21
Including:					
Total	793,041,229.29	100.00	178,322,390.08	22.49	614,718,839.21
Items	Beginning balance				

	Carrying amount		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Bad debts ratio (%)	
Accounts receivable tested for impairment individually	47,762,337.18	5.82	47,762,337.18	100.00	
Including:					
Accounts receivable tested for impairment by portfolio	773,432,447.14	94.18	133,949,965.69	17.32	639,482,481.45
Including:					
Total	821,194,784.32	100.00	181,712,302.87	22.13	639,482,481.45

Accounts receivables individually significant and tested for impairment individually

Company	Carrying amount	Ending balance		Reason
		Provision for bad debts	Bad debts ratio (%)	

Accounts receivables tested for impairment by portfolio

Items	Carrying amount	Ending balance	
		Provision for bad debts	Bad debts ratio (%)

Notes:

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about bad debts:

Applicable Not applicable

Accounts receivable disclosed by Aging

Unit: yuan

Aging	Ending balance
Within 1 year (inclusive)	538,645,725.73
1 – 2 year	56,752,847.90
2 – 3 year	27,697,384.96
Over 3 years	169,945,270.70
Total	793,041,229.29

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

The provision of bad debts of current period is RMB 3,389,912.79.

(3) Top five debtors at the year-end

Company	Ending balance
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	Amount	Percentage of total Accounts receivable (%)	Provision for bad debts
The first	296,599,328.97	37.40	
The second	106,438,276.12	13.42	
The third	62,482,368.63	7.88	6,792,099.51
The fourth	47,762,337.18	6.02	47,762,337.18
The fifth	41,687,479.04	5.26	
Total	554,969,789.94	69.98	54,554,436.69

4. Receivables financing

Unit: yuan

Items	Ending balance	Beginning balance
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Changes in receivables financing and fair value during the current period

Applicable Not applicable

If the provision for bad debts of receivables financing is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about bad debts:

Applicable Not applicable

5. Prepayments

(1) Prepayments disclosed by aging

Aging	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	1,311,404,160.39	99.77	1,318,136,339.11	99.74
1-2 years (inclusive)	2,226,256.90	0.17	2,494,489.34	0.19
2-3 years (inclusive)	833,987.64	0.06	901,900.77	0.07
Over 3 years			4,785.56	0.00
Total	1,314,464,404.93	100.00	1,321,537,514.78	100.00

Notes: As of June 30, 2019, there were no outstanding prepayments of over 1 year.

(2) Top five prepaid companies at the year-end

Name of the company	Amount	Percentage (%)
The First	698,463,245.75	53.14
The Second	98,729,978.44	7.51
The Third	87,022,226.90	6.62

The Fourth	79,143,421.14	6.02
The Fifth	20,957,800.88	1.59
Total	984,316,673.11	74.88

6. Other receivables

Items	Ending balance	Beginning balance
Interest receivables	13,872,107.84	11,608,705.43
Dividend receivables		
Other receivables	191,594,542.93	191,155,259.55
Total	205,466,650.77	202,763,964.98

(1) Interest receivable

1) Interest receivable disclosed by category

Items	Ending balance	Beginning balance
Deposit interest	13,872,107.84	11,608,705.43
Total	13,872,107.84	11,608,705.43

(2) Other receivables

1) Other receivables disclosed by nature

Nature	Ending balance	Beginning balance
Accounts	204,915,146.72	203,695,979.62
Margin and deposit	2,286,886.27	2,238,972.26
Others	48,975,036.85	50,164,435.62
Total	256,177,069.84	256,099,387.50

2) Provision of bad debt

Unit: yuan

Provision of bad debt	The first stage	The second stage	The third stage	Total
	12-month expected credit losses	lifetime expected credit losses (credit impairment has not occurred)	lifetime expected credit losses (credit impairment has already occurred)	
The balance of January 1, 2019 in this reporting period	—	—	—	—

Significant changes of provision during the current reporting period

 Applicable Not applicable

Other receivables disclosed by Aging

Unit: yuan

Aging	Ending balance
Within 1 year (inclusive)	158,226,535.01
1 – 2 year	4,278,962.95
2 – 3 year	34,453,741.40
Over 3 years	59,217,830.48
Total	256,177,069.84

3) Top five debtors at the year-end

Company	Nature or content	Amount	Aging	Percentage of total other receivables (%)	Provision for bad debts
The First	Accounts	7,718,029.34	within 1 year	2.86	
The Second	Accounts	4,807,446.56	within 1 year	1.78	
The Third	Accounts	4,514,286.35	2-3 years	1.67	2,138,916.66
The Fourth	Accounts	4,341,257.18	2-3 years	1.61	868,251.44
The Fifth	Accounts	3,526,146.54	within 1 year	1.31	
Total		24,907,165.97		9.23	3,007,168.10

7. Inventories

Whether implement the new income standard or not.

 Applicable Not applicable

(1) Inventories disclosed by category

Items	Ending balance			Beginning balance		
	Carrying amount	Impairment	Book value	Carrying amount	Impairment	Book value
Raw material and main material	6,468,803,309.62	26,986,533.69	6,441,816,775.93	5,509,216,101.37	26,986,533.69	5,482,229,567.68
Work in process and self-made semi-finished product	1,402,852,181.92		1,402,852,181.92	1,365,365,191.33	29,012,489.61	1,336,352,701.72
Finished products	4,123,737,309.00	827,243.38	4,122,910,065.62	3,888,124,260.41	28,959,417.41	3,859,164,843.00
Total	11,995,392,800.54	27,813,777.07	11,967,579,023.47	10,762,705,553.11	84,958,440.71	10,677,747,112.40

Whether the company is required to comply with the disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guide No. 4 - Listed Companies Engaged in Seed Industry and Planting Business

 Applicable Not applicable

(2) Impairment of inventory

Category	Beginning balance	Increase		Decrease		Ending balance
		Provision	Others	Write-back or write-off	Others	
Raw material and main material	26,986,533.69					26,986,533.69
Work in process and self-made semi-finished product	29,012,489.61			29,012,489.61		
Finished products	28,959,417.41			28,132,174.03		827,243.38
Total	84,958,440.71			57,144,663.64		27,813,777.07

8. Other current assets

Whether implement the new income standard or not.

Applicable Not applicable

Items	Ending balance	Beginning balance
Prepaid enterprise income tax	184,668,751.64	189,634,393.98
VAT input tax	62,944,230.59	102,485,377.15
Total	247,612,982.23	292,119,771.13

9. Long-term equity investment

Investees	Beginning Balance	Add Investment	Reduce Investment	Increase/decrease					Ending Balance	Amount Provision Total Impairment	Total Ending Balance
				Investment Gains and Losses Recognized under the Equity Method	Adjustment Comprehen sive Income	Other Equity Changes	Declaration of Cash Dividends or Profit	Others			
Joint Venture											
Zhejiang Bengang Jingrui Steel Processing Co., Ltd.	2,455,681.55			25,907.49					2,481,589.04		
Subtotal	2,455,681.55			25,907.49					2,481,589.04		
Total	2,455,681.55			25,907.49					2,481,589.04		

10. Other equity investment

Items	Ending Balance	Beginning Balance
Suzhou Bengang Industrial Co., Ltd.	3,888,980.00	
Sinosteel Shanghai Steel Processing Co., Ltd.	0.00	
Northeast Special Steel Group Co., Ltd.	1,037,735,849.00	
Guangzhou Benpu Auto Board Sales Co., Ltd.	200,000.00	
Total	1,041,824,829.00	

11. Fixed assets

Items	Ending balance	Beginning balance
Fixed assets	22,672,967,771.15	23,924,504,539.97
Total	22,672,967,771.15	23,924,504,539.97

(1) Details of fixed assets

Items	Buildings	Machinery	Transportation equipment and others	Total
1. Total original value				
(1) Beginning balance	12,174,491,765.86	43,551,735,976.27	902,527,777.12	56,628,755,519.25
(2) Increase in current period		7,596,518.16		7,596,518.16
Including: Purchase				
Transferred from construction in progress		7,596,518.16		7,596,518.16
Merging				
Others				
(3) Decrease in current period	28,441,077.44	362,164,072.02	1,076,210.06	391,681,359.52
Including: Disposal	28,441,077.44	362,164,072.02	1,076,210.06	391,681,359.52
Others				
(4) Ending balance	12,146,050,688.42	43,197,168,422.41	901,451,567.06	56,244,670,677.89
2. Total accumulated depreciation				
(1) Beginning balance	5,576,027,013.36	26,526,053,819.79	560,595,347.69	32,662,676,180.84
(2) Increase in current period	188,520,413.30	932,455,392.69	78,888,442.73	1,199,864,248.72
Including: Provision	188,520,413.30	932,455,392.69	78,888,442.73	1,199,864,248.72
Others				-
(3) Decrease in current period	20,923,664.12	303,852,548.23	7,296,035.40	332,072,247.75
Including: Disposal	20,923,664.12	303,852,548.23	7,296,035.40	332,072,247.75
Others				
(4) Ending balance	5,743,623,762.54	27,154,656,664.25	632,187,755.02	33,530,468,181.81

Items	Buildings	Machinery	Transportation equipment and others	Total
3. Total impairment				
(1) Beginning balance	38,948,079.36	2,626,719.08		41,574,798.44
(2) Increase in current period				
Including: Provision				
Others				
(3) Decrease in current period	340,073.51			340,073.51
Including: Disposal	340,073.51			340,073.51
Others				
(4) Ending balance	38,608,005.85	2,626,719.08	-	41,234,724.93
4. Total net book value of Fixed assets				
(1) Ending book value	6,363,818,920.03	16,039,885,039.08	269,263,812.04	22,672,967,771.15
(2) Beginning book value	6,559,516,673.14	17,023,055,437.40	341,932,429.43	23,924,504,539.97

