Bengang Steel Plates Co., Ltd.

Semi-Annual Report 2018

August, 2018

I. Important Notice, Table of Contents, and Definitions

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

Wang Shu, Chairman of the Company, Gao Lie, 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.

Except the following member of the Board of Directors, all the members of the Board of Directors attended the board meeting on which this report was examined.

Name of director absent	Title of director absent	Reasons for absence	Attorney
Wang Shu	Chairman	Travel on business	Huang Xinghua
Cao Aimin	Director	Travel on business	Huang Xinghua

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 Puxiang	Refers to	Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.

II. Company Profile and Main Financial Index

I. Company Information

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

II. Contact Information

	Secretary of the Board	Representative of Stock Affairs
Name	Zhao Zhonghua	
Address	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province	
Tel	024-47823862	
Fax	024-47827004	
Email	BGBC2018@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 2017 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 2017 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

	This reporting period	Same period in previous year	Increase or decrease in this reporting period over the previous year (%)
Operating income	23,441,247,377.14	20,736,486,903.74	13.04%
Net profit attributable to the shareholders of the listed company	756,951,987.59	523,635,653.57	44.56%
Net profit attributable to the shareholders of listed company after deducting non-recurring gain/loss	724,922,955.98	508,873,423.83	42.46%
Net cash flows generated by operating activities	730,519,741.47	-4,047,305,684.72	118.05%
Basic earnings per share	0.195	0.167	16.77%
Diluted earnings per share	0.195	0.167	16.77%
ROE	4.56%	4.04%	0.52%
	At the end of this reporting period	At the end of previous reporting period	Increase or decrease at the end of this reporting period over the previous year (%)
Total assets	64,033,117,289.87	62,998,143,513.02	1.64%
Net assets attributable to shareholders of the listed company	18,861,998,055.40	14,315,588,729.00	31.76%

V. Differences between Domestic and Foreign Accounting Standards

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

√ Applicable □ Not applicable

Unit：Yuan

	Net profit attributable to the shareholders of the listed company	Net assets attributable to the shareholders of the listed company

	This reporting period	Previous reporting period	Ending balance	Beginning balance
According to Chinese accounting standards	756,951,987.59	523,635,653.57	18,861,998,055.40	14,315,588,729.00
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

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

3. Accounting data differences between domestic and foreign accounting standards

□ Applicable √ Not applicable

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

√ Applicable □ Not applicable

Unit：RMB

Items	Amount	Notes
Profit or loss from disposal of non-current assets (including the write-off part for which assets impairment provision is made)	-556,821.63	
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)	41,274,238.70	
Profit or loss from debt restructuring	945,892.23	
Other non-operating revenue and expenditure other than above items	1,192,505.57	
Less: Impact of income tax	10,713,953.72	
Impact of non-controlling interests (after tax)	112,829.54	
Total	32,029,031.61	--

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

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

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

No

During the reporting period, the main businesses of the company involves iron and steel smelting, rolling processing, electricity generation, coal chemical industry, special steel profile, railway, import and export trade, research and development, product sales, etc. By introducing the world-advanced equipment technology, the company upgrades the equipment for main steel business and has basically built up a high-quality steel product base of more than 60 varies and more than 7,500 specifications. Ratio of high-value-added and hi-tech content products is over 80%. Its leading products, such as automobile surface plate, household appliance, petroleum pipe line, container plate and boat deck, are widely applied in many fields, including automobile, household appliances, petrochemical engineering, machine manufacturing, energy transportation, architectural decoration, metal parts, etc., and they are exported to more than 60 countries and regions.

In the first half of 2018, steel prices continued to operate at a high level since last year. Bengang seized the market opportunities, carried out in-depth implementation of digging potential, reducing costs, improving efficiency, promoted the supply side of the structural reform, strengthened enterprise management, solidly improved quality and efficiency, continuously enhanced the economic performance and efficiency, and achieved remarkable results. At the same time, the overaged No. 5 Blast Furnace and the new No. 1 Blast Furnace which did not meet the new environmental protection requirement were massively reformed. Although some pig iron production capacity was sacrificed during the period, but after reform, the Company's blast furnace could produce in line with the new environmental requirements, which fulfilled the Company's social responsibility, and at the same time laid a solid foundation for high production for the Company's next cycle.

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

2. Major Changes in Main Assets

1、Major Changes in Main Assets

Main assets	Major changes
Other current assets	As at 30 June 2018, balance of Other current assets was RMB 217,616.4 thousand, decreased by 73.11% compared with beginning balance, mainly due to a decrease in purchase of financial products.
Construction materials	As at 30 June 2018, balance of Construction materials was RMB2,925.6 thousand, decreased by 35.83% compared with beginning balance, mainly due to an increase in the use of Construction materials.

2. Main Information of Overseas Assets

□ Applicable √ Not applicable

3. Analysis on Core Competitiveness

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

No

In response to the national industry revitalization and development policy, focusing on supply side structural reform, the Company carefully planned a new round of technical transformation, implemented technical renovation items in the varieties structure adjustment, new materials research and development, green and intelligent manufacturing, capacity replacement and other aspects, promoted the Company to achieve high-quality, green, intelligent development. Focusing on national science and technology innovation policy and industry guide and direction, the Company actively applied to join the Chinese Automotive Engineering Society and Corrosion-resistant Steel Industrial Technology Innovation Strategic Alliance, and strived to build a high-level research and development platform, strengthened foreign technical exchanges and cooperation, applied to national, provincial major science and technology projects in multi channels, obtained policy support in 6 projects.

In order to upgrade the level of technological innovation and increase efficiency and benefit ability comprehensively, strengthen the variety adjustment and market development, improve product quality stability and ensure production ability, promote low-cost and green manufacturing technology, the Company carried out 58 key technology projects around the variety, quality, cost these three key elements. Some projects have achieved phased results.

The Company completed new product development of 24 brands in the first half year, including automotive interior plate QP980, galvanized duplex steel dp780+z, X80 low-temperature high toughness hot-rolled pipeline steel. Performance testing of all qualified to meet user requirements; some varieties have realized batch supply. Besides, a total of 15 brands of products have been certificated. The Company completed certification for automotive users such as Dongfeng Nissan, Shenlong Automobile and so on. At present, certification work of more than 70 products for General Motors, SAIC passenger car, Dongfeng passenger car, BYD Automobile, Geely Automobile and other automotive plants is underway. The Company organized declaration of 80 patents, among which 5 patents have been authorized by the State Intellectual Property Office, including 3 invention patents and 2 utility model patents. The Company also claimed for China Patent award for 2 patents.

Based on the principle of "resource sharing, mutual benefit and mutual win development", the Company and Northeast University further strengthened the breadth and depth of cooperation, focused on the development direction of industry, established the cooperative mechanism of "research and production", and carried out all-round cooperation and exchanges. Academician expert team of Northeast University has played an important intellectual support and leading role in the Company's scientific and technological innovation, which will continue to enhance the university, enterprise and regional development of competitive advantage, promote the common development of both sides.

IV. Management Discussion and Analysis

I. General

In the first half of 2018, the Company's overall production was organized steadily and smoothly. However, steel production was decreased compared with the same period last year affected by the reform of two blast furnaces. Production of pig iron and crude steels reduced by 930,000 and 770,000 tons respectively compared with the same period last year. In order to reduce the impact of the decreased production of pig iron on the performance, the Company seized the opportunity of high-level operation in the steel market, comprehensively strengthened enterprise management, and thoroughly implemented potential tapping, costs reduction and efficiency improvement, continuously improving the quality and efficiency of economic operations, and achieved remarkable results. Revenue increased 13.04% and profits increased 44.56% compared to same period in previous year.

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

First, the market development and variety adjustment to increase the benefits gained fruitful results. Through the expansion of varieties, optimization of structure, improvement of the proportion of high value-added products, improvement of the efficiency of steel ton, optimization of the regional market structure and other effective measures, the Company continuously realized the increase of benefits.

Second, referring to the advanced domestic iron and steel enterprise's control mode, the Company fully implemented the "fixed position, fixed staffing, fixed responsibility, fixed compensation" work, smoothly implemented the design and reform of compensation system. At the same time, the Company implemented departmental work-style assessment, enterprise accountability system, leading group and leading cadre comprehensive assessment methods. Through the four internal reform measures, the Company improved the level of enterprise management in all aspects.

Third, the Company effectively implemented innovation-driven strategy. In the first half year, the Company developed a total of 24 new products, among which QP980 steel product completed the first industrial test, all its performance indicators met the requirements of the national standard, filling the gap in the research field of Bengang in quenching and distribution steel. Low-iron-loss 50BW470 product realized batch supply, its physical quality achieved the domestic advanced level. The first time of development and production of cars (passenger cars) gears steel 20CrMnTiH2 product realized a new breakthrough in the development of gear steel for cars (passenger cars). The high-speed tool steel DS120 product broke the foreign steel's monopoly in saw steel market.

Fourth, the safety production situation was overall stable. The Company carried out key-point special rectification work and production safety month activities, detailed the implementation of security responsibilities at all levels, increased security education and training, in-depth implemented various types of special hidden trouble, strengthened the implementation of joint maintenance construction safety measures. Thus, none responsible production death accidents occurred, and the Company achieved the “three zero goal”, which means no larger personal accident, no larger equipment accident, no major fire accident.

Five, the green development strategy achieved remarkable results. In strict accordance with national standards and policy requirements, the Company solidly carried out a second census and inventory of pollution sources and the application for steel industry pollutant discharge permit. Through strengthening the stable operation of environmental protection facilities, implementing the pollutant stability standard discharge, perfecting the automatic on-line monitoring facility and so on, the Company realized controllable discharge in the pollution-producing link, and accountable foundation basis for discharge quantity.

Six, the strategy of strengthening talents was implemented continuously and thoroughly. The Company carried out the open competition for leading cadres in accordance with the principles of paying attention to personal character, grass-roots units, achievements and academic qualifications. Based on the MBA training course of Bengang, the Company deepened the training of leading cadres to improve their quality and ability, strived to use 3-5 years to complete the training rotation of all leading cadres, so as to refine their thinking, sublimate their realm, open up their ideas and strengthen their confidence, and to promote the quality of leading cadres comprehensively.