(2) Temporary idle fixed assets

Items	Original book value	Accumulated depreciation	Impairment	Book value
Buildings	201,165,792.22	118,513,395.96	35,014,689.33	47,637,706.93
Machinery	1,224,688.89	1,149,022.46	75,666.43	
Total	202,390,481.11	119,662,418.42	35,090,355.76	47,637,706.93

(3) Fixed assets leased out by operating lease

Items	Book value
Buildings	9,460,723.71
Machinery	85,459.55
Total	9,546,183.26

(4) Fixed assets without property rights certificates at the end of the period

Items	Book value	Reason
Buildings	1,016,286,114.63	To be handled

12. Construction in progress

Items	Ending balance	Beginning balance
Construction in progress	1,355,784,359.63	831,693,471.71
Project materials	18,626,600.07	4,900,986.11
Total	1,374,410,959.70	836,594,457.82

(1) Details of construction in progress

Items	Ending balance			Beginning balance		
	Carrying amount	Total impairment	Total net book value of Fixed assets	Carrying amount	Total impairment	Total net book value of Fixed assets
High Strength Cold Rolling Steel Renovation Project	43,856,840.06		43,856,840.06			
The Third Cold Rolling Work Hot-Dip Galvanizing Production Line Project	4,575,442.24		4,575,442.24			
The 360 Square Meter Sintering Machine	48,115,730.79		48,115,730.79	39,870,921.39		39,870,921.39
Energy Control Center Project	16,521,792.81		16,521,792.81	16,068,616.55		16,068,616.55
Renovation Project of Power Plant Three - Power Plant.	77,265,082.68		77,265,082.68	67,436,716.24		67,436,716.24
Energy Saving And Environmental Protection Reconstruction Of No.1 Converter Project	107,484,022.00		107,484,022.00	81,652,336.52		81,652,336.52
Modifying and Upgrading of No.2 Casting machine in Hot steel plant	71,055,463.93		71,055,463.93	67,751,518.71		67,751,518.71
No. 5 blast furnace overhaul project (new No. 2 blast furnace)	205,247,220.39		205,247,220.39	79,221,161.00		79,221,161.00
Power plant 4-5# coke oven dry quenching waste heat steam utilization project	30,116,417.01		30,116,417.01	27,607,246.17		27,607,246.17
1700 hot rolling perfect transformation	29,822,575.23		29,822,575.23	25,521,831.89		25,521,831.89
CCPP power generation project	66,004,363.05		66,004,363.05	24,961,721.54		24,961,721.54
Coking plant gas deamination and sulfur ammonia maintenance project	34,800,566.05		34,800,566.05	34,300,566.05		34,300,566.05
360 square meter sintering machine waste heat utilization	50,994,694.50		50,994,694.50	44,777,158.00		44,777,158.00
5#-7# Oxygen Generator Nitrogen Increase Energy Saving Reconstruction	28,911,871.30		28,911,871.30	21,715,145.18		21,715,145.18
Dry dedusting of No. 7 blast furnace and energy saving reform of TRT power generation	27,673,848.07		27,673,848.07	22,973,276.80		22,973,276.80
No. 6 blast furnace environmental protection overhaul project	39,093,141.87		39,093,141.87	22,895,777.14		22,895,777.14
Other	474,245,287.65		474,245,287.65	254,939,478.53		254,939,478.53
Total	1,355,784,359.63		1,355,784,359.63	831,693,471.71		831,693,471.71

(2) Construction materials

Items	Ending balance			Beginning balance		
	Carrying amount	Impairment	Book value	Carrying amount	Impairment	Book value
Construction materials	18,626,600.07		18,626,600.07	4,900,986.11		4,900,986.11
Total	18,626,600.07		18,626,600.07	4,900,986.11		4,900,986.11

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

Items	Land use right	Software	Total
1. Total of original value			
(1)Beginning balance	327,028,797.84	310,401.55	327,339,199.39
(2)Increase			
Including: Purchase			
Including: Internal R&D			
Including: Increase in Mergers			
Including: Others			
(3)Decrease			
Including: Disposal			
Including: Others			
(4)Ending balance	327,028,797.84	310,401.55	327,339,199.39
2. Total of Accumulated Amortization			
(1)Beginning balance	49,176,692.15	100,066.21	49,276,758.36
(2)Increase	3,270,287.92	8,444.37	3,278,732.29
Including: Provision	3,270,287.92	8,444.37	3,278,732.29
Including: Others			
(3)Decrease			
Including: Disposal			
Including: Others			
(4)Ending balance	52,446,980.07	108,510.58	52,555,490.65
3. Total of Impairment			
(1)Beginning balance			
(2)Increase			
Including: Provision			
Including: Others			
(3)Decrease			
Including: Disposal			
Including: Others			
(4)Ending balance			
4. Total of Net value			
(1)Ending book value	274,581,817.77	201,890.97	274,783,708.74
(2)Beginning book value	277,852,105.69	210,335.35	278,062,441.04

14. Deferred tax asset and deferred tax liability**(1) Undedicated deferred tax asset**

Items	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax asset	Deductible temporary differences	Deferred tax asset
Impairment	323,453,331.07	80,863,332.77	384,689,582.05	96,172,395.52
Internal unrealized profit	44,665,863.14	11,166,465.79	47,141,747.73	11,785,436.93
Differences of depreciation and amortization	333,978,859.03	83,494,714.76	333,978,859.03	83,494,714.76
Total	702,098,053.24	175,524,513.32	765,810,188.81	191,452,547.21

(2) Unrecognized deferred tax assets

Items	Ending balance	Beginning balance
Deductible temporary differences	2,914,780.92	2,914,780.92
Deductible losses	667,057,769.20	1,112,718,371.26
Total	669,972,550.12	1,115,633,152.18

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

Items	Ending balance	Beginning balance	Notes
Year 2020	639,818,319.71	1,085,478,921.77	
Year 2021	11,436,302.83	11,436,302.83	
Year 2022	1,000,766.72	1,000,766.72	
Year 2023	14,802,379.94	14,802,379.94	
Year 2024			
Total	667,057,769.20	1,112,718,371.26	

15. Other non-current assets

Whether implement the new income standard or not.

Applicable Not applicable

Items	Ending balance	Beginning balance
Prepaid of long-term assets	68,303,165.35	76,341,975.35
Total	68,303,165.35	76,341,975.35

Notes:

16. Short-term loans**(1) Classification of short-term loans**

Items	Ending balance	Beginning balance
Pledge loans		48,262,375.85
Guaranteed loans	12,078,193,000.00	10,361,008,000.00
Credit loans	220,000,000.00	1,529,220,000.00
Total	12,298,193,000.00	11,938,490,375.85

17. Notes payables

Items	Ending balance	Beginning balance
Bank acceptance bill	9,317,222,357.86	8,738,192,014.02
Domestic letter of credit	2,333,060,000.00	1,275,000,000.00
Total	11,650,282,357.86	10,013,192,014.02

Notes: There are no outstanding notes payable at the end of this period.

18. Accounts payable**(1) Accounts payable disclosed by category**

Items	Ending balance	Beginning balance
Accounts payable for goods	4,432,010,176.48	4,483,900,163.08
Accounts payable for labor	29,371,271.02	30,829,506.69
Accounts payable for project and equipment	509,540,291.98	424,097,390.68
Repair expense	652,340,212.43	579,971,383.23
Others	3,576,818.36	3,244,367.97
Total	5,626,838,770.27	5,522,042,811.65

(2) Significant accounts payable aging over one year

Items	Ending balance	Reason
Liaoning Shenjiao International Trade Co.,Ltd	72,839,065.27	Not yet settled
MCC Southern Engineering Technology Co., Ltd.	51,119,440.77	Not yet settled
Hangzhou Tianshen Materials Co., Ltd.	20,145,902.65	Not yet settled
MCC Jiao Nai Engineering Technology Co., Ltd.	19,379,163.99	Not yet settled
MCC Jiao Nai (Dalian) Engineering Technology Co., Ltd.	17,415,300.00	Not yet settled
Shenyang Railway Construction Bridge and Tunnel Engineering Co., Ltd.	14,200,000.00	Not yet settled
Jixi Huasheng Fengyuan Coal Preparation Co., Ltd.	6,485,138.18	Not yet settled
Total	201,584,010.86	

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

Items	Ending balance	Beginning balance
Advance for goods	3,345,451,646.56	3,331,854,098.42
Total	3,345,451,646.56	3,331,854,098.42

(2) Significant advance from customers aging over one year.

None

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

Items	Beginning balance	Increase	Decrease	Ending balance
(1) Short-term employee benefits	47,824,468.42	916,510,872.23	916,669,401.25	47,665,939.40
(2) Post-employment benefits - defined contribution plans	174,373.43	128,070,045.18	128,069,809.64	174,608.97
(3) Termination benefits	3,467,389.87		1,046,552.23	2,420,837.64
(4) Other benefits due within one year				
Total	51,466,231.72	1,044,580,917.41	1,045,785,763.12	50,261,386.01

(2) Short-term employee benefits

Items	Beginning balance	Increase	Decrease	Ending balance
(1) Salary, bonus, allowance and subsidy	38,282,721.78	684,822,157.27	685,422,131.12	37,682,747.93
(2) Employee welfare		47,016,070.43	47,016,070.43	
(3) Social Insurance	652,400.36	71,083,855.14	71,083,855.14	652,400.36
Including: Medical insurance	1,598.15	53,654,171.68	53,654,171.68	1,598.15
Work injury insurance	650,802.21	17,416,640.12	17,416,640.12	650,802.21
Maternity insurance		13,043.34	13,043.34	
(4) Housing	6,854,689.00	52,823,804.00	52,887,301.00	6,791,192.00
(5) Union funds and staff education fee	2,034,657.28	60,764,985.39	60,260,043.56	2,539,599.11
(6) Short-term compensated				

Items	Beginning balance	Increase	Decrease	Ending balance
absences				
(7) Short-term profit - sharing scheme				
Total	47,824,468.42	916,510,872.23	916,669,401.25	47,665,939.40

(3) Defined contribution plans

Items	Beginning balance	Increase	Decrease	Ending balance
Basic pension fund	68,338.82	124,734,324.48	124,734,498.12	68,165.18
Unemployment insurance	106,034.61	3,335,720.70	3,335,311.52	106,443.79
Total	174,373.43	128,070,045.18	128,069,809.64	174,608.97

21. Current tax liabilities

Items	Ending balance	Beginning balance
Value-added tax	35,376,964.97	442,980,368.02
Corporate income tax	4,317,717.53	2,769,293.58
City maintenance and construction tax	9,587,112.00	32,813,368.49
House property tax	3,506,456.37	3,004,878.95
Educational surcharges	4,137,761.43	23,450,632.11
Environmental tax	381,305.56	7,340,495.80
Others	5,581,530.69	3,393,332.73
Total	62,888,848.55	515,752,369.68

22. Other payables

Items	Ending balance	Beginning balance
Interest payables	9,343,905.54	9,658,681.99
Dividends payables	193,768,576.60	
Other payables	696,885,503.92	852,852,496.97
Total	899,997,986.06	862,511,178.96

(1) Interest Payable

Items	Ending balance	Beginning Balance
Loan interests	9,343,905.54	9,658,681.99
Total	9,343,905.54	9,658,681.99

(2) Dividends payables

Items	Ending balance	Beginning Balance
Common dividend	193,768,576.60	
Preferred shares divided into equity instruments/Sustainable Debt Dividend		
Including: Tool 1		
Tool 2		
Total	193,768,576.60	

(3) Other payables**1) Other payables disclosed by nature**

Items	Ending balance	Beginning Balance
Deposit	6,756,148.49	6,876,696.99
Margin	131,820,736.18	129,911,043.84
Accounts	395,056,845.92	568,285,473.68
Others	163,251,773.33	147,779,282.46
Total	696,885,503.92	852,852,496.97

2) Significant other payables ageing over one year

Name	Ending balance	Reason
Benxi Steel & Iron (Group) Co., Ltd.	101,874,612.92	Not yet settled

23. Non-current liabilities due within one year

Items	Ending balance	Beginning balance
Long-term loans due within one year	1,036,582,163.28	350,965,576.32
Bond payables due within one year		
Total	1,036,582,163.28	350,965,576.32

24. Long-term loans

Categories	Ending balance	Beginning balance
Pledged loans		
Mortgage loan		
Guaranteed loans	3,195,042,608.56	3,931,317,094.16
Credit loans	3,018,011,955.59	3,152,323,000.00
Total	6,213,054,564.15	7,083,640,094.16

25. Long-term payables

Items	Ending balance	Beginning balance
Long-term payables	52,733,529.65	13,686,705.92

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Items	Ending balance	Beginning balance
Special payables		
Total	52,733,529.65	13,686,705.92

(1) Long-term payables

Items	Ending balance	Beginning balance
Financing lease payments	52,733,529.65	13,686,705.92
Total	52,733,529.65	13,686,705.92

26. Deferred income

Items	Beginning balance	Increase	Decrease	Ending balance	Reason
Government subsidy	289,499,002.97	428,000.00	41,695,000.00	248,232,002.97	
Total	289,499,002.97	428,000.00	41,695,000.00	248,232,002.97	

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Projects of government subsidies:

Items	Beginning balance	Increase	Transfer to non-operating income	Other decrease	Ending balance	Related to assets or income
MES Project Special Fund	1,720,000.00		860,000.00		860,000.00	Related to assets
Industrial Enterprise Energy Management Center Construction Demonstration Project	6,960,000.00		1,160,000.00		5,800,000.00	Related to assets
Environment Pollution Renovation Project	3,620,000.00		1,810,000.00		1,810,000.00	Related to assets
Environment Renovation Project and Regional Basin Environment Protection Project	340,000.00		170,000.00		170,000.00	Related to assets
Cold Rolling Steel High Strength Renovation Project	200,000,000.00		25,000,000.00		175,000,000.00	Related to assets
Automobile High-class Electrolytic Zinc Steel Plate Production Line Project	16,416,000.00		4,104,000.00		12,312,000.00	Related to assets
Sintering Machine Residue Heat Usage and Desulfurization Project	4,204,000.00		2,102,000.00		2,102,000.00	Related to assets
7 130t Boilers Flue Gas Desulfurization Renovation Project of Power Plant	19,200,000.00		2,400,000.00		16,800,000.00	Related to assets
Overseas Advanced Technology Introduction Special Fund	6,884,000.00		1,442,000.00		5,442,000.00	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	200,000.00		100,000.00		100,000.00	Related to assets
Environment Protection Project Special Fund	1,160,000.00		580,000.00		580,000.00	Related to assets
Advanced Treatment of Carbon Fiber Wastewater Project of Coke Plant Dongfeng Area	9,500,000.00				9,500,000.00	Related to assets
Desulfurization and Denitration Projects for Coal-fired Boiler of Power Plant High-pressure Workshop	4,800,000.00		300,000.00		4,500,000.00	Related to assets
Power Plant No 3 workshop Heat and Power Cogeneration Renovation Project	8,000,000.00		1,000,000.00		7,000,000.00	Related to assets
Sintering Machine Energy Saving and Environmental Protection Project of Blast	2,320,000.00		580,000.00		1,740,000.00	Related to assets

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

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Items	Beginning balance	Increase	Transfer to non-operating income	Other decrease	Ending balance	Related to assets or income
Furnace Plant						
Air Quality Automatic Monitoring System	175,000.00		35,000.00		140,000.00	Related to assets
Liaoning Grand Craftsman Subsidy and Skill Master Workstation Grant	100,002.97	240,000.00			340,002.97	Related to income
Support fund for the project of high-strength pipeline steel under low temperature and high pressure service conditions		188,000.00	52,000.00		136,000.00	Related to income
Total	289,499,002.97	428,000.00	41,695,000.00		248,232,002.97	

27. Share capital

Items	Beginning balance	Increase/decrease (+, -)				Ending balance
		Issuing of new share	Bonus shares	Transferred from reserves	Others Subtotal	
Capital shares	3,875,371,532.00					3,875,371,532.00

28. Capital reserves

Items	Beginning balance	Increase	Decrease	Ending balance
Capital premium over par value	12,227,292,378.47			12,227,292,378.47
Other capital reserves	115,917,468.82			115,917,468.82
Total	12,343,209,847.29			12,343,209,847.29

29. Special Reserves

Items	Beginning balance	Increase	Decrease	Ending balance
Safety production cost	683,937.71	25,542,658.45	5,212,639.87	21,013,956.29
Total	683,937.71	25,542,658.45	5,212,639.87	21,013,956.29

30. Surplus Reserves

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

31. Undistributed Profits

Items	Current period	Previous period
Before adjustments: undistributed profits at last year-end	1,945,887,269.82	1,103,162,610.35
After adjustments: undistributed profit at this year-beginning	1,945,887,269.82	1,103,162,610.35

Bengang Steel Plates Co., Ltd.

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Items	Current period	Previous period
Add: undistributed profit belonging to parent company	453,209,615.76	756,951,987.59
Common shares dividend payable	193,768,576.60	193,768,576.60
Ending balance of undistributed profits	2,205,328,308.98	1,666,346,021.34

32. Operating income and operating cost

Items	Current period		Previous period	
	Revenue	Cost	Revenue	Cost
Principal business	22,581,458,005.55	20,807,089,888.18	21,302,037,073.89	19,140,922,165.53
Other business	1,521,137,161.59	1,260,522,841.47	2,139,210,303.25	1,663,285,255.45
Total	24,102,595,167.14	22,067,612,729.65	23,441,247,377.14	20,804,207,420.98

Whether implement the new income standard or not.

Applicable Not applicable

33. Tax and surcharges

Items	Current period	Previous period
City maintenance and construction tax	27,561,420.89	48,666,138.65
Educational surcharge	19,877,089.62	34,952,935.92
Housing property tax	38,778,891.04	36,610,915.20
Land use right tax	6,538,299.88	3,421,519.74
Stamp duty and others	14,961,858.43	15,742,454.27
Environmental tax	6,387,222.58	13,896,524.30
Others	20,580.53	16,887.56
Total	114,125,362.97	153,307,375.64

34. Selling and distribution expenses

Items	Current period	Previous period
Freight	456,217,341.94	393,290,897.61
Port surcharges	52,405,847.32	56,907,191.59
Import and export agency fee	34,174,633.61	35,649,297.75

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Salary and benefits	13,553,533.82	11,993,852.41
Others	13,751,821.86	12,721,174.90
Package fee	4,342,020.59	3,475,594.69
Total	574,445,199.14	514,038,008.95

35. General and administrative expenses

Items	Current period	Previous period
Salary and benefits	122,383,642.39	116,352,823.92
Repair expense	142,464,599.50	174,107,156.65
Land use right fee	27,345,714.30	27,345,714.30
Others	62,667,766.52	57,134,166.31
Depreciation	24,216,703.47	26,164,322.31
Social insurance fee	23,532,872.66	23,452,571.91
Heating fee	22,391,441.18	20,783,413.87
Water resources fee	11,993,951.74	6,546,763.90
Housing fund	4,737,351.00	4,445,529.00
Amortization	2,970,897.50	2,982,926.09
Entertainment fee	1,070,316.75	1,527,871.52
Rental fee	643,214.78	543,240.66
Shipping fee	349,339.98	455,924.12
Total	446,767,811.77	461,842,424.56

36. Research and development expenses

Items	Current period	Previous period
Depreciation, materials and compensation, etc.	15,408,472.28	2,470,641.53
Total	15,408,472.28	2,470,641.53

37. Financial expenses

Items	Current period	Previous period
Interest expenditure	586,490,262.69	575,001,615.20
Less: Interest income	127,083,779.58	61,605,403.34
Exchange loss	-71,095,752.13	286,291,324.68
Others	15,154,975.44	3,350,880.74
Total	403,465,706.42	803,038,417.28

Notes: The financial expenses of this period were 403 million yuan, a decrease of 400 million yuan from the previous period of 803 million yuan, a decrease of 49.76%, mainly due to the increase in exchange income and interest income during the period.