Seven, the Company continuously strengthened and improved the Party building, strengthened the Party's leadership, implemented the "Party Building Leadership and Revitalization Project", incorporated the requirements of Party building into the articles of association, and clarified the legal status of Party organizations in the corporate governance structure. The Company strengthened the construction of Party branches at the grass-roots level and implemented the "Solid Foundation Project". The Company strengthened the building of Party members and implemented the "Pioneer Project of Communist Party members". The Company improved the Party's organizational living system, organized leading groups of Party committees at all levels to hold special meetings on democratic life of political warning education, and organized Party members to carry out special discussions on the theme of "Stressing Practical Work, Strengthening Implementation, Grasping Implementation", so as to carry forward the style of seeking truth and pragmatism and doing practical work.

II. Main Business Analysis

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

Year-on-year changes in major financial data:

Unit: Yuan

	This reporting period	Same period in previous year	Increase or decrease in this reporting period over the previous year	Reason for change
Operating Income	23,441,247,377.14	20,736,486,903.74	13.04%	
Operating Cost	20,804,207,420.98	18,690,665,966.11	11.31%	
Selling and distribution expenses	514,038,008.95	587,632,707.43	-12.52%	
General and administrative expenses	464,313,066.09	358,951,405.08	29.35%	
Financial expenses	803,038,417.28	381,513,404.80	110.49%	
Income tax expense	11,636,226.04	117,105,061.16	-90.06%	Deferred tax expenses decreased over same period in previous year.
Research & Development Expenses	726,678,668.69	690,127,962.35	5.30%	
Net cash flows generated from operating activities	730,519,741.47	-4,047,305,684.72	118.05%	Net cash flows generated from operating activities increased over same period in previous year.
Net cash flow generated from investment activities	-176,948,631.71	-454,763,829.82	-61.09%	Net cash flow generated from investment activities decreased over same period in previous

				year.
Net cash flow generated from financing activities	-1,657,793,276.26	3,755,056,060.56	-144.15%	Net cash flow generated from financing activities decreased over same period in previous year.
Net increase in cash and cash equivalents	-999,206,556.27	-788,599,857.18	26.71%	

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	21,300,237,688.90	19,140,922,165.53	10.14%	9.37%	8.52%	0.70%
By products						
Steel plate	20,917,518,422.55	18,792,302,020.51	10.16%	8.84%	8.34%	0.41%
Steel billet						
Others	382,719,266.35	348,620,145.02	8.91%	49.00%	55,288,534.29%	23.03%
By regions						
Northeast	4,523,215,811.97	4,087,265,052.73	9.64%	1.25%	0.60%	0.58%
North	2,479,322,632.75	2,248,249,959.52	9.32%	2.47%	2.11%	0.32%
East	6,998,910,714.09	6,309,308,041.43	9.85%	20.31%	19.53%	0.58%
Northwest	50,674,161.50	46,187,977.99	8.85%	8.41%	9.31%	-0.75%
Mid-south	976,227,056.23	881,015,631.44	9.75%	14.70%	13.83%	0.68%
Export	6,271,887,312.36	5,568,895,502.43	11.21%	6.78%	5.48%	1.09%

III. Analysis of Non-core Business

√ Applicable □ Not applicable

Unit: Yuan

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)

Income on investment	3,493,150.68	0.45%	Income of foreign financial management and investment income of Available-for-sale financial assets during holding period	Yes
Impairment of assets	-20,917,963.64	-2.72%	Impairment of inventories and loss for bad debts	No
Non-operating income	2,138,397.80	0.28%		No
Non-operating expenses	1,382,402.26	0.18%		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	18,570,241,607.21	29.00%	12,240,579,151.57	22.41%	6.59%	
Accounts receivable	707,889,986.34	1.11%	536,054,820.21	0.98%	0.13%	
Inventories	12,893,804,549.47	20.14%	9,834,703,845.66	18.00%	2.14%	
Long-term equity investments	2,726,009.03	0.00%				
Fixed assets	22,739,708,839.78	35.51%	19,753,582,768.45	36.16%	-0.65%	
Construction in progress	2,740,359,727.63	4.28%	7,030,049,975.69	12.87%	-8.59%	
Short-term loans	21,784,802,700.00	34.02%	22,787,674,400.00	41.71%	-7.69%	
Long-term loans	4,406,999,573.88	6.88%	3,161,338,135.87	5.79%	1.09%	

2. Assets and Liabilities Measured at Fair Value

□ Applicable √ Not applicable

3. Restricted Assets by the End of the Period

Items	Book value at the end of this reporting period	Reason of restriction
Monetary assets	2,531,734,752.99	Deposit for notes and L/C
Notes receivable	1,801,103,300.17	Pledged for acceptance bill and short-term loans
Total	4,332,838,053.16	

V. Investment

1. General

□ Applicable √ Not applicable

2. Acquiring Significant Equity Investment in the Reporting Period

□ Applicable √ Not applicable

3. Undergoing Significant Non-equity Investment in the Reporting Period

□ Applicable √ Not applicable

4. Investment of Financial Assets

(1) Investment in Securities

□ Applicable √ Not applicable

(2) Investment in Derivatives

□ Applicable √ Not applicable

VI. Significant Assets and Equity Sold in Reporting Period

1. Significant Assets Sold

□ Applicable √ Not applicable

2. Substantial Equity Sold

□ Applicable √ Not applicable

VII. Analysis on Main Subsidiaries and Share Participating Companies

√ Applicable □ Not applicable

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

Unit: Yuan

Company Name	Company type	Sectors engaged in	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	1,920,000,000.00	5,130,355,896.56	1,998,336,181.15	3,971,529,847.27	7,348,948.26	5,511,711.19

Acquirement and disposal of subsidiaries during the reporting period

□ Applicable √ Not applicable

VIII. Special purpose vehicle controlled by the Company

□ Applicable √ Not applicable

IX. Forecast of operating performance for during January to September 2018

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. Risk of overcapacity and industrial restructuring

Risk: Although the external environment for the development of China's steel industry has been improved, the contradiction of excess capacity in China's steel industry has not been fundamentally solved. China's steel industry is still in the stage of long-term capacity removal and structural adjustment. The structural contradiction of the industry is prominent, problems such as low concentration of the industry, unreasonable industrial layout, and unreasonable innovation capability of the industry still exists. Competition among iron and steel enterprises is still fierce. The iron and steel market will inevitably shake sharply, which will affect the production, operation and efficiency of enterprises.

Countermeasures: pay close attention to the domestic market demand for iron and steel products, timely grasp the volatility of domestic fixed assets investment, adjust business strategy in combination with the implementation of shutdown and elimination of backward steel production capacity as well as the construction and production of new capacity of the state, strengthen the capability of independent innovation and enhance the core competitiveness of enterprises.

2. Risk of environmental protection: environmental emission standards are becoming increasingly stringent, and environmental monitoring is becoming more stringent.

Risk: China's environmental protection policies and standards are becoming increasingly perfect and strict, and the enterprise environmental protection supervision continues to be tightened, especially the implementation of the State Council's Three-year Blue-Sky Defense Plan. As an iron and steel enterprise, waste water, waste gas, waste residue, dust, noise and so on generated in the production process will cause pollution to the surrounding environment, and is also the key point of environmental protection control. The strictness of environmental standards will lead to the increase of the Company's production cost. In addition, the Company has invested a lot of manpower, material and financial resources in environmental protection in recent years, and has taken effective measures to solve the main pollution sources. However, the Company is still facing the compliance risk caused by the further stricter environmental policies and standards in the future.

Countermeasures: pay attention to the various national environmental protection policies, improve enterprise environmental protection standards to meet and properly exceed the national standards, strengthen self-supervision and inspection of all kinds of pollution sources and strengthen the awareness of environmental protection for all staff, speed up the construction progress of the identified environmental protection projects and ensure that the national environmental protection requirements are met.

3. Risk of raw fuel price fluctuation: especially the risk caused by the supply gap of coking coal.

Risk: Although the Company has certain mining advantages, but the iron ore self-sufficiency rate is not high, the fluctuation of international iron ore prices will affect the Company's production costs, the Company has no autonomy in pricing most of the raw materials and fuels. Coking coal producers, which are also affected by environmental protection policies, are expected to have insufficient supply of coking coal due to the tightening of environmental protection policies. The imbalance between supply and demand may lead to the rise of raw material prices, thereby affecting the Company's profits.

Countermeasures: conduct market analysis to support procurement decisions to ensure the supply of raw materials and fuels; according to market price fluctuations, adhere to the economic inventory strategy, optimize the inventory structure, to ensure the normal production and operation of enterprises.

4. Risk of foreign trade: export tariffs

Risk: In 2018, the United States decided to impose tariffs on steel imports from China, which would easily lead to the re-spread of "anti-globalization" ideological trend, the rise of international trade protectionism, the increase of anti-dumping cases, the growing trade frictions, trade barriers, disorderly competition in the export market, and exchange rate instability, and these factors could make it more difficult to export.

Countermeasures: strengthen international market analysis, track changes in international trade policies, reduce the impact of sudden changes in trade policies on the Company's foreign trade; do a good job of trade friction response programs, resolve adverse effects of trade friction, enhance the competitiveness of the company's products in the international market, study the market dynamics and industrial policies of importing countries and grasp the dynamic changes of import market, find suitable partners, foster superior products, gradually increase the proportion of high-end products exports, strengthen after-sales service, improve customer satisfaction.

5. Risk of reduced demand for downstream steel

Risk: the downstream demand of the Company's products is mainly composed of building, household appliances, automobile and other fields. In recent years, due to the continuous regulation and control of the real estate industry, the real estate market as a whole is in a downward cycle, the growth rate of real estate investment has further slowed down. At the same time, the state is now tightening the supervision of PPP projects, and the growth rate of infrastructure in 2018 has also declined. In the medium and long term, manufacturing will be the main driving force for steel demand. But considering the downward pressure on real estate, the downstream demand for steel will not change in the short term.

Countermeasures: Maintain existing customers, increase the strength of new product development, continue to promote product upgrading, actively explore the market for new customer resources.