38. Other income

Items	Current period	Previous period	Related to assets or income
MES Project Special Fund	860,000.00	860,000.00	Assets
Industrial Enterprise Energy Management Center Construction Demonstration Project	1,160,000.00	1,160,000.00	Assets
Environment Pollution Renovation Project	1,810,000.00	1,810,000.00	Assets
Environment Renovation Project and Regional Basin Environment Protection Project	170,000.00	170,000.00	Assets
Cold Rolling Steel High Strength Renovation Project	25,000,000.00	25,000,000.00	Assets
Automobile High-class Electrolytic Zinc Steel Plate Production Line Project	4,104,000.00	4,104,000.00	Assets
Sintering Machine Residue Heat Usage and Desulfurization Project	2,102,000.00	2,102,000.00	Assets
7 130t Boilers Flue Gas Desulfurization Renovation Project of Power Plant	2,400,000.00	2,400,000.00	Assets
Treatment and Salt Extraction Project of Desulfurization Waste Liquid of Coke Plant		50,000.00	Assets
Overseas R&D Team Introduction Special Fund	1,442,000.00	1,442,000.00	Assets
The 360 Cubic Meter Sintering Machine Flue Gas Desulfurization Renovation Project of Blast Furnace Plant	100,000.00	100,000.00	Assets
Environment Protection Project Special Fund	580,000.00	580,000.00	Assets

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Items	Current period	Previous period	Related to assets or income
Bengang Power plant high pressure workshop coal burning boiler desulfurization and denitrification items			Assets
Bengang Power plant high pressure workshop coal burning boiler desulfurization and denitrification items	300,000.00	300,000.00	Assets
Power Plant No 3 workshop Heat and Power Cogeneration Renovation Project	1,000,000.00		Assets
Iron and steel plant sintering machine energy saving and environmental protection project	580,000.00	580,000.00	Assets
Air quality automatic monitoring system	35,000.00	35,000.00	Assets
Xihu source resource management committee compensation		414,300.00	Income
Liaoning Grand Craftsman Subsidy and Skill Master Workstation Grant		166,938.70	Income
Support fund for the project of high-strength pipeline steel under low temperature and high pressure service conditions	52,000.00		Income
Total	41,695,000.00	41,274,238.70	

39. Income on investment

Items	Current period	Previous period
Income on disposal of long-term equity investment by equity method	25,907.49	
Income on bank short-term financial products		3,493,150.68
Total	25,907.49	3,493,150.68

40. Credit impairment loss

Items	Current period	Previous period
Account receivable bad debt loss	3,389,912.79	
Other account receivable bad debt loss	361,601.04	
Long-term account receivable bad debt loss		

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Total	3,751,513.83
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41. Asset impairment loss

Items	Current period	Previous period
Bad debt loss		14,523,332.71
Inventory impairment loss		6,394,630.93
Total		20,917,963.64

42. Assets disposal gains

Items	Current period	Previous period	The amount recognized in non-recurring profit
Disposal gains or losses arising from disposal of fixed assets not classified for sale	2,418,704.34	825,580.63	2,418,704.34
Total	2,418,704.34	825,580.63	2,418,704.34

43. Non-operating income

Items	Current period	Previous period	The amount recognized in non-recurring profit
Debt restructuring gain	50,640.00	945,892.23	50,640.00
Non-current assets scrapped gains	7,955,444.40		7,955,444.40
Others	204,097.84	1,192,505.57	204,097.84
Total	8,210,182.24	2,138,397.80	8,210,182.24

44. Non-operating expense

Items	Current period	Previous period	The amount recognized in non-recurring profit
Non-current assets scrapped loss	57,974,322.05	1,382,402.26	57,974,322.05
Total	57,974,322.05	1,382,402.26	57,974,322.05

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

Items	Current period	Previous period
Income tax payable for the current year	9,415,176.70	5,956,888.87
Adjustment of deferred income tax	16,547,005.03	5,679,337.17
Total	25,962,181.73	11,636,226.04

(2) Accounting profit and income tax expense adjustment process

Items	Current period
Total profit	478,870,963.27
Income tax expense calculate according to the official or applicable tax rate	119,717,740.82
Effect of use of deductible losses of unrecognized deferred tax asset of prior period	-93,755,559.09
Income tax expenses	25,962,181.73

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

Items	Current period	Previous period
Withdraw of current accounts, advance for another	17,151,876.47	19,218,434.76
Interest income	127,083,779.58	61,605,403.34
Special subsidy income	428,000.00	694,300.00
Non-operating income	117,870.10	162,619.82
Others	123,098.19	101,722.27
Total	144,904,624.34	81,782,480.19

(2) Cash paid related to other operating activities

Items	Current period	Previous period
Current accounts, advance for another	221,234,925.29	285,018,187.10
Sales expenses	4,449,939.39	4,646,000.62
Administrative expenses	17,883,394.86	18,078,644.22
Bank charges	3,255,172.22	2,896,060.69

Items	Current period	Previous period
Others	365,921.44	358,254.79
Total	247,189,353.20	310,997,147.42

47. Supplementary details of statement of cash flows

(1) Supplementary details for statement of cash flows

Items	Current period	Previous period
1. A reconciliation of net profit to cash flows from operating activities:		
Net profit	452,934,689.03	757,973,791.35
Add: Credit impairment loss	3,751,513.83	
Asset impairment loss		-20,917,963.64
Depreciation of fixed assets and so on	1,199,864,248.72	1,144,984,195.00
Amortization of right use asset		
Amortization of intangible assets	3,278,732.29	3,239,455.09
Long-term deferred expenses		
Losses proceeds from disposal of PPE, intangible assets and other long-term assets (Earnings marked“—”)	57,974,322.05	556,821.63
Scrapped losses from fixed assets (Earnings marked“—”)		
Change in fair value loss (Earnings marked“—”)		
Financial expenses (Earnings marked“—”)	403,465,706.42	803,038,417.28
Investment losses (Earnings marked“—”)		-3,493,150.68
Deferred tax assets reduction (Addition marked“—”)	15,928,033.89	5,679,337.17
Deferred tax liabilities increased (Reduction marked“—”)		
Reduction of inventory (Addition marked“—”)	-1,289,831,911.07	-1,683,906,453.31
Operating receivable items reduction (Addition marked“—”)	-908,736,317.08	817,004,548.19
Operating payable items increase (Less marked“—”)	1,046,157,987.59	-1,093,639,256.61
Other		
Net cash flows generated from operating activities	984,787,005.67	730,519,741.47
2. Payments of investing and financing activities not involving cash:		
Liabilities transferred to capital		
Convertible bonds due within one year		
Fixed assets financed by leasing		

Items	Current period	Previous period
3. The net increase in cash and cash equivalents:	--	--
Ending balance of cash	11,788,922,569.51	16,038,506,854.22
Less: Beginning balance of cash	11,752,548,621.97	17,037,713,410.49
Add: Ending balance of cash equivalents		
Less: Opening balance of cash equivalents		
The net increase in cash and cash equivalents	36,373,947.54	-999,206,556.27

(2) The structure of cash and cash equivalents

Items	Ending balance	Beginning balance
1. Cash	11,788,922,569.51	11,752,548,621.97
Including: Cash on hand	5,346.25	4,839.95
Bank deposits available on demand	11,788,917,223.26	11,752,543,782.02
3. Ending balance of cash and cash equivalents	11,788,922,569.51	11,752,548,621.97

48. Assets of which ownership or right to use are restricted

Items	Ending balance	Reason
Cash at bank and on hand	5,156,849,822.92	Deposit for notes and letter of credit
Total	5,156,849,822.92	

49. Foreign currency monetary items**(1) Foreign currency monetary items**

Items	Ending balance in foreign currency	Exchange rate at the end of the period	Ending balance translated to RMB
Cash at bank and on hand			582,105,770.06
Including: USD	83,505,239.72	6.8747	574,073,471.50
EUR	936,843.39	7.8170	7,323,304.78
HKD	805,949.50	0.8797	708,993.78
Short-term loans			1,306,193,000.00
Including: USD	190,000,000.00	6.8747	1,306,193,000.00
Non-current liabilities due within one year			1,036,582,163.28

Items	Ending balance in foreign currency	Exchange rate at the end of the period	Ending balance translated to RMB
Including: USD	145,000,000.00	6.8747	996,831,500.00
EUR	4,895,952.88	7.8170	38,271,663.66
JPY	23,176,000.00	0.0638	1,478,999.62
Long-term loans			1,648,495,389.11
Including: USD	168,600,000.00	6.8747	1,159,074,420.00
EUR	61,285,400.00	7.8170	479,067,971.80
JPY	162,232,000.00	0.0638	10,352,997.31

(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

VIII. Equity in other entities

1. Equity in subsidiaries

(1) Constitution of enterprise group

Name of the subsidiaries	Principal place of business	Registered address	Notes of business	Shareholding ratio		Acquiring method
				Direct	Indirect	
Xiamen Bengang Steel & Iron Sales Co., Ltd.	Xiamen	Xiamen	Sales	100.00		Business combination under common control
Wuxi Bengang Steel & Iron Sales Co., Ltd.	Wuxi	Wuxi	Sales	100.00		Business combination under common control
Tianjin Bengang Steel & Iron Trading Co., Ltd.	Tianjin	Tianjin	Sales	100.00		Business combination under common control
Nanjing Bengang Materials Sales Co., Ltd.	Nanjing	Nanjing	Sales	100.00		Business combination under common control

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Name of the subsidiaries	Principal place of business	Registered address	Notes of business	Shareholding ratio		Acquiring method
				Direct	Indirect	
Yantai Bengang Steel & Iron Sales Co., Ltd.	Yantai	Yantai	Sales	100.00		Business combination under common control
Harbin Bengang Economic and Trading Co., Ltd.	Harbin	Harbin	Sales	100.00		Business combination under common control
Changchun Bengang Steel & Iron Sales Co., Ltd.	Changchun	Changchun	Sales	100.00		Business combination under common control
Guangzhou Bengang 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 Plates Liaoyang Pellet Co., Ltd.	Liaoyang	Liaoyang	Manufacturing	100.00		Establishment
Dalian Benruitong Automobile Material Technology Co., Ltd.	Dalian	Dalian	Manufacturing	65.00		Establishment
Bengang Posco Cold-rolled Sheet Co., Ltd.	Benxi	Benxi	Manufacturing	75.00		Business combination 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
Chongqing Liaoben Steel & Iron Trading Co., Ltd.	Chongqing	Chongqing	Sales	100.00		Establishment
Bengang Baojin (Shenyang) auto new material technology Co., Ltd.	Shenyang	Shenyang	Manufacturing	85.00		Business combination under common control

(2) Significant but not wholly-owned subsidiaries

Name of the subsidiaries	Proportion of non-controlling interests (%)	Profits and losses attributing to non-controlling shareholders	Dividend declared to distribute to non-controlling shareholders	Ending balance of non-controlling interests
Bengang Posco Cold-rolled Sheet Co., Ltd.	25.00%	1,926,183.65		502,422,724.15

(3) Financial information of significant but not wholly-owned subsidiaries

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Name of the subsidiaries	Ending balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bengang Posco Cold-rolled Sheet Co., Ltd.	4,223,695,815.76	1,544,857,225.81	5,768,553,041.57	3,758,862,144.98		3,758,862,144.98

Name of the subsidiaries	Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bengang Posco Cold-rolled Sheet Co., Ltd.	2,986,224,229.42	1,692,675,158.81	4,678,899,388.23	2,678,954,080.56		2,678,954,080.56

Name of the subsidiaries	Current period			
	Operating income	Net profit	Total comprehensive income	Net cash flows from operating activities
Bengang Posco Cold-rolled Sheet Co., Ltd.	3,720,975,482.91	7,704,734.61	7,704,734.61	1,318,506,299.45

Name of the subsidiaries	Previous period			
	Operating income	Net profit	Total comprehensive income	Net cash flows from operating activities
Bengang Posco Cold-rolled Sheet Co., Ltd.	3,971,529,847.27	5,511,711.19	5,511,711.19	686,401,003.83

IX. 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, Hongkong dollars and Japanese Yen. The ending balance of the assets and liabilities after converted in RMB is shown as below:

(In 10 Thousand Yuan)

Items	Ending balance				Total
	USD	Euro	HKD	Japanese Yen	
Assets	57,407.35	732.33	70.90		58,210.58
Liabilities	346,209.89	51,733.96		1,183.20	399,127.06
Total	403,617.24	52,466.29	70.90	1,183.20	457,337.63

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

(In 10 Thousand Yuan)

Items	Ending balance				Total
	Impact on USD	Impact on Euro	Impact on HKD	Impact on Japanese Yen	
Appreciation by 5%	-14,440.13	-2,550.08	3.54	-59.16	-17,045.82
Depreciation by 5%	14,440.13	2,550.08	-3.54	59.16	17,045.82

3. Liquidity risk

Liquidity risk refers to the risk of shortage of funds which occurs in fulfilling the obligation of settlement in a manner of delivering cash or other financial assets. The Company's policy is to maintain sufficient cash to meet maturing obligations. Liquidity risk is centralized controlled by the Company's finance department. Through the monitoring of unrestricted cash and cash equivalents, bank acceptance bills due in short time and the continues forecasting of cash flow in the next 12 months, the finance department ensures that the Company has sufficient cash to meet obligations in all predicted reasonable circumstances.

The following table details the Company's mature date of residual contract value of underivative financial liabilities to repay according to the contract terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest

date on which the Company can be required to pay. The table includes both interest and principal cash flows.

(In 10 Thousand Yuan)

Items	Ending balance				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Trade and other payables	1,797,686.94	31,109.67	135.72	94.60	1,829,026.93
Loans and interests	1,333,477.52	430,629.37	77,769.29	112,906.80	1,954,782.98
Total	3,131,164.46	461,739.04	77,905.01	113,001.40	3,783,809.91

(In 10 Thousand Yuan)

Items	Beginning balance				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Trade and other payables	1,638,885.92	67.12	130.65	71.79	1,639,155.48
Loans and interests	1,229,911.46	224,083.41	371,055.41	113,225.19	1,938,275.47
Total	2,868,797.38	224,150.53	371,186.06	113,296.98	3,577,430.95

X. Related party transactions

1. Details of parent company

(In 100 Million Yuan)

Name of parent company	Place of Registry	Notes of Business	Registered capital	Share proportion (%)	Voting rights (%)
Benxi Steel (Group) Co., Ltd.	Benxi	Manufacturing	62.92	61.43	61.43

Notes to parent company:

The ultimate controlling party of the Company:

Other notes:

2. Details of the subsidiaries

For details of subsidiaries of the Company please refer to Notes.

3. Details of other related parties

For details of other related parties of the Company please refer to Notes.

Other related parties that have transactions with the Company during the current reporting period or the previous reporting period are as followings:

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

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Name of Other related parties	Relationship
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 Iron and Steel (Group) Engineering Construction Supervision 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.
Benxi Steel & Iron (Group) General Hospital	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 Vocational Technical College	Same parent company

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Name of Other related parties	Relationship
Suzhou Bengang Industrial Co., Ltd.	Shareholding company
Benxi Steel & Iron (Group) Medical Services Department;	Related party that the parent company has significant influence on it
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.

4. 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	Jan to Jun 2019	The approved trade credit	Whether exceed trade credit or not	Jan to Jun 2018
Benxi Steel & Iron (Group) Co., Ltd.	Repair expense	142,996,939.77	500,000,000.00	No	197,670,478.35
Benxi Steel & Iron (Group) Co., Ltd.	Land lease fee	27,345,714.30		No	27,345,714.30
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Products	822,471.66	10,000,000.00	No	641,948.77
Benxi Steel & Iron (Group) Mining Co., Ltd.	Labor cost	3,914,064.77		No	3,867,465.58
Benxi Steel & Iron (Group) Mining Co., Ltd.	Raw material and supplementary material	2,156,555,339.29	5,000,000,000.00	No	2,038,163,311.47
Benxi Steel & Iron (Group) Mining Co., Ltd.	Freight	853,600.00		No	
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Raw material and supplementary material	110,560,334.60	300,000,000.00	No	128,528,351.16
Benxi Steel & Iron (Group) Steel &	Processing fee	846,113.87	3,000,000.00	No	876,655.68

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Iron Process and Logistics Co., Ltd.					
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Raw materials	34,180,378.79	100,000,000.00	No	36,279,876.56
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Spare parts	33,418,511.98	250,000,000.00	No	46,002,921.49
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Repair services	3,703,668.15		No	4,951,834.41
Benxi Steel & Iron (Group) Construction Co., Ltd.	Spare parts	4,246,825.42	500,000,000.00	No	1,918,014.21
Benxi Steel & Iron (Group) Construction Co., Ltd.	Project fee	71,237,456.89		No	20,289,496.89
Benxi Steel & Iron (Group) Construction Co., Ltd.	Repair services	70,856,476.39		No	114,818,650.89
Benxi Steel & Iron (Group) Construction Co., Ltd.	Raw material and supplementary material	3,320,555.73		No	1,094,007.08
Benxi Steel & Iron (Group) Construction Co., Ltd.	Freight	1,524,803.24		No	1,313,481.92
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Spare parts	28,960,169.80	300,000,000.00	No	28,083,979.07
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Raw material and supplementary material	61,068,050.74		No	67,306,243.89

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Ltd.					
Benxi Steel & Iron (Group) Industrial Development Co.,	Repair services	9,409,199.47		No	18,294,485.36
Ltd.					
Benxi Steel & Iron (Group) Industrial Development Co.,	Freight	3,491,899.11		No	1,018,074.77
Ltd.					
Benxi Steel & Iron (Group) Industrial Development Co.,	Project fee	158,028.96		No	916,801.71
Ltd.					
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Raw material & supplementary materials & spare parts	886,021.41		No	3,263,891.55
Ltd.					
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Project fee	4,531,849.83		No	11,753,839.95
Ltd.					
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Repair expense	55,207,665.68	280,000,000.00	No	83,273,978.63
Ltd.					
Bengang Electronics and Gas Co., Ltd.	Raw material and supplementary material	58,733,582.92	200,000,000.00	No	64,119,457.44
Ltd.					
Bengang Electronics and Gas Co., Ltd.	Repair services	2,520,858.62		No	18,629,048.68
Ltd.					
Benxi High-tech Drilling Tools Manufacture Co.,	Spare parts	44,681.42	5,000,000.00	No	311,192.85
Ltd.					
Benxi New Career Development Co.,	Labor protection fee	472,000.00	12,000,000.00	No	442,032.39
Ltd.					
Benxi New Career Development Co.,	Raw material and supplementary material and food	484,200.00		No	
Ltd.					

Bengang Steel Plates Co., Ltd.