V. Important Events

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

1. Annual General Meeting of Shareholders

Sessions	Type	Investor participation ratio	Meeting Date	Date of disclosure	Index of information disclosure
2017 Annual General Meeting	Annual General Meeting	59.50%	24 May, 2018	25 May, 2018	Announcement No.: 2018-028 Disclosure address http://www.cninfo.com.cn

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

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

√ Applicable □ Not applicable

Items	Parties	Type of commitments	Commitments	Commitment Time	Commitment period	Degree of performance
Share reform commitment						
Commitment made in report of acquisition or report of equity change						
Commitment made in asset reorganization						
Commitment made in IPO or refinancing	Company directors、senior	Other commitment	According to relevant regulations of	26 Jan, 2016	9 Dec 2019	In normal performance

	manager		China securities regulatory commission, the company's compensation measures can be effectively implemented by making the following commitments: during tenure, directors and senior manager will faithfully and assiduously perform their duties and safeguard the lawful rights and interests of the company and all shareholders, including but not limited to: 1. Commitment to not 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 position-related 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 link the compensation system established by the board of directors or the Remuneration and Appraisal Committee to the implementation of the company's measures to cover the return; 5. If the company launches an equity incentive plan			

			in the future, it is pledged that the exercise conditions of the equity incentive plan are linked to the implementation of the company's compensation measures.			
	Liaoning Communications Investment Co. Ltd	Restricted shares commitment	The allocated shares will be locked for 12 months from the date of the listing of the newly issued non-public offering of shares and will not be transferred during this period.	5 Mar 2018	Within 12 months from the first day of listing	In normal performance
	CCB Principal Asset Management Co., Ltd.	Restricted shares commitment	The allocated shares will be locked for 12 months from the date of the listing of the newly issued non-public offering of shares and will not be transferred during this period.	5 Mar 2018	Within 12 months from the first day of listing	In normal performance
	BeiXin	Restricted	The allocated	5 Mar 2018	Within 12	In normal

	RuiFeng Fund Management Co., Ltd.	shares commitment	shares will be locked for 12 months from the date of the listing of the newly issued non-public offering of shares and will not be transferred during this period.		months from the first day of listing	performance
	China Life AMP Asset Management Co., Ltd.	Restricted shares commitment	The allocated shares will be locked for 12 months from the date of the listing of the newly issued non-public offering of shares and will not be transferred during this period.	5 Mar 2018	Within 12 months from the first day of listing	In normal performance
Stock option incentive commitment						
Other commitments made to minority shareholders						
Whether the commitment is fulfilled in time	Yes					

IV. Appointment and Dismiss of Certified Public Accountant's Firm

Whether the semi-annual report has been audited

□ Yes √ No

The semi-annual report has not been audited

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

VII. Bankrupt and Reforming Events

□ Applicable √ Not applicable

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

VIII. Lawsuits and Arbitrations

Significant lawsuits and arbitrations

□ Applicable √ Not applicable

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

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 transacti	Content of related party transacti	Price of related party transactions	Amount of related party transactions	Proportion of similar transactions	The approved trading limit of transacti	Whether exceed the approved limited	Whether exceed the approved	Whether exceed the approved	Date of disclosure	Index of disclosure

			ons	ons		RMB 10,000		ons RMB 10,000	(Y/N)	limited	limited		
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Purchase of goods and services	Accounts payable for repair	On agreement	Related agreement price	19,767.05	0.00%	35,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Purchase of goods and services	Land leasing fee	On agreement	Related agreement price	2,734.57	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Same controller	Purchase of goods and services	Products	On agreement	Related agreement price	64.19	0.00%	500	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Purchase of goods and services	Labor cost	On agreement	Related agreement price	386.75	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	203,816.33	0.00%	400,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group)	Same controller	Purchase of goods and	Raw material and supplem	On agreement	Related agreement price	12,852.84	0.00%	20,000	No	Execute according to the agreeme	No	20 Apr 2018	2018-019

Metallurgy Residues Co., Ltd.		services	entary material							nt			
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Same controller	Purchase of goods and services	Processing fee	On agreement	Related agreement price	87.67	0.00%	500	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Same controller	Purchase of goods and services	Raw materials	On agreement	Related agreement price	3,627.99	0.00%	10,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	4,600.29	0.00%	25,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Machinery Manufa	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	495.18	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019

cture Co., Ltd.													
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	191.8	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price	2,028.95	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	11,481.87	0.00%	60,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	109.4	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	131.35	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019

Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	2,808.4	0.00%	40,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	6,730.62	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	1,829.45	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	101.81	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron	Same controller	Purchase of goods	Project fee	On agreement	Related agreement price	91.68	0.00%		No	Execute according to the	No	20 Apr 2018	2018-019

(Group) Industrial Development Co., Ltd.		and services								agreement			
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	326.39	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price	1,175.38	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
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	8,327.4	0.00%	30,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Bengang Electronics and Gas Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	6,411.95	0.00%	20,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019

Bengang Electronics and Gas Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	1,862.9	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	31.12	0.00%	800	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi New Career Development Co., Ltd.	Same controller	Purchase of goods and services	Labor protection fee	On agreement	Related agreement price	44.2	0.00%	2,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Liaoning Metallurgy Technician College	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	317.07	0.00%	2,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Liaoning Metallurgy Technician College	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	603.74	0.00%	1,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Bengang Group International Economic and Trading	Same controller	Purchase of goods and services	Agency fee	On agreement	Related agreement price	3,564.93	0.00%	35,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019

Co., Ltd.													
Bengang Group International Economic and Trading Co., Ltd.	Same controller	Purchase of goods and services	Port surcharges	On agreement	Related agreement price	5,690.72	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	933.25	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	2,335.89	0.00%	7,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same controller	Purchase of goods and services	Heating costs	On agreement	Related agreement price	37.73	0.00%	2,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel &	Same controll	Purchase of	Design fees	On agreeme	Related agreeme	231.58	0.00%	2,000	No	Execute accordin	No	20 Apr 2018	2018-019

Iron (Group) Designing Institute	er	goods and services		nt	nt price					g to the agreement			
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	566,834.95	0.00%	1,700,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Energy & Power	On agreement	Related agreement price	38,865.84	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	303.15	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Labor cost	On agreement	Related agreement price	3,931.44	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	1,064.59	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Liaoning	Same controll	Purchase of	Raw material	On agreeme	Related agreeme	5,398.61	0.00%	15,000	No	Execute accordin	No	20 Apr 2018	2018-019

Hengtong Metallurgical Equipment Manufacture Co., Ltd.	er	goods and services	and spare parts	nt	nt price					g to the agreement			
Liaoning Hengtai Heavy Machinery Co., Ltd.	Same controller	Purchase of goods and services	Raw material and spare parts	On agreement	Related agreement price	124.87	0.00%	5,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Liaoning Hengtai Heavy Machinery Co., Ltd.	Same controller	Purchase of goods and services	Repair and labor cost	On agreement	Related agreement price	1,477.37	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Bengang Group Co., Ltd.	Controller	Purchase of goods and services	Property management fee	On agreement	Related agreement price	31.07	0.00%	800	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Bengang Electronics and Gas Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	51.9	0.00%	500	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare	On agreement	Related agreement price	116,469.29	0.00%	260,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019

			parts										
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	1,230.13	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	5,706.89	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	6.94	0.00%	850	No	Execute according to the agreement	No	20 Apr 2018	2018-019
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	37.52	0.00%	1,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Machinery Manufa	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	973.31	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019

cture Co., Ltd.													
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	943.21	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
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	113.58	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	94.13	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
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	71.24	0.00%	20,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron	Same controller	Sales of goods and	Energy & Power	On agreement	Related agreement price	35,940.67	0.00%	100,000	No	Execute according to the	No	20 Apr 2018	2018-019

(Group) Mining Co., Ltd.		services								agreement			
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	2,831.52	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Freight revenue	On agreement	Related agreement price	402.48	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	2,374.96	0.00%	12,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
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	801.85	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron	Same controller	Sales of goods and	Freight revenue	On agreement	Related agreement price	8.58	0.00%		No	Execute according to the	No	20 Apr 2018	2018-019

(Group) Thermal Power Development Co., Ltd.		services								agreement			
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	388.54	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	11.32	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
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	1,251.78	0.00%	20,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Information and	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	9.01	0.00%	100	No	Execute according to the agreement	No	20 Apr 2018	2018-019

Automatic Tech Co., Ltd.													
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	83.99	0.00%	1,200	No	Execute according to the agreement	No	20 Apr 2018	2018-019
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	12.26	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	260.48	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
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	9,045.64	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi	Same	Sales of	Freight	On	Related	711.36	0.00%	15,000	No	Execute	No	20 Apr	2018-0

Steel & Iron (Group) Metallurgy Residues Co., Ltd.	controller	goods and services	revenue	agreement	agreement price					according to the agreement		2018	19
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Sales of goods and services	Energy & Power	On agreement	Related agreement price	702.65	0.00%	12,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	270.51	0.00%		No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi New Career Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	18.1	0.00%	500	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Dalian Boluole Steel Tube Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	175.76	0.00%	1,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Benxi Steel & Iron (Group) General Hospital	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	3.42	0.00%	50	No	Execute according to the agreement	No	20 Apr 2018	2018-019

Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	1,305.43	0.00%	10,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Suzhou Bengang Industrial Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	17,052.85	0.00%	30,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price			500	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Liaoning Bengang Steel & Iron Commercial Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price			1,000	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Bengang Group Finance Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	0.7	0.00%	500	No	Execute according to the agreement	No	20 Apr 2018	2018-019
Bengang Group Co.,	Controller	Sales of goods and	Energy &	On agreeme	Related agreeme	9.47	0.00%	500	No	Execute accordin g to the	No	20 Apr 2018	2018-019

Ltd.		services	Power	nt	nt price					agreement			
Total				--	--	1,123,235.8	--	2,900,300	--	--	--	--	--
Details of any sales return of a large amount				None									
Give the actual situation during the reporting period where a forecast had been made for the total amounts of routine related-party transactions，by type to occur in the current period(if any)				None									
Reason for any significant difference between the transaction price and the market price for reference (if applicable)				None									

2. Related transactions relevant to asset acquisition or sold

□ Applicable √ Not applicable

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

3. Related transactions relevant to joint investments

□ Applicable √ Not applicable

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

4. Credits and liabilities with related parties

√ Applicable □ Not applicable

Whether there are any non-operating related credits and debts

□ Yes √ No

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

5. Other significant related transactions

□ Applicable √ Not applicable

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

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

□ Applicable √ Not applicable

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

XIV. Major Contracts and Their Performance

1. Trusteeship, contracting and leasing

(1) Trusteeship

□ Applicable √ Not applicable

There was no trusteeship during the reporting period.