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Notes to the financial statements

Liaoning					
Metallurgy Technician College	Spare parts	6,995,443.90	10,000,000.00	No	3,170,680.46
Bengang Group					
International Economic and Trading Co., Ltd.	Agency fee	34,174,633.61	250,000,000.00	No	35,649,297.75
Bengang Group					
International Economic and Trading Co., Ltd.	Port surcharges	52,405,847.32		No	56,907,191.59
Benxi Steel & Iron (Group)					
Information and Automatic Tech Co., Ltd.	Spare parts	2,262,130.00	100,000,000.00	No	9,332,489.18
Benxi Steel & Iron (Group)					
Information and Automatic Tech Co., Ltd.	Project fee	21,914,475.40		No	23,358,888.88
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Heating costs	272,000.00	5,000,000.00	No	377,311.58
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Raw material and supplementary material	28,400.00		No	
Benxi Steel & Iron (Group) Designing Institute	Design fees	292,400.00	10,000,000.00	No	2,315,800.00
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Raw material and supplementary material	5,914,264,341.63	18,000,000,000.00	No	5,668,349,463.29
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Energy & Power	319,067,523.99		No	388,658,384.32
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Freight	2,344,723.00		No	3,031,478.40

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Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Labor cost	42,501,803.92		No	39,314,396.27
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Spare parts	7,582,750.53		No	10,645,896.19
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Raw material and spare parts	44,934,593.71	150,000,000.00	No	53,986,136.91
Liaoning Hengtai Heavy Machinery Co., Ltd.	Raw material and spare parts	1,718,437.09	80,000,000.00	No	1,248,720.58
Liaoning Hengtai Heavy Machinery Co., Ltd.	Repair and labor cost	11,331,250.00		No	14,773,687.68
Bengang Group Co., Ltd.	House renting fee	376,146.79	15,000,000.00	No	
Bengang Group Co., Ltd.	Property management fee			No	310,698.12
Total		9,354,818,363.71	26,080,000,000.00		

Company as the seller

Unit: yuan

Name	The content of related party transactions	Current period	Previous period
Bengang Electronics and Gas Co., Ltd.	Energy & Power	504,169.21	518,976.61
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Raw material & supplementary materials & spare parts	602,307,810.47	1,164,692,875.87
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Products	7,921,880.78	12,301,312.89
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Energy & Power	75,653,939.22	57,068,870.93
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Energy & Power	61,956.82	69,433.26
Benxi Steel & Iron (Group) Steel & Iron Process	Energy & Power	274,730.53	375,198.36

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Name	The content of related party transactions	Current period	Previous period
and Logistics Co., Ltd.			
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Products	9,957,732.94	9,733,073.15
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Energy & Power	7,164,321.18	9,432,124.68
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Raw material & supplementary materials & spare parts	6,056,618.26	1,135,830.68
Benxi Steel & Iron (Group) Construction Co., Ltd.	Energy & Power	194,541.93	941,333.14
Benxi Steel & Iron (Group) Construction Co., Ltd.	Raw material & supplementary materials & spare parts	1,081,265.86	712,402.08
Benxi Steel & Iron (Group) Mining Co., Ltd.	Energy & Power	341,820,248.45	359,406,715.18
Benxi Steel & Iron (Group) Mining Co., Ltd.	Raw material & supplementary materials & spare parts	31,562,625.00	28,315,202.76
Benxi Steel & Iron (Group) Mining Co., Ltd.	Freight revenue	4,870,823.84	4,024,837.37
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Energy & Power	22,899,877.19	23,749,581.93
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Raw material & supplementary materials & spare parts	9,949,381.01	8,018,498.91
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Freight revenue		85,835.38
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Energy & Power	4,076,622.08	3,885,392.91

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Name	The content of related party transactions	Current period	Previous period
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Products	124,557.49	113,234.08
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Raw material & supplementary materials & spare parts	7,173,558.58	12,517,810.34
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Energy & Power	76,828.58	90,072.21
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Energy & Power	794,774.18	839,850.93
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Raw material & supplementary materials & spare parts	2,486,800.00	122,645.70
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Energy & Power	3,024,054.47	2,604,796.98
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Raw material & supplementary materials & spare parts	93,637,888.50	90,456,418.80
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Freight revenue		7,113,581.52
Benxi Steel & Iron (Group) Co., Ltd.	Energy & Power	1,470,706.35	7,026,460.13
Benxi Steel & Iron (Group) Co., Ltd.	Raw material & supplementary materials & spare parts	1,561,041.78	2,705,064.20
Benxi New Career Development Co., Ltd.	Energy & Power	151,308.68	180,988.72
Dalian Boluole Steel Tube Co., Ltd.	Products	1,883,187.33	1,757,572.24
Benxi Steel & Iron (Group) General Hospital	Energy & Power	30,915.31	34,222.10

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Name	The content of related party transactions	Current period	Previous period
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	Energy & Power	2,700.00	
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Raw material & supplementary materials & spare parts	8,326,074.88	13,054,253.38
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Raw material & supplementary materials & spare parts	241,355.90	
Suzhou Bengang Industrial Co., Ltd.	Products	163,624,251.44	170,528,506.26
Bengang Group Finance Co., Ltd.	Energy & Power	6,926.54	7,026.08
Bengang Group Co., Ltd.	Energy & Power	77,885.64	94,690.52

(2) Lease information of related parties

Company as the lessor

Unit: yuan

Lessee	Lease capital category	Lease income of current period	Lease income of previous period
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Warehouse and machinery	250,000.00	250,000.00
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Plants and machinery	245,000.00	245,000.00

Company as the lessee

Unit: yuan

Lessor	Lease capital category	Lease charges of current period	Lease charges of previous period
Benxi Steel & Iron (Group) Co., Ltd	2300 Hot rolling product line	123,426,656.64	120,000,000.00
Benxi Steel & Iron (Group) Co., Ltd	Land use right	27,345,714.30	27,345,714.30

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Benxi Beiyong Steel & Iron (Group) Co., Ltd.	1780 Hot rolling product line	59,013,278.16	64,929,604.02
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(3) Information of Guarantee among related parties

Company as the guarantor

No.

Company as the warrantee

				Unit: yuan
Warrantor	Amount of guarantee	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	2018/9/7	2019/9/5	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	150,000,000.00	2018/10/17	2019/10/16	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2018/10/12	2019/10/10	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	90,000,000.00	2016/3/30	2025/3/20	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	610,000,000.00	2017/2/27	2025/2/20	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2018/11/9	2019/11/7	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2018/11/14	2019/11/13	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2019/6/13	2020/6/9	No

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Warrantor	Amount of guarantee	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	2019/6/17	2020/6/17	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	100,000,000.00	2019/1/24	2020/1/23	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	178,000,000.00	2018/12/13	2019/12/12	No
Bengang Group Co., Ltd.	300,000,000.00	2018/11/15	2019/11/14	No
Bengang Group Co., Ltd.	140,000,000.00	2019/1/25	2020/1/25	No
Bengang Group Co., Ltd.	900,000,000.00	2018/11/28	2019/11/27	No
Bengang Group Co., Ltd.	100,000,000.00	2015/6/25	2021/9/21	No
Bengang Group Co., Ltd.	340,000,000.00	2019/3/29	2020/3/27	No
Bengang Group Co., Ltd.	520,000,000.00	2019/1/8	2019/12/14	No
Bengang Group Co., Ltd.	480,000,000.00	2019/1/28	2020/1/27	No
Bengang Group Co., Ltd.	310,000,000.00	2019/5/14	2020/5/13	No
Bengang Group Co., Ltd.	720,000,000.00	2019/5/14	2020/5/13	No
Bengang Group Co., Ltd.	24,000,000.00	2015/12/9	2022/3/21	No
Bengang Group Co., Ltd.	36,450,000.00	2016/12/27	2020/6/21	No
Bengang Group Co., Ltd.	87,280,000.00	2018/3/26	2024/6/21	No
Bengang Group Co., Ltd.	59,570,000.00	2017/11/15	2021/12/21	No
Bengang Group Co., Ltd.	622,600,000.00	2017/12/15	2024/8/20	No
Bengang Group Co., Ltd.	390,000,000.00	2018/11/29	2019/11/28	No
Bengang Group Co., Ltd.	150,000,000.00	2018/7/13	2019/7/13	No
Bengang Group Co., Ltd.	150,000,000.00	2018/7/13	2019/7/13	No
Bengang Group Co., Ltd.	100,000,000.00	2018/7/2	2019/7/1	No
Benxi Steel & Iron (Group) Co., Ltd.	147,000,000.00	2018/12/19	2019/12/19	No

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Warrantor	Amount of guarantee	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
Benxi Steel & Iron (Group) Co., Ltd.	330,000,000.00	2019/1/18	2020/1/18	No
Benxi Steel & Iron (Group) Co., Ltd.	340,000,000.00	2019/1/25	2020/1/25	No
Benxi Steel & Iron (Group) Co., Ltd.	224,000,000.00	2019/3/25	2020/3/25	No
Benxi Steel & Iron (Group) Co., Ltd.	300,000,000.00	2018/12/14	2019/12/14	No
Benxi Steel & Iron (Group) Co., Ltd.	373,000,000.00	2018/12/13	2019/12/13	No
Benxi Steel & Iron (Group) Co., Ltd.	480,000,000.00	2018/12/13	2019/12/13	No
Benxi Steel & Iron (Group) Co., Ltd.	500,000,000.00	2018/12/13	2019/12/13	No
Bengang Group Co., Ltd.	14,172,808.84	2015/6/25	2019/8/31	No
Bengang Group Co., Ltd.	18,069,884.06	2015/6/25	2019/10/31	No
Bengang Group Co., Ltd.	15,227,937.73	2015/6/25	2020/4/30	No
Bengang Group Co., Ltd.	3,781,895.63	2015/6/25	2025/6/30	No
Bengang Group Co., Ltd.	108,144,255.47	2015/6/25	2025/6/30	No
Bengang Group Co., Ltd.	4,762,870.04	2015/6/25	2025/8/31	No
Bengang Group Co., Ltd.	93,730,408.50	2015/6/25	2025/8/31	No
Bengang Group Co., Ltd.	1,823,016.48	2015/6/25	2025/9/30	No
Bengang Group Co., Ltd.	5,621,014.59	2015/6/25	2025/10/31	No
Bengang Group Co., Ltd.	77,398,020.52	2015/6/25	2025/10/31	No
Bengang Group Co., Ltd.	48,172.11	2015/6/25	2026/4/30	No
Bengang Group Co., Ltd.	4,357,670.68	2015/6/25	2026/4/30	No
Bengang Group Co., Ltd.	4,668,214.69	2015/8/20	2019/9/30	No
Bengang Group Co., Ltd.	62,282,971.53	2015/8/20	2025/9/30	No
Bengang Group Co., Ltd.	5,019,158.90	2015/12/28	2019/7/30	No
Bengang Group Co., Ltd.	1,869,620.34	2015/12/28	2019/8/31	No
Bengang Group Co., Ltd.	346,732.57	2015/12/28	2019/10/31	No
Bengang Group Co., Ltd.	5,445,920.20	2015/12/28	2020/4/30	No