(2) Contracting

□ Applicable √ Not applicable

There was no contracting during the reporting period.

(3) Leasing

□ Applicable √ Not applicable

There was no leasing during the reporting period.

2. Guarantee

□ Applicable √ Not applicable

There was no guarantee during the reporting period.

3. Other Major Contracts

□ Applicable √ Not applicable

There was no other major contract during the reporting period.

XV.Social Responsibilities

1. Major environmental protection situation

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

Yes

Name of the company or subsidiaries	Name of main pollutants and characteristic pollutants	Mode of sewage emission	Number of sewage emission points	Distribution of sewage emission points	Emission concentration	Emission standards for pollutants implemented	Total emissions	Total approved emissions	Excess emissions

Bengang Steel Plates Co., Ltd.	COD	Continuous	1	Energy Plant Wastewater Treatment Plant	36	50	182.5Ton	There is no approved emission from the government .	None
Bengang Steel Plates Co., Ltd.	Dust	Continuous and intermittent emission	178	Raw material dumper, transfer station, mine receiving tank, pre-dosing; iron-making tapping field, furnace roof, mining coke tank, sintering head, tail, fuel, solvent, whole grain, pellet rotary kiln; Treatment, ferroalloy feeding, north-south reversal station, tundish, primary dust removal, secondary dedusting, refining and dust removal; special steel	Raw materials 14-24; sintered 6-29; pellets 14-26; ironmaking 7-23; steelmaking 7-27; special steel 7-15; power generation 5-10; cold rolling 6-18; hot rolling 6-15 .	Raw material 25; sintered 30-50; pellet 30-50; ironmaking 20-25; steelmaking 20-50; special steel 20; power generation 10-30; cold rolling 20-30; hot rolling 20-30.	1939.6 tons of smoke and 6702.7 tons of dust	There is no approved emission from the government .	None

				electric furnace, refining furnace, electroslag furnace; desulfurization and denitrification of power generation boiler; cold rolling acid regeneration, pickling, tension correction, Welder, leveling, annealing, roasting; hot rolling furnace.					
Bengang Steel Plates Co., Ltd.	Sulfur dioxide	Continuous and intermittent emission	64	Sintering head; pellet rotary kiln; power generation boiler; cold rolling roasting, annealing; hot rolling heating furnace.	Sintering head 12-112; pellets 31-104; power generation 10-32; cold rolling 80-100; hot rolling 118-128.	Sintering head 200; pellet 200; power generation 100-200; cold rolling 150; hot rolling 150.	2918.6 Ton	There is no approved emission from the government.	None
Bengang Steel Plates Co., Ltd.	Nitrogen oxides	Continuous and intermittent emission	57	Sintering head; pellet rotary kiln; power generation boiler; cold rolling roasting, annealing;	Sintering head 100-230; pellets 119-275; power generation 50-140; cold rolling	Sintering head 300; pellets 300; power generation 100-200; cold rolling 300; hot	6209.1 Ton	There is no approved emission from the government.	None

				hot rolling heating furnace.	69-172; hot rolling 105-124.	rolling 300.			

Construction and operation of pollution prevention facilities:

In 2018, the company has issued 7 projects for the implementation of the environment protection, with an investment of 9 million yuan, of which 2 are under construction. Other projects are in the stage of demonstration, unit selection, bidding and commission design. The main projects include steelmaking plant 1#-7# hot metal pretreatment spraying position, slag dust hood complete closed dust removal project, coking plant 4 furnace assembly coal, push coke and CDQ dust removal ground station ash removal system transformation Project, energy plant condensate water well repair and on-site water quality analyzer equipment project, new dust removal project of raw material plant Y5 transfer station, maintenance and maintenance project of plant green road facilities. Other major environmental protection facilities investment projects include: the iron and steel plant invested more than 40 million to transform the new No. 1 and No. 6 blast furnace raw material systems, and the top of the cast iron roof dedusting facilities; other dust collector bags replacement. The company has a total of 71 automatic monitoring facilities for pollution sources, including 31 new ones in 2018, and is completing the acceptance and registration work as planned.

The company has 161 sets of pollution prevention and control facilities, including 148 sets of waste gas and 13 sets of waste water. The company strictly implements the environmental protection three simultaneous system and operates and maintains in parallel with the main project to ensure that the pollution prevention facilities are stable and up to standard operation, and the synchronous operation rate is 100%. 71 sets of automatic monitoring facilities for pollution sources are operating stably.

Environmental impact assessment of construction projects and other environmental protection administrative licenses:

The transformation of the company's special steel mill - the initial rolling mill renovation project, approved on May 28, 2018 (Ben Huan Jian Biao Zi [2018] No. 02).

The first phase of the cogeneration project of the three power plants of the company's power plant completed the environmental protection acceptance. In accordance with the independent inspection and acceptance procedures of enterprises, the environmental protection acceptance of atmospheric and wastewater pollution prevention facilities was completed in June 2018.

Emergency plan for emergency environmental incidents:

The company and its 13 affiliated units are in accordance with the "Report on the Emergency Response of the People's Republic of China", the "Notice on Printing and Distributing the Guidelines for Risk Assessment of Sudden Environmental Incidents of Enterprises (Trial)", and the Recording of Emergency Response Plan for Sudden Environmental Incidents of Enterprises and Institutions Measures (Trial) and other existing laws and regulations, revising emergency plans for emergencies, conducting risk assessments and emergency resource investigations, completing emergency response plans for emergency environmental incidents, risk assessment reports, and investigating reports on emergency resources in environmental protection departments.

Environmental self-monitoring program:

The pollution source monitoring points included in the monitoring plan include: 131 flue gases, 55 atmospheres, 13 waste waters, 5 noises at the boundary of the plant, and 16 dustfalls, which are monitored by frequency of weekly, monthly, seasonal and semi-annual. And 2,430 monitoring data was obtained

Other environmental information that should be disclosed:

None.

Other environmental related information:

According to the list of key pollutant discharge enterprises issued by the Municipal Environmental Protection Bureau, in June 2018, the environmental information disclosure of 10 units of the company was completed. The publicity contents include basic information, sewage information, construction and operation of pollution prevention facilities, environmental impact assessment of construction projects and other environmental protection administrative licenses, emergency response plans for environmental emergencies, environmental self-monitoring programs and other environmental information that should be disclosed.

2. Performing corporation social responsibility of targeted poverty alleviation

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

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 Share			739,371,532				739,371,532	739,371,532	19.08%
1. State-owned legal person shareholding			184,842,883				184,842,883	184,842,883	4.77%
2.Other domestic shares			554,528,649				554,528,649	554,528,649	14.31%
Among them: domestic legal person holds shares			554,528,649				554,528,649	554,528,649	14.31%
II. Non-restricted Shares	3,136,000,000	100.00%						3,136,000,000	80.92%
1. Common shares in RMB	2,736,000,000	87.24%						2,736,000,000	70.60%
2. Foreign shares in domestic market	400,000,000	12.76%						400,000,000	10.32%
III. Total shares	3,136,000,000	100.00%	739,371,532				739,371,532	3,875,371,532	100.00%

Causation of share capital changes

√ Applicable □ Not applicable

Approved by the China Securities Regulatory Commission's "Approval of the Private Issuance of Stocks of Benxi Steel Plate Co., Ltd."(No. 1476 of the Securities Regulatory Commission), the company has applied to Liaoning Communications Investment Co., Ltd., Jianxin Fund Management Co., Ltd., Beixin Ruifeng Fund Management Co., Ltd., and Guoshou Anbao Fund Management Co., Ltd. a total of 4 investors non - public offering 739, 371, 532 shares of common shares in RMB。

Approval of share capital changes

√ Applicable □ Not applicable

1. On June 13, 2017, the China Securities Regulatory Commission (CSRC) issued an examination and approval of the company's application for non-public offering of shares.

2. On August 11, 2017, China Securities Regulatory Commission (CSRC) approved the issuance of Bengang Steel Plates Co., Ltd.'s Private Issuance of Stocks (CSRC license [2017] 1476), which was received on August 21, 2017 and announced on August 22, 2017.
Status of registration process of transferred shares.

√ Applicable □ Not applicable

The company has submitted relevant registration information to the Shenzhen branch of China securities registration and clearing co., Ltd. On February 9, 2018.It is confirmed that the new shares will be registered in the account at the end of the trading day prior to the date of listing and will be officially listed in the company's register of shareholders.

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

Unit：股

Name of the shareholder	Initial restricted stock number	The number of restricted shares released during the current period	The number of restricted shares increased during the current period	Number of restricted stock at end of term	Reason of restricted stock	Release date
Liaoning Communications Investment Co., Ltd.			184,842,883	184,842,883	Participation in the issuance of restricted shares of 184,842,883 shares	March 5, 2019
Jianxin Fund - ICBC - Huarun Shenzhen International Investment - Huarun trust Xingsheng No. 5 assembled funds trust plan			184,842,883	184,842,883	Participation in the issuance of restricted shares of 184,842,883 shares	March 5, 2019
Beixin Ruifeng Fund - China Merchants Bank – Beixin Ruifeng fund Fengqing No. 229 asset management plan			184,842,883	184,842,883	Participation in the issuance of restricted shares of 184,842,883 shares	March 5, 2019
China Life Insurance Fund - ICBC - China Life Insurance - Huaxin trust No. 10 asset management plan			184,842,883	184,842,883	Participation in the issuance of restricted shares of 184,842,883 shares	March 5, 2019

Total	0	0	739,371,532	739,371,532	--	--

II. Securities Issuance and Listing

√ Applicable □ Not applicable

Name of stock and its derivative securities	Date of issue	Issue price (or interest rate)	Quantity	Date of listing	Quantity allowed to be listed	Transaction termination date	Index of information disclosure	Date of disclosure
Stocks								
Bengang Steel Plates Co., Ltd.	Feberary 1, 2018	5.41RMB	739,371,532	March 5, 2018	739,371,532		CNINF	March 2, 2018
Switching company bonds, separate transactions switching company bonds and corporate bonds.								
Other derivative securities								

Notes on the issuance of securities during the reporting period

On August 21, 2017, the Company obtained the CSRC's License No. 1476 issued on August 11, 2017, which approved the non-public offering of Bengang Steel Plates Co., Ltd. not to exceed 739,371,354 shares. In February 12, 2018, the Company completed the registration of non-public offering shares and restricted shares. On March 5, 2018, the company's new shares in the private offering were listed at a price of 5.41 yuan per share.