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Warrantor	Amount of guarantee	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
Bengang Group Co., Ltd.	3,319,773.75	2015/12/28	2025/6/30	No
Bengang Group Co., Ltd.	1,978,639.04	2015/12/28	2025/8/31	No
Bengang Group Co., Ltd.	35,800,663.06	2015/12/28	2025/10/31	No
Bengang Group Co., Ltd.	31,808.23	2015/12/28	2026/4/30	No
Bengang Group Co., Ltd.	53,146,753.34	2015/12/28	2026/4/30	No
Bengang Group Co., Ltd.	3,210,436.04	2016/6/27	2020/4/30	No
Bengang Group Co., Ltd.	29,134,918.54	2016/6/27	2020/4/30	No
Bengang Group Co., Ltd.	286,236.34	2016/12/14	2020/4/30	No
Bengang Group Co., Ltd.	22,146,995.26	2016/12/14	2026/4/30	No
Bengang Group Co., Ltd.	169,550.73	2017/6/30	2025/10/31	No
Bengang Group Co., Ltd.	8,533,263.19	2017/6/30	2025/10/31	No
Bengang Group Co., Ltd. and Benxi				No
Beiyong Steel & Iron (Group) Co., Ltd.	156,340,000.00	2018/5/8	2020/5/7	
Bengang Group Co., Ltd. and Benxi				No
Beiyong Steel & Iron (Group) Co., Ltd.	625,360,000.00	2018/5/2	2020/5/21	
Bengang Group Co., Ltd. and Benxi				No
Beiyong Steel & Iron (Group) Co., Ltd.	351,765,000.00	2018/7/3	2020/7/2	
Bengang Group Co., Ltd. and Benxi				No
Beiyong Steel & Iron (Group) Co., Ltd.	351,765,000.00	2018/8/17	2020/8/7	
Bengang Group Co., Ltd. and Benxi				No
Beiyong Steel & Iron (Group) Co., Ltd.	781,700,000.00	2018/8/29	2020/8/28	

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Warrantor	Amount of guarantee	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
Ltd.				
Benxi Steel & Iron (Group) Co., Ltd.	703,530,000.00	2019/3/29	2020/3/29	No
Benxi Steel & Iron (Group) Co., Ltd.	781,700,000.00	2019/1/24	2020/1/24	No
Benxi Steel & Iron (Group) Co., Ltd.	12,640,955.21	1997/10/10	2027/9/10	No

(4) Remuneration of key management personnel

Name	The content of related party transactions	Jan to Jun 2019	Jan to Jun 2018

5. 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 debts	Carrying amount	Provision for bad debts
Accounts receivable	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	9,677,640.18		12,062,641.63	
Accounts receivable	Bengang Electronics and Gas Co., Ltd.	4,011,051.09	1,127,643.33	4,082,619.41	1,127,643.33
Accounts receivable	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	526,804.41			
Accounts receivable	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	854,825.25			
Accounts receivable	Benxi Steel & Iron	8,035,809.75		9,372,190.37	

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Items Name	Name	Ending Balance		Beginning Balance	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
	(Group) Thermal Power Development Co., Ltd.				
Accounts receivable	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	1,061,593.65	193,145.89	1,550,428.14	193,145.89
Accounts receivable	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	370,987.31			
Accounts receivable	Bengang Group International Economic and Trading Co., Ltd.	100,971.10		129,063,024.28	
Accounts receivable	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.			1,132,183.70	
Prepayments	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	6,284,632,450.75		713,124,266.80	
Prepayments	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	21,743,756.33			
Prepayments	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	1,201,245.12		47,265.99	
Other receivables	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	2,553,975.58	724,537.87	2,616,081.19	724,537.87

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Items Name	Name	Ending Balance		Beginning Balance	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Other receivables	Liaoning Metallurgy Technician College	39,395.40		58,042.46	
Other receivables	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	1,366,166.95		2,592,632.16	
Other receivables	Benxi Steel & Iron (Group) Construction Co., Ltd.	4,514,286.35		4,491,968.59	
Other receivables	Bengang Group International Economic and Trading Co., Ltd.	4,807,446.56		6,224,516.81	
Other receivables	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	2,235,533.31		1,815,027.54	
Other receivables	Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	201,147.10	193,162.42	204,065.23	193,162.42
Other receivables	Benxi Steel & Iron (Group) Medical Co., Ltd.	955,149.94	733,227.10	939,540.57	733,227.10

(2) Payables of the Company

Unit: yuan

Items	Name	Ending balance	Beginning balance
Notes payable	Benxi Steel & Iron (Group) Industrial Development Co.,	0.00	1,905,086.04

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Items	Name	Ending balance	Beginning balance
	Ltd.		
Notes payable	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	1,008,219.22	224,362.71
Notes payable	Benxi Iron and Steel (Group) Mining Co., Ltd.	1,243,233,389.01	980,479,420.15
Notes payable	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	5,163,137,084.53	4,709,579,998.38
Notes payable	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	30,000,000.00	0.00
Notes payable	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	0.00	2,916,960.50
Accounts payable	Bengang Electronics and Gas Co., Ltd.	5,071,770.00	20,382,963.65
Accounts payable	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	2,829,042.10	3,184,460.04
Accounts payable	Bengang Group International Economic and Trading Co., Ltd.	200,402,272.45	1,519,745,001.08
Accounts payable	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	25,604,819.64	32,397,260.02
Accounts payable	Benxi Steel & Iron (Group) Construction Co., Ltd.	76,099,021.68	92,880,212.13
Accounts payable	Benxi Steel & Iron (Group) Mining Co., Ltd.	252,945,315.72	464,357,066.54
Accounts payable	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	95,285,666.32	75,431,391.58
Accounts payable	Benxi New Career Development Co., Ltd.	44,040.61	3,569,767.05
Accounts payable	Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	112,684,064.72	107,367,297.75
Accounts payable	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	12,454,229.44	14,738,547.68
Accounts payable	Benxi Steel & Iron (Group) Medical and Health department	20,440.35	20,440.35
Accounts payable	Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	36,343,522.32	45,784,500.02
Accounts payable	Benxi High-tech Drilling Tools Manufacture Co., Ltd.	2,817,782.52	108,046.09
Accounts payable	Liaoning Metallurgical Technician College	2,807,564.01	10,333,052.74
Accounts payable	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	383,145.77	209,674.64

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Items	Name	Ending balance	Beginning balance
Accounts payable	Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	0.00	2,362.00
Accounts payable	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	16,443,700.31	5,294,464.81
Accounts payable	Liaoning Metallurgy Vocational Technical College	3,419,209.59	5,319,243.30
Accounts payable	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	3,258,895.78	4,549,558.68
Accounts payable	Liaoning Hengtai Heavy Machinery Co., Ltd.	24,546,375.74	29,913,766.60
Accounts payable	Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.		1,230,000.00
Advance from customers	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	7,382,942.56	0.00
Advance from customers	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	9,487,550.89	357,968.82
Advance from customers	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	5,830,000.00	0.00
Advance from customers	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	7,411,101.50	60,690,525.48
Advance from customers	Dalian Boluole Steel Tube Co., Ltd.	2,218,000.00	664,191.00
Advance from customers	Liaoning Bengang Steel & Iron Trading Co., Ltd.	0.00	500,185.50
Advance from customers	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	9,408,464.61	129,100.04
Advance from customers	Bengang Group International Economic and Trading Co., Ltd.	7,583,745.32	7,865,450.22
Advance from customers	Suzhou Bengang Industrial Co., Ltd.	37,373,525.82	5,718,061.56
Other payables	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	1,438,246.63	1,435,884.63
Other payables	Bengang Group International Economic and Trading Co., Ltd.	32,436,467.17	49,481,500.00
Other payables	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	645,661.36	750,851.18
Other payables	Benxi Steel & Iron (Group) Construction Co., Ltd.	3,462,145.31	5,901,929.25
Other payables	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	851,643.17	491,454.17
Other payables	Benxi New Career Development Co., Ltd.	897,658.64	970,675.26

Bengang Steel Plates Co., Ltd.

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Notes to the financial statements

Items	Name	Ending balance	Beginning balance
Other payables	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	289,954.15	501,477.25
Other payables	Benxi Steel & Iron (Group) Co., Ltd.	101,874,612.92	218,328,849.90
Other payables	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	2,991,259.11	3,077,336.23
Other payables	Guangzhou Free Trade Zone Bengang Sales Co., Ltd.	2,674,436.85	2,674,436.85
Other payables	Liaoning Metallurgical Vocational and Technical College	1,816,739.46	3,000.00
Other payables	Bengang Group Finance Co., Ltd.	0.00	21,172.97
Other payables	Liaoning Metallurgy Technician College	289,480.00	363,276.04
Other payables	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	14,040,505.88	18,242,743.81
Long-term payables	Liaoning Hengyi Financial Leasing Co., Ltd.	52,733,529.65	13,686,705.92

XI. Commitments and Contingencies

1. Commitments

1. Lease contracts in progress or to be performed and their financial impacts

(1) For the land leased from the Company to the Group, price is RMB 0.594 per Square meter per month, and the area of the land is 7,669,068.17 square meters; hence annual rent is RMB 54,665.10 thousand.