III. Total Number of Shareholders and Shareholding

Unit：股

Total number of common shareholders at the end of the reporting period	66,016	The total number of preferred shareholders voting rights restored at the end of the reporting period (See Notes 8)	0

Shareholding of shareholders holding more than 5% or top 10 shareholders								
Name of the shareholder	Nature of shareholder	Holding Percentage (%)	Number of shares held at period-end	Changes in reporting period	Restricted shares held	Un-restricted shares held	Quantity of pledged or frozen shares	
							Status	Quantity
Benxi Steel & Iron (Group) Co., Ltd.	State-owned legal person	59.91%	2,321,689,670	37,278,468		2,321,689,670	Pledged	1,523,095,133
							Frozen	45,000,000
Liaoning Communications Investment Co., Ltd.	State-owned legal person	4.77%	184,842,883		184,842,883			
Jianxin Fund - ICBC - Huarun Shenzhen International	Others	4.77%	184,842,883		184,842,883			

Investment - Huarun trust Xingsheng No. 5 assembled funds trust plan								
Beixin Ruifeng Fund - China Merchants Bank – Beixin Ruifeng fund Fengqing No. 229 asset management plan	Others	4.77%	184,842,883		184,842,883			
China Life Insurance Fund - ICBC - China Life Insurance - Huaxin trust No. 10 asset management plan	Others	4.77%	184,842,883		184,842,883			
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.21%	8,157,311			8,157,311		
Chen Jinhong	Domestic natural person	0.19%	7,360,500			7,360,500		
Lv Ruijun	Domestic natural person	0.13%	5,119,800			5,119,800		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas legal person	0.12%	4,606,141			4,606,141		
Yu Xiaofan	Domestic natural person	0.10%	4,002,707			4,002,707		
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		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						

shareholders.	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.	2,321,689,670	Common shares in RMB	2,321,689,670
VANGUARD EMERGING MARKETS STOCK INDEX FUND	8,157,311	Foreign shares placed in domestic exchange	8,157,311
Chen Jinhong	7,360,500	Common shares in RMB	7,360,500
Lv Ruijun	5,119,800	Foreign shares placed in domestic exchange	5,119,800
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	4,606,141	Foreign shares placed in domestic exchange	4,606,141
Yu Xiaofan	4,002,707	Foreign shares placed in domestic exchange	4,002,707
Haitong International Securities Company Limited-Account Client	3,261,109	Foreign shares placed in domestic exchange	3,261,109
Liu Xiaoling	3,200,000	Common shares in RMB	3,200,000
Xu Hekun	3,127,200	Foreign shares placed in domestic exchange	3,127,200
Agricultural Bank of China Limited by Share Ltd CSI 500 trading open index securities investment fund	3,000,100	Common shares in RMB	3,000,100
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 2,071,689,670 shares of the company through common securities account, and holds 250,000,000 shares of the company through investors' credit securities accounts, totle of 2,321,689,670 shares. Liu Xiaoling holds 3,200,000 shares of the company through investors' credit securities accounts.

Whether top 10 common shareholders and top 10 un-restricted common shareholders have a buy-back agreement dealing in reporting period

□ Yes √ No

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

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

Change of holding shareholder

□ Applicable √ Not applicable

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

Change of substantial controller

□ Applicable √ Not applicable

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

VII. Status of Preferred Shares

□ Applicable √ Not applicable

There was no Preferred Shares during the reporting period.

VIII. Status of Directors, Supervisors, Senior Executives

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

√ Applicable □ Not applicable

Name	Positions	Office status	Shares held at the year-begin (share)	Number of shares increased at the reporting period(share)	Number of shares decreased at the reporting period(share)	Shares held at the year-end(share)	The number of restricted stocks granted at the beginning of the year(shares)	The number of restricted stocks granted at the reporting period (shares)	The number of restricted stocks granted at the end of the year(shares)
Wang Shu	Director、Chairman	In office							
Cao Aimin	Director、Chairman	In office							
Han Ge	Director、General Manager	In office							
Huang Xinghua	Director	In office							
Jin Yongli	Independent Director	In office							
Zhong Tianli	Independent Director	In office							
Zhao Xinan	Independent Director	In office							
Han Mei	Chairman of Supervisory Committee	In office							
Li Lin	Supervisor	In office							
Li Zhengchun	Supervisor	In office							
Zhang Yanlong	Supervisor	In office							
Bao Mingwei	Deputy General Manager	In office							

Wang Fengmin	Deputy General Manager	In office							
Hu Guangyuan	Deputy General Manager	In office							
Zhao Zhonghua	CFO	In office							
Tang Chaosheng	Director	Resigned							
Dong Liju	Chairman of Supervisory Committee	Resigned							
Wang Shaoyu	Deputy General Manager、CFO	Resigned							
Sun Yanbin	Secretary of the Board	Resigned							
Total	--	--	0	0	0	0	0	0	0

II. Change in Directors, Supervisors and Senior Executives

√ Applicable □ Not applicable

Name	Positions	Types of government subsidies	日期	Reason
Tang Chaosheng	Director	Resigned	April 4, 2018	Work Change
Dong Liju	Chairman of Supervisory Committee	Resigned	April 18, 2018	Work Change
Wang Shaoyu	Deputy General Manager、CFO	Resigned	April 18, 2018	Work Change
Sun Yanbin	Secretary of the Board	Resigned	April 18, 2018	Work Change
Huang Xinghua	Director	Be Selected	May 25, 2018	Be Selected
Han Mei	Chairman of Supervisory Committee	Be Selected	April 18, 2018	Be Selected
Zhao Zhonghua	CFO	Appointment	April 18, 2018	Appointment

IX. Relevant Information about Corporate Bonds

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

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	18,570,241,607.21	17,037,713,410.49
Settlement provisions		
Capital lent		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	3,164,893,647.96	3,846,433,700.87
Accounts receivable	707,889,986.34	728,597,926.39
Prepayments	1,200,163,813.66	1,280,689,094.33
Premium receivable		
Reinsurance accounts receivable		
Receivable deposit for reinsurance contract		
Interests receivable	3,503,285.16	18,448,520.50
Dividends receivable		
Other receivables	271,090,946.12	290,376,985.34
Redemptory financial assets for sale		

Inventories	12,893,804,549.47	11,209,898,096.16
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	217,616,432.96	809,322,127.79
Total current assets	37,029,204,268.88	35,221,479,861.87
Non-current assets:		
Loan and advances issued		
Available-for-sale financial assets	4,088,980.00	3,888,980.00
Held-to-maturity investment		
Long-term receivables		
Long-term equity investments	2,726,009.03	2,726,009.03
Investment properties		
Fixed assets	22,739,708,839.78	23,852,067,166.10
Construction in progress	2,740,359,727.63	2,391,584,410.46
Construction materials	2,925,581.89	4,558,919.60
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	281,428,909.47	253,884,881.48
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	194,939,124.19	200,618,461.36
Other non-current assets	1,037,735,849.00	1,067,334,823.12
Total non-current assets	27,003,913,020.99	27,776,663,651.15
Total assets	64,033,117,289.87	62,998,143,513.02
Current Liabilities:		
Short-term loans	21,784,802,700.00	21,999,103,900.00
Loan from central bank		
Absorbed deposit and interbank deposit		
Loan from other financial institutions		
Financial liabilities at fair value		

through profit or loss		
Advance from customers		
Notes payable	8,484,599,696.58	11,494,589,827.27
Accounts payable	4,250,873,101.95	3,897,668,513.77
Advance from customers	3,389,201,256.80	3,308,567,598.05
Financial assets sold for repurchase		
Handling charges and commission payable		
Employee benefits payable	42,706,379.03	43,722,537.58
Current tax liabilities	72,085,163.43	87,807,128.50
Interests payable	51,920,388.97	84,139,288.02
Dividends payable	193,768,576.60	
Other payables	560,995,763.37	576,989,932.31
Reinsurance accounts payable		
Provision for insurance contract		
Receipt from vicariously traded securities		
Receipt from vicariously underwriting securities		
Liabilities held for sale		
Non-current liabilities due within one year	1,040,765,614.98	3,811,540,590.84
Other current liabilities	25,283,327.37	27,979,093.21
Total current liabilities	39,897,001,969.08	45,332,108,409.55
Non-current liabilities:		
Long-term loans	4,406,999,573.88	2,444,185,630.28
Bonds payable		
Including: Preferred stock		
Perpetual bond		
Long-term payables		
Long-term employee benefits payable		
Special accounts payable		
Estimated liabilities		
Deferred income	332,205,061.30	372,785,000.00

Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	4,739,204,635.18	2,816,970,630.28
Total liabilities	44,636,206,604.26	48,149,079,039.83
Shareholders' equity:		
Share capital	3,875,371,532.00	3,136,000,000.00
Other equity instruments		
Including: Preferred stock		
Perpetual bond		
Capital reserves	12,343,209,847.29	9,114,845,542.05
Less: treasury shares		
Other comprehensive income		
Special reserves	15,965,124.92	475,046.75
Surplus reserves	961,105,529.85	961,105,529.85
General risk reserve		
Undistributed profits	1,666,346,021.34	1,103,162,610.35
Total equity attributable to equity holders of the parent company	18,861,998,055.40	14,315,588,729.00
Non-controlling interests	534,912,630.21	533,475,744.19
Total shareholder's equity	19,396,910,685.61	14,849,064,473.19
Total liabilities and shareholder's equity	64,033,117,289.87	62,998,143,513.02

Legal Representative: Wang Shu　　Person in charge of accounting: Lie Gao　　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	17,784,602,468.77	16,717,913,081.42
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	3,592,298,525.73	3,515,361,992.96
Accounts receivable	441,694,805.16	482,181,593.45
Prepayments	1,200,163,813.66	1,280,354,579.87
Interests receivable	3,503,285.16	18,377,036.96

Dividends receivable		
Other receivables	359,047,123.99	376,863,448.72
Inventories	10,890,539,001.27	9,228,860,225.75
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	183,648,538.95	682,211,823.73
Total current assets	34,455,497,562.69	32,302,123,782.86
Non-current assets:		
Available-for-sale financial assets	3,888,980.00	3,888,980.00
Held-to-maturity investment		
Long-term receivables		
Long-term equity investments	2,016,281,902.16	1,756,981,902.16
Investment properties		
Fixed assets	20,682,878,459.91	21,621,369,452.27
Construction in progress	2,729,970,930.48	2,383,533,130.37
Construction materials	2,500,795.57	4,134,133.28
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	150,429,246.60	152,082,315.24
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	94,510,584.16	100,189,921.33
Other non-current assets	1,037,735,849.00	1,037,735,849.00
Total non-current assets	26,718,196,747.88	27,059,915,683.65
Total assets	61,173,694,310.57	59,362,039,466.51
Current Liabilities:		
Short-term loans	20,221,393,300.00	20,499,694,500.00
Financial liabilities at fair value through profit or loss		
Advance from customers		
Notes payable	7,860,203,778.44	10,866,669,546.93
Accounts payable	5,337,269,401.91	4,184,763,509.38

Advance from customers	3,372,558,263.64	3,217,423,443.14
Employee benefits payable	42,355,769.94	42,380,713.02
Current tax liabilities	59,951,664.39	66,903,531.67
Interests payable	39,344,592.42	79,074,426.27
Dividends payable	193,768,576.60	
Other payables	322,657,246.84	343,211,639.65
Liabilities held for sale		
Non-current liabilities due within one year	1,040,765,614.98	3,811,540,590.84
Other current liabilities	25,283,327.37	27,979,093.21
Total current liabilities	38,515,551,536.53	43,139,640,994.11
Non-current liabilities:		
Long-term loans	4,406,999,573.88	2,444,185,630.28
Bonds payable		
Including: Preferred stock		
Perpetual bond		
Long-term payables		
Long-term employee benefits payable		
Special accounts payable		
Estimated liabilities		
Deferred income	332,205,061.30	372,785,000.00
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	4,739,204,635.18	2,816,970,630.28
Total liabilities	43,254,756,171.71	45,956,611,624.39
Shareholders’ equity:		
Share capital	3,875,371,532.00	3,136,000,000.00
Other equity instruments		
Including: Preferred stock		
Perpetual bond		
Capital reserves	11,923,058,165.17	8,694,693,859.93
Less: treasury shares		
Other comprehensive income		
Special reserves	13,268,084.12	276,727.96

Surplus reserves	961,105,529.85	961,105,529.85
Undistributed profits	1,146,134,827.72	613,351,724.38
Total shareholder’s equity	17,918,938,138.86	13,405,427,842.12
Total liabilities and shareholder’s equity	61,173,694,310.57	59,362,039,466.51

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unit: Yuan

Items	January to June 2018	January to June 2017
1. Total operating income	23,441,247,377.14	20,736,486,903.74
Including: Operating income	23,441,247,377.14	20,736,486,903.74
Interest income		
Premium earned		
Income from handling charges and commission		
2. Total operating cost	22,717,986,325.30	20,109,129,759.95
Including: Operating cost	20,804,207,420.98	18,690,665,966.11
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	153,307,375.64	133,756,731.07
Selling and distribution expenses	514,038,008.95	587,632,707.43
General and administrative expenses	464,313,066.09	358,951,405.08
Financial expenses	803,038,417.28	381,513,404.80
Asset impairment loss	-20,917,963.64	-43,390,454.54
Add: Gains from the change in fair value ("-" for loss)		
Income on investment ("-" for	3,493,150.68	3,294,593.14

loss)		
Including: Income from associates and joint ventures		
Exchange Income ("-" for loss)		
Gains from disposal of Assets ("-" for loss)	825,580.63	3,015,294.00
Other Income	41,274,238.70	15,047,000.00
3. Operating profit ("-" for loss)	768,854,021.85	648,714,030.93
Add: Non-operating income	2,138,397.80	2,952,194.58
Less: Non-operating expenses	1,382,402.26	4,593,420.30
4. Total profit ("-" for loss)	769,610,017.39	647,072,805.21
Less: Income tax expenses	11,636,226.04	117,105,061.16
5. Net Profit ("-" for loss)	757,973,791.35	529,967,744.05
(1) Net profit from continuing operations ("-" for loss)	757,973,791.35	529,967,744.05
(2) Net profit from discontinuing operation ("-" for loss)		
Attributable to: Owners of parent company	756,951,987.59	523,635,653.57
Non-controlling shareholders	1,021,803.76	6,332,090.48
6. Other comprehensive income after tax		
Other comprehensive income attributable to owners of parent company after tax		
1) Other comprehensive income unable to be reclassified into profit and loss afterwards		
(1) .Change of net liabilities or net assets through re-measuring defined benefit plan		
(2) .Share of other comprehensive income of investee not to be classified into profit or loss afterwards under equity method		
2) Other comprehensive income to be reclassified into profit and loss afterwards		
(1) .Share of other		

comprehensive income of investee to be classified into profit or loss afterwards under equity method		
(2). Gains and losses on re-measuring available-for-sale financial assets		
(3) .Gains and losses resulting from reclassification of held-to maturity investment to financial assets held-for sale		
(4) .Effective portion of gains or losses from cash flow hedging		
(5) .Gains and losses resulting from translating the foreign currency financial statements		
(6) .Others		
Other comprehensive income attributable to non-controlling shareholders after tax		
7. Total comprehensive income		
Total comprehensive income attributable to owners of parent company	757,973,791.35	529,967,744.05
Total comprehensive income attributable to non-controlling shareholders	756,951,987.59	523,635,653.57
8. Earnings per share:	1,021,803.76	6,332,090.48
1) Basic earnings per share		
2) Diluted earnings per share	0.195	0.167

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

Legal Representative: Wang Shu Person in charge of accounting: Gao Lie Accounting Dept. Leader: Zhao Zhonghua

4. INCOME STATEMENT OF THE PARENT COMPANY

Unit: Yuan

Items	January to June 2018	January to June 2017
1. Turnover	23,682,865,109.14	21,197,516,779.20
Less: Operating cost	21,401,191,962.20	19,482,976,074.32
Taxes and surcharges	135,543,392.96	116,783,416.00

Selling and distribution expenses	265,554,867.46	373,519,186.39
General and administrative expenses	440,663,658.86	336,370,276.02
Financial expenses	774,523,490.60	350,175,885.42
Asset impairment loss	-20,917,963.64	-43,390,454.54
Add: Gains from the change in fair value ("-" for loss)		
Income on investment ("-" for loss)	3,493,150.68	105,369,227.90
Including: Income from associates and joint ventures		
Gains from disposal of Assets ("-" for loss)	825,580.63	3,015,294.00
Other Income	41,274,238.70	15,047,000.00
2. Operating profit ("-" for loss)	731,898,670.71	704,513,917.49
Add: Non-operating income	1,714,748.66	2,214,787.86
Less: Non-operating expenses	1,382,402.26	4,593,420.30
3. Total profit ("-" for loss)	732,231,017.11	702,135,285.05
Less: Income tax expenses	5,679,337.17	100,308,537.10
4. Net Profit ("-" for loss)	726,551,679.94	601,826,747.95
1) Net profit from continuing operations	726,551,679.94	601,826,747.95
2) Net profit from discontinuing operation		
5. Other comprehensive income after tax		
1) Other comprehensive income unable to be reclassified into profit and loss afterwards		
(1) .Change of net liabilities or net assets through re-measuring defined benefit plan		
(2) .Share of other comprehensive income of investee not to be classified into profit or loss afterwards under equity method		
2) Other comprehensive income to be reclassified into profit and loss afterwards		

(1) .Share of other comprehensive income of investee to be classified into profit or loss afterwards under equity method		
(2) Gains and losses on re-measuring available-for-sale financial assets		
(3) .Gains and losses resulting from reclassification of held-to maturity investment to financial assets held-for sale		
(4) .Effective portion of gains or losses from cash flow hedging		
(5) .Gains and losses resulting from translating the foreign currency financial statements		
(6) .Others		
6. Total comprehensive income	726,551,679.94	601,826,747.95
7. Earnings per share:		
1) Basic earnings per share		
2) Diluted earnings per share		

5. CONSOLIDATED STATEMENT OF CASH FLOWS

Unit: Yuan

Items	January to June 2018	January to June 2017
1. Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	15,984,735,085.76	14,489,666,407.59
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	246,514,404.27	71,132,309.30
Other cash received relating to operating activities	81,782,480.19	87,817,078.61
Subtotal of cash inflow received from operation activities	16,313,031,970.22	14,648,615,795.50
Cash paid for goods and services	14,086,077,537.47	17,237,734,129.30
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	779,373,374.96	719,101,828.61
Cash paid for all types of taxes	406,064,168.90	390,701,219.38
Other cash paid relating to operating activities	310,997,147.42	348,384,302.93
Subtotal of cash outflow received from operation activities	15,582,512,228.75	18,695,921,480.22
Net cash flows generated from operating activities	730,519,741.47	-4,047,305,684.72
2. Cash flows from investing activities:		
Cash received from return on investments	500,000,000.00	424,000,000.00
Cash received from distribution of	3,493,150.68	3,294,593.14

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	427,294,593.14
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	680,441,782.39	702,058,422.96
Cash paid for acquisition of investments		180,000,000.00
Net increase of mortgage loan		
Net cash received from subsidiary and other operating unit		
Other cash paid relating to investing activities		
Subtotal of cash outflows from investing activities	680,441,782.39	882,058,422.96
The net cash flow generated by investment activities	-176,948,631.71	-454,763,829.82
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	9,721,396,957.08	10,419,164,500.00
Cash received from bond issuance		
Other proceeds relating to financing activities		
Subtotal cash inflow received from financing activities	13,687,196,945.27	10,419,164,500.00
Cash repayments of borrowings	14,683,452,081.71	6,099,082,442.74
Cash payments for distribution of dividends, profit or interest expenses	661,538,139.82	565,025,996.70

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	15,344,990,221.53	6,664,108,439.44
The net cash flow generated by financing activities	-1,657,793,276.26	3,755,056,060.56
4. Effect of foreign exchange rate changes on cash and cash equivalents	105,015,610.23	-41,586,403.20
5. Net increase in cash and cash equivalents	-999,206,556.27	-788,599,857.18
Add: Cash and cash equivalents at the beginning of the period	17,037,713,410.49	12,273,574,488.67
6. Cash and cash equivalents at the ending of the period	16,038,506,854.22	11,484,974,631.49