(2) For the 2300mm hot rolling product line leased from the Group to the Company, lease period lasts from 1 January 2018 to 31 December 2020. 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. “Notice on Bengang Steel Plates Co., Ltd. signing a renewal agreement with Benxi Steel (group) Co., Ltd” were adopted on the sixth meeting of the seventh board of directors, it stipulated that the company leased the 1780 hot rolling product line from Benxi Beiyong Steel & Iron (Group) Co., Ltd., 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. The annual rent shall not exceed RMB 150,000,000.00.

2. Irrevocable letter of credit

As at June 30, 2019, the amount of irrevocable letter of credit that was not fulfilled is RMB 2.333 billion.

2. Contingencies

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

XII. Subsequent events

1. Profit distribution after the reporting period

	Unit: yuan
Proposed profit or dividend	193,768,576.60
Profit or dividend declared for approval	193,768,576.60

XIII. Other significant events

1. Other material issues that will influence investors' decisions

1. Financing Lease

For prioritizing the capital structure and exploring financing channel, 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 billion per year. 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 lease security ratio is not higher than 30% of the lease principal amount. The term of financial lease shall not exceed 12 years.

2. Shares pledged by the Controlling Shareholders

As at 30 June 2019, within the total shares held by the controlling shareholder Benxi Steel & Iron (Group) Co., Ltd., 1,652,095,133 shares are pledged and 45,000,000.00 shares are frozen.

XIV. Notes to the financial statements of parent company**1. Accounts receivable****(1) Accounts receivable disclosed by category**

Items	Carrying amount		Ending balance		Book value
	Amount	Percentage (%)	Provision for bad debts		
			Amount	Bad debts ratio (%)	
Accounts receivable tested for impairment individually	47,762,337.18	8.26	47,762,337.18	100.00	
Including: Accounts receivable tested for impairment by portfolio	530,605,966.90	91.74	128,208,215.05	24.16	402,397,751.85
Total	578,368,304.08	100.00%	175,970,552.23		402,397,751.85

Items	Carrying amount		Beginning balance		Book value
	Amount	Percentage (%)	Provision for bad debts		
			Amount	Bad debts ratio (%)	
Accounts receivable tested for impairment individually	47,762,337.18	8.11	47,762,337.18	100.00	
Including: Accounts receivable tested for impairment by portfolio	541,151,187.11	91.89	131,598,127.84	24.32	409,553,059.27
Total	588,913,524.29	100.00	179,360,465.02		409,553,059.27

Receivables individually significant and tested for impairment individually

Items	Ending balance		Provision for bad debts	Bad debts ratio(%)	Reason
	Accounts receivable				
Benxi Nanfen Xinhe Metallurgical	47,762,337.18		47,762,337.18	100.00	Halt operation

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Items	Ending balance		Provision for bad debts	Bad debts ratio(%)	Reason
	Accounts receivable				
Co., Ltd.					
Total	47,762,337.18		47,762,337.18		

Accounts receivable tested for impairment by portfolio

Items	Ending balance		
	Carrying amount	Provision for bad debts	Bad debts ratio (%)

Notes:

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about bad debts:

Applicable Not applicable

Accounts receivable disclosed by Aging

Unit: yuan

Aging	Ending balance
Within 1 year (inclusive)	326,326,994.80
1 – 2 year	56,750,367.45
2 – 3 year	27,697,384.96
Over 3 years	167,593,556.87
Total	578,368,304.08

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

The provision of bad debts of current period is RMB 3,389,912.79.

(3) No accounts receivable has been written off this year.

(4) Top five debtors at the year-end

Company	Amount	Ending balance	
		Percentage of total accounts receivable (%)	Provision for bad debts
No.1	206,877,478.40	35.77	

Bengang Steel Plates Co., Ltd.

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Notes to the financial statements

Company	Amount	Ending balance	
		Percentage of total accounts receivable (%)	Provision for bad debts
No.2	62,482,368.63	10.80	6,792,099.51
No.3	47,762,337.18	8.26	47,762,337.18
No.4	41,687,479.04	7.21	
No.5	10,140,717.39	1.75	1,150,024.13
Total	368,950,380.64	63.79	55,704,460.82

2. Other receivables

Items	Ending balance	Beginning balance
Interest receivables	12,222,112.07	9,815,280.04
Dividend receivables		
Other receivables	216,469,271.82	225,222,111.42
Total	228,691,383.89	235,037,391.46

(1) Interest receivables

1) Interest receivable disclosed by category

Items	Ending balance	Beginning balance
Deposit interest	12,222,112.07	9,815,280.04
Total	12,222,112.07	9,815,280.04

(2) Dividend receivables

(3) Other receivables

1) Other receivables disclosed by nature

Nature	Ending balance	Beginning balance
Accounts	269,737,685.54	278,547,233.77
Others	10,941,600.08	11,246,492.49
Total	280,679,285.62	289,793,726.26

2) Provision of bad debt

Unit: yuan

Provision of bad debt	The first stage	The second stage	The third stage	Total
	12-month expected credit losses	lifetime expected credit losses (credit impairment has not occurred)	lifetime expected credit losses (credit impairment has already occurred)	
The balance of January 1, 2019 in this reporting period	—	—	—	—

Significant changes of provision during the current reporting period

 Applicable Not applicable

Other receivables disclosed by Aging

Unit: yuan

Aging	Ending balance
Within 1 year (inclusive)	175,866,828.59
1 – 2 year	3,202,196.37
2 – 3 year	44,775,445.85
Over 3 years	56,834,814.81
Total	280,679,285.62

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

Reversal of bad debts for other receivables in current period is RMB 361,601.04.

4) No other receivables have been written off this year.**5) Top five debtors at the year-end**

Company	Notes or content	Amount	Aging	Percentage of total other receivables (%)	Provision for bad debts
No.1	Accounts	66,559,873.88	Within 1 year	23.71	
No.2	Accounts	14,664,372.10	2-3 years	5.22	2,932,874.42
No.3	Accounts	7,718,029.34	Within 1 year	2.75	
No.4	Accounts	5,302,064.54	2-3 years	1.89	
No.5	Accounts	4,341,257.18	Within 1 year	1.55	868,251.44

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Total	98,585,597.04	35.12	3,801,125.86
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3. Long-term equity investment

Items	Ending balance		Beginning balance			
	Carrying amount	Impairment	Book value	Carrying amount	Impairment	Book value
Subsidiaries	2,016,281,902.16		2,016,281,902.16	2,016,281,902.16		2,016,281,902.16
Joint ventures						
Total	2,016,281,902.16		2,016,281,902.16	2,016,281,902.16		2,016,281,902.16

(1) Details of investment in subsidiaries

Name of entity	Beginning balance	Increase	Decrease	Ending balance	Impairment of current period	Ending balance of impairment
Guangzhou Bengang Steel & Iron Trading Co., Ltd.	30,000,000.00			30,000,000.00		
Shanghai Bengang Metallurgy Science and Technology Co., Ltd.	30,000,000.00			30,000,000.00		
Bengang Steel Plates Liaoyang Pellet Co., Ltd.	529,899,801.38			529,899,801.38		
Dalian Benruitong Automobile Material Technology Co., Ltd.	65,000,000.00			65,000,000.00		
Bengang Posco Cold-rolled Sheet Co., Ltd.	1,019,781,571.10			1,019,781,571.10		
Changchun Bengang Steel & Iron Sales Co., Ltd.	28,144,875.36			28,144,875.36		
Harbin Bengang Economic and Trading Co., Ltd.	29,923,398.23			29,923,398.23		
Nanjing Bengang Materials Sales Co., Ltd.	2,081,400.65			2,081,400.65		
Wuxi Bengang Steel & Iron Sales Co., Ltd.	29,936,718.57			29,936,718.57		
Xiamen Bengang Steel & Iron Sales Co., Ltd.	1,095,711.66			1,095,711.66		
Yantai Bengang Steel & Iron Sales Co., Ltd.	49,100,329.41			49,100,329.41		
Tianjin Bengang Steel & Iron Trading Co., Ltd.	60,318,095.80			60,318,095.80		

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Benxi Bengang Steel Sales Co., Ltd	5,000,000.00	5,000,000.00
Shenyang Bengang Metallurgical Science and Technology Co., Ltd.	30,000,000.00	30,000,000.00
Chongqing Liaoben Steel & Iron Trade Co., Ltd.	30,000,000.00	30,000,000.00
Bengang Baojin (Shenyang) Automobile New Materials Technology Co., Ltd.	76,000,000.00	76,000,000.00
Total	2,016,281,902.16	2,016,281,902.16

4. Operating income and operating cost

Items	Current period		Previous period	
	Revenue	Cost	Revenue	Cost
Principal business	21,327,519,597.49	19,894,713,843.28	21,543,654,805.89	19,737,906,706.75
Other business	2,119,696,260.44	1,862,576,153.90	2,139,210,303.25	1,663,285,255.45
Total	23,447,215,857.93	21,757,289,997.18	23,682,865,109.14	21,401,191,962.20

Whether implement the new income standard or not.

Applicable Not applicable

5. Income on investment

Items	Current period	Previous period
Income from long-term equity investment (cost method)		
Income from bank short-term financial products		3,493,150.68
Total		3,493,150.68

XV. Supplementary information

1. Details of non-recurring profit and loss

Items	Amount	Notes
Profit or loss from disposal of non-current assets	-49,987,558.33	
Government subsidy attributable to profit and loss of current period (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)	41,695,000.00	
Profit or loss from debt restructuring	50,640.00	

Items	Amount	Notes
Other non-operating revenue and expenditure other than above items	172,778.52	
Impact of income tax	55,854.63	
Impact of minority interests	3,799.93	
Total	-8,128,794.37	

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 (Yuan)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	2.35%	0.12	0.12
Net profit attributable to ordinary shareholders after deducting non-recurring profit and loss	2.50%	0.12	0.12

3. 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: RMB

	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	453,209,615.76	756,951,987.59	19,406,029,174.41	19,126,258,116.67
Items and amounts adjusted according to IFRS				

(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

Bengang Steel Plates Co., Ltd.

For the half year ended 30 June 2019

Notes to the financial statements

Applicable Not applicable

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.