6. CASH FLOW STATEMENT OF THE PARENT COMPANY

Unit: Yuan

Items	January to June 2018	January to June 2017
1.Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	15,778,223,117.53	14,377,855,065.89
Tax rebate received	119,119,395.04	21,102,552.86
Other cash received relating to operating activities	76,026,838.22	80,547,620.06
Subtotal of cash inflow received from operation activities	15,973,369,350.79	14,479,505,238.81
Cash paid for goods and services	13,721,886,325.25	17,094,207,253.57
Cash paid to and on behalf of employees	726,170,588.86	672,852,272.11
Cash paid for all types of taxes	341,018,028.32	330,314,831.68
Other cash paid relating to operating activities	222,352,157.09	244,216,504.53
Subtotal of cash outflow received from operation activities	15,011,427,099.52	18,341,590,861.89

Net cash flows generated from operating activities	961,942,251.27	-3,862,085,623.08
2. Cash flows from investing activities:		
Cash received from return on investments	500,000,000.00	424,000,000.00
Cash received from distribution of dividends or profit	3,493,150.68	105,353,447.08
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	529,353,447.08
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	677,920,104.21	687,313,444.96
Cash paid for acquisition of investments	259,300,000.00	180,000,000.00
Net cash received from subsidiary and other operating unit		
Other cash paid relating to investing activities		
Subtotal of cash outflows from investing activities	937,220,104.21	867,313,444.96
The net cash flow generated by investment activities	-433,726,953.53	-337,959,997.88
3. Cash flows from financing activities:		
Proceeds from investment	3,965,799,988.19	
Proceeds from borrowings	8,986,529,900.00	9,396,164,500.00
Cash received from bond issuance		
Other proceeds relating to financing activities		
Subtotal cash inflow received from financing activities	12,952,329,888.19	9,396,164,500.00
Cash repayments of borrowings	13,939,938,977.79	5,345,526,396.17

Cash payments for distribution of dividends, profit or interest expenses	635,530,683.74	399,928,132.12
Other cash payments relating to financing activities		
Subtotal of cash outflows from financing activities	14,575,469,661.53	5,745,454,528.29
The net cash flow generated by financing activities	-1,623,139,773.34	3,650,709,971.71
4. Effect of foreign exchange rate changes on cash and cash equivalents	105,012,744.72	-41,635,090.04
5. Net increase in cash and cash equivalents	-989,911,730.88	-590,970,739.29
Add: Cash and cash equivalents at the beginning of the period	16,713,104,199.65	11,876,536,613.66
6. Cash and cash equivalents at the ending of the period	15,723,192,468.77	11,285,565,874.37

7. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unit: Yuan

Items	January to June 2018												
	Owner's equity attributable to parent company											Non-controlling interests	Total shareholder's equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits		
		Preference shares	Perpetual bond	Others									
1. Ending balance of last year	3,136,000,000.00				9,114,845,542.05			475,046.75	961,105,529.85		1,103,162,610.35	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													
2. 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	533,475,744.19	14,849,064,473.19
3. Changes in current year ("-" for decrease)	739,371,532.00				3,228,364,305.24			15,490,078.17			563,183,410.99	1,436,886.02	4,547,846,212.42
1) Total comprehensive income											756,951,987.59	1,021,803.76	757,973,791.35
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 shareholders	739,371,532.00				3,228,364,305.24								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
(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) Others													
5) Special reserves								15,490,078.17				415,082.26	15,905,160.43
(1) Provision of special reserves								22,983,003.78				415,082.26	23,398,086.04
(2) Use of special reserves								7,492,925.61					7,492,925.61
6) Others													
4. Ending balance of current year	3,875,371,532.00				12,343,209,847.29			15,965,124.92	961,105,529.85		1,666,346,021.34	534,912,630.21	19,396,910,685.61

Unit: Yuan

Items	January to June 2017												
	Owner's equity attributable to parent company											Non-controlling interests	Total shareholder's equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profits		
		Preference shares	Perpetual bond	Others									
1. Ending balance of last year	3,136,000,000.00				9,156,845,542.05			372,721.86	961,105,529.85		-496,947,619.42	549,205,917.49	13,306,582,091.83
Add: Change of accounting													

policies													
Correction of errors for previous period													
Business consolidation under common control													
Others													
2. Beginning balance of current year	3,136,000,000.00				9,156,845,542.05			372,721.86	961,105,529.85		-496,947,619.42	549,205,917.49	13,306,582,091.83
3. Changes in current year ("-" for decrease)					-42,000,000.00			102,324.89			1,600,110,229.77	-15,730,173.30	1,542,482,381.36
1) Total comprehensive income											1,600,110,229.77	9,280,477.96	1,609,390,707.73
2) Capital increase and decrease by shareholders												9,000,000.00	9,000,000.00
(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												9,000,000.00	9,000,000.00
3) Profit distribution												-34,024,878.25	-34,024,878.25
(1) Appropriation to surplus reserves													

(2) Appropriation to general risk reserve													
(3) Profit distribution to shareholders												-34,024,878.25	-34,024,878.25
(4) Others													
4) Transfers within shareholders' equity													
(1) Capital reserves transferred into paid-in capital (or stock)													
(2) Surplus reserves transferred into paid-in capital (or stock)													
(3) Surplus reserves to recover loss													
(4) Others													
5) Special reserves								102,324.89				14,226.99	116,551.88
(1) Provision of special reserves								40,325,168.14				14,226.99	40,339,395.13
(2) Use of special reserves								40,222,843.25					40,222,843.25
6) Others					-42,000,000.00								-42,000,000.00
4. Ending 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	533,475,744.19	14,849,064,473.19

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

Unit: Yuan

Items	January to June 2018

	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total shareholder's equity
		Preference shares	Perpetual bond	Others							
1. Ending balance of last 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
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			12,991,356.16		532,783,103.34	4,513,510,296.74
1) Total comprehensive income										726,551,679.94	726,551,679.94
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 shareholders	739,371,532.00				3,228,364,305.24						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
(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) Others											
5) Special reserves								12,991,356.16			12,991,356.16
(1) Provision of special reserves								20,342,777.03			20,342,777.03
(2) Use of special reserves								7,351,420.87			7,351,420.87
6) Others											
4. Ending balance of current year	3,875,371,532.00				11,923,058,165.17			13,268,084.12	961,105,529.85	1,146,134,827.72	17,918,938,138.86

Unit: Yuan

Items	January to June 2017

	Share capital	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total shareholder's equity
		Preference shares	Perpetual bond	Others							
4. Ending balance of last year	3,136,000,000.00				8,694,693,859.93			230,735.89	961,105,529.85	-1,006,712,290.18	11,785,317,835.49
Add: Change of accounting policies											
Correction of errors for previous period											
Others											
5. Beginning balance of current year	3,136,000,000.00				8,694,693,859.93			230,735.89	961,105,529.85	-1,006,712,290.18	11,785,317,835.49
6. Changes in current year (“-” for decrease)								45,992.07		1,620,064,014.56	1,620,110,006.63
1) Total comprehensive income										1,620,064,014.56	1,620,064,014.56
2) Capital increase and decrease by shareholders											
(1) Common share invested by shareholders											
(2) Capital input by the holder of other equity instruments											
(3) Share-based payment attributable to owners' equity											
(4) Others											

3) Profit distribution											
(1) Appropriation to surplus reserves											
2．Profit distribution to shareholders											
3．Others											
4) Transfers within shareholders' equity											
(1) Capital reserves transferred into paid-in capital (or stock)											
(2) Surplus reserves transferred into paid-in capital (or stock)											
(3) Surplus reserves to recover loss											
(4) Others											
5) Special reserves								45,992.07			45,992.07
(1) Provision of special reserves								34,507,289.29			34,507,289.29
(2) Use of special reserves								34,461,297.22			34,461,297.22
6) Others											
4. Ending 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

III. Basic Information of the Company

Bengang Steel Plates Co., Ltd.(hereinafter referred to as "the Company"), as approved in Liao-Zheng(1997) No. 57 by Liaoning People's Government on 27 March 1997, was incorporated as a joint stock limited company through public share offer of domestic listed foreign currency denominated shares(B shares) in the People's Republic of China(the "PRC") on 27 June 1997 by Benxi Steel and Iron(Group) Co., Ltd.("Bengang

Group"), through reorganization of operations, assets and liabilities of its plants, namely, Steel Smelting Plant, Primary Rolling Plant and Continuous Hot Rolling Plant.

As approved by China Securities Regulatory Commission (hereinafter referred to as "the CSRC"), the Company issued 400,000,000 B-shares at HKD2.38 each in Shenzhen Stock Exchange on 10 June 1997. On 3 November 1997, the Company issued another 120,000,000 A-shares (Renminbi common Shares) at RMB5.40 each, and listed in Shenzhen Stock Exchange since 15 January 1998. The capital shares were totaled to 1,136,000,000 shares including 616,000,000 shares held by the promoter.

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

According to the approval document "Zheng-Jian-Gong-Si-Zi [2006] No. 126" by China Securities Regulatory Commission on 30 June 2006, the Company was approved to place 2 billion Renminbi common shares particularly to Bengang Group and the proceeds would be used to purchase the related assets of the Group. On the same day, Bengang Group received circular Zheng-Jian-Gong-Si-Zi [2006] No. 127 issued by China Securities Regulatory Committee, and were exempted for the liability of undertaking the purchase offer. The liability was caused by subscribing of the 2 billion new shares and the total shareholding was thus increased to 2.5752 billion shares (accounting for 82.12% of the total capital shares of the Company). On 28 August 2006, as approved by China Securities Depository & Clearing Corporation Ltd. Shenzhen Office, the registration and conditional placing procedures of the 2 billion new shares were completed. On 28 September 2006, the privately placed shares were approved by Shenzhen Stock Exchange to be placed in the stock market. The new shares were placed in the market with face value of RMB1.00 per share and the placing price was RMB 4.6733 per share.

On August 21, 2017, Bengang Steel acquired the "Security Regulatory Permission [2017] No. 1476" issued by the China Securities Regulatory Commission on August 11, 2017. The paper approved that the non-public issuance of Bengang Steel Plates should not exceed 739,371,354 shares. On February 12, 2018, the company completed the registration of this non-public offering of shares and restricted shares. On March 5, 2018, the company's non-public offering of new shares was listed, and the issue price was RMB 5.41 per share.

Up to 30 June 2018, the capital shares of Bengang Steel Plates Co., Ltd were amounted to 3,875,371,532 shares. The unified social credit code was 91210000242690243E. The registered address is 16th Renmin Road, Pingshan District, Benxi, Liaoning Province. The registered capital is RMB 3,875,371,532. The legal representative is Wang Shu.

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

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

The financial statements have been approved for reporting by the board of directors of the Company on 27 August 2018.

As at 30 June 2018, subsidiaries included in the Company's consolidated financial statements are as follows:

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

For the details of the scope and changes of the consolidated financial statements of the current period, please refer to "VI. Changes in the scope of consolidation" and "VII. Interests in other entities" in this note.

IV. Basis of preparation

1. Basis of preparation

The financial statements have been prepared on the going concern basis of actual trading and events in accordance with "Accounting Standards for Business Enterprises – Basic Standard" and relevant specific standards, application materials, interpretations (together hereinafter referred to as "Accounting Standards for Business Enterprises") issued by the Ministry of Finance, and "Information Disclosure Rules for Companies of securities for public issuance No. 15 – General Regulations for Financial Statements" issued by the China Securities Regulatory Commission.

2. Going concern

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

V. Significant accounting policies and accounting estimates

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

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

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

2. Accounting year

The Accounting year is from 1 January to 31 December.

3. Operating period

The operating period is twelve months.

4. Functional currency

The Company's functional currency is RMB.

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

Business consolidation under common control: The assets and liabilities that the Company acquired in a business combination shall be measured on the basis of their carrying amount of aquiree's assets, liabilities

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

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

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

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

6. Consolidation of Financial Statements

1. Scope of consolidation

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

2. Procedure of consolidation

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

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

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

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

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

(1) Increase of new subsidiary and business

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

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

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

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

(2) Disposing subsidiary or business

① General treatment

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

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

② Disposing the subsidiary by multiple transactions

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

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

Arrangements work together to achieve an overall commercial effect;

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

One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

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

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

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

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

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

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

7. Joint arrangement classification and accounting treatment

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

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

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

(1) Its solely-held assets, and its share of any assets held jointly;

(2) Its solely-assumed liabilities, and its share of any liabilities incurred jointly;

(3) Its revenue from sales of its share of the output arising from the joint operation;

(4) Its share of the revenue from the sale of the output by the joint operation; and

(5) Its solely-incurred expenses and its share of any expenses incurred jointly.

8. Recognition of cash and cash equivalents

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

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

1. Foreign currency transaction

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

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

2. Translation of foreign currency financial statements

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

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

10. Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments

1. Classification of financial instruments

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

2. Recognition and measurement of financial instruments

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

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

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

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

(2) Held-to-maturity investment

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

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

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

(3) Receivables

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

When disposing the receivables, the difference between the proceeds and the carrying value is recognized in current profit and loss.

(4) Available-for-sale financial assets

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

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

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

(5) Other financial liabilities

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

3. Determination and measurement of financial assets transfer

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

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

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

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

If the transfer of partial financial asset satisfies the conditions to derecognize, the entire book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped (under such circumstance, the service asset retained shall be deemed as a portion of financial asset whose recognition has not been stopped) , be apportioned according to their respective relative fair value, and the difference between the amounts of the following 2 items shall be included into the profits and losses of the current period :

(1) The book value of the portion whose recognition has been stopped; and

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

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

4. Recognition of termination of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly.

Where the Company (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

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

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

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

5. Determination of the fair value

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

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

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

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

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

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

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

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

(2) Impairment of held-to-maturity investment

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

11. Receivables

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

The recognition standard of bad debts provision for the individually significant receivables	Individually significant receivables refer to accounts receivable over RMB10 million or other receivables over RMB 5 million.
The provision for bad debts for the individually significant receivables	The impairment test should be assessed individually for each individually significant receivable. If the there is evidence indicating the receivables have been impaired, the difference between the present value of the future cash flows and the book value of receivables shall be recognized as bad debt provision and shall be recorded into the profits and losses at the current period.

(2) The recognition and provision for bad debts for the receivables in portfolio

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

Aging analysis method for bad debts provision:

√ Applicable □ Not applicable

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

Percentage of balance method for bad debts provisions:

□ Applicable √ Not applicable

Other methods for bad debts provision:

□ Applicable √ Not applicable

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

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

12. Inventories

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

No

1. Inventory classification

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

2. Valuation method for inventory dispatched

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

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

The net realizable value of inventories (finished products, stock commodity, material, etc.) held for direct selling in the daily business activity shall be calculated by deducting the estimated sale expense and relevant taxes from the estimated sale price of inventories.

The net realizable value of inventories for further processing in the daily business activity shall be calculated by deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of inventories.

The net realizable value of inventories held for the execution of sales contracts or labor contracts shall be calculated on the ground of the contract price. If an enterprise holds more inventories than the quantities subscribed in the sales contract, the net realizable value of the excessive part of the inventories shall be calculated on the ground of the general sales price.

The Company shall make provision for loss on decline in value of inventories on the ground of each item of inventories at the year end. For inventories with large quantity and relatively low unit prices, the provision for loss on decline in value of inventories shall be made on the ground of the categories of inventories. For the inventories related to the series of products manufactured and sold in the same area, and of which the final use or purpose is identical or similar thereto, and if it is difficult to measure them by separating them from other items, the provision for loss on decline in value of inventories shall be made on a combination basis.

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

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

4. Inventory system

The Company uses perpetual inventory system.

5. Amortization of low-valued consumables and packing materials

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

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

13. Assets classified as held for sale

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

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

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

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

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

14. Long-term equity investments

1. Criteria of join control and significant influence

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

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

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

(1) Long-term equity investment from business acquisition

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

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

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

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

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

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

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

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

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

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

3. Subsequent measurement and profit or loss recognition

(1) Cost method

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

(2) Equity method

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

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

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

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

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

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

(3) Disposal of long-term equity investment

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

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

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

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

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

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

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

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

15. Investment properties

Investment properties measurement method:
Cost Method
Depreciation and amortization method

The term "investment properties" refers to the real estate held for generating rent and/or capital appreciation. The investment properties include:
(1) The land use right which has already been rented;
(2) The land use right which is held and prepared for transfer after appreciation; and
(3) The building which has already been rented (including buildings self-constructed or developed for rent after completion or buildings being built or developed for future rent) .

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

16. Fixed assets

(1) Recognition of Fixed assets

The term "fixed assets" refers to the tangible assets that simultaneously possess the features as follows:

(1) They are held for the sake of producing commodities, rendering labor service, renting or business management; and

(2) Their useful life is in excess of one fiscal year.

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

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

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

(2) Fixed assets depreciation

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

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

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

(1) The ownership of the leased asset is transferred to the lessee when the term of lease expires;

(2) The lessee has the option to buy the leased asset at a price which is expected to be far lower than the fair value of the leased asset at the date when the option becomes exercisable;

(3) The lease term covers the major part of the use life of the leased asset; and

(4) The present value of the minimum lease payments on the lease beginning date amounts to substantially all of the fair value of the leased asset on the lease beginning date.

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

17. Construction in progress

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

18. Borrowing costs

1. Principle of the recognition of capitalized borrowing costs

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

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

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

The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements:
(1) The asset disbursements have already incurred, which shall include cash, transferred non-cash assets or interest bearing debts paid for the acquisition and construction or production activities for preparing assets eligible for capitalization;
(2) The borrowing costs has already incurred; and
(3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

2. The capitalization period of borrowing costs

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

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

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

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

3. The suspension of capitalization of borrowing costs

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts.

4. Method of calculating the capitalization rate and capitalized amount of borrowing costs

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

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

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

19. Biological Assets

20. Oil and gas assets

21. Intangible assets

(1) Measurement, useful life and impairment

1. Measurement of Intangible Assets

(1) Initial measurement is based on cost upon acquisition

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

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

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

(2) Subsequent Measurement

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

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

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

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

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

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

3. Determination of intangible assets with uncertain useful lives

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

(2) Development expenditure of internal research

1. Classification criteria for internal research phase and development phase

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

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

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

2. Criteria of capitalization of development expenditure

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

(1) It is feasible technically to complete the intangible assets for use or sale;

(2) The intention to complete and use or sell the intangible assets is present;

(3) The method of which the intangible assets generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;

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

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

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

22. Impairment of long-term assets

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

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

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

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

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

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

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

23. Long-term deferred expenses

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

24. Employee benefits

(1) Accounting treatment for short employee benefit

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

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

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

(2) Accounting treatment of post-employment benefits

1. Defined contribution plan

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

2. Defined benefit plan

None.

(3) Accounting treatment of termination benefits

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

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

(2) When the Company recognizes costs or expenses related to a restructuring that involves the payment of termination benefits

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

None.

25. Estimated liabilities

1. Recognition Criteria of estimated liabilities

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

(1) That obligation is a current obligation of the enterprise;

(2) It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation; and

(3) The amount of the obligation can be measured in a reliable way.

2. Measurement of estimated liabilities

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

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

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

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

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

(1) If the Contingencies concern a single item, it shall be determined in the light of the most likely outcome.

(2) If the Contingencies concern two or more items, the best estimate shall be calculated and determined in accordance with all possible outcomes and the relevant probabilities.

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

26. Share-Based Payment

27. Preference shares, Perpetual bond and Other Financial instruments

28. Revenue

Whether the Company needs to obey disclosure requirement of specific industry

No

1. Recognition Criteria for the Revenue from sale of goods

(1) The general principle of revenue recognition and measurement

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

(2) The specific criteria of revenue recognition and measurement

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

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

Export sales revenue is recognized when the following conditions are met: the Company has undertaken the Customs declaration and delivery has occurred under the contract, bill of lading has been obtained, amount of product sales revenue is determinable, received or the certificate of the right to receive the amount has been obtained and the relevant economic benefits are likely to flow into the entity, and related costs can be measured reliably.

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

(1) The general principle

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

(1) Interest income shall be calculated based on the duration of which the Company's cash is used by others and the actual interest rate; or

(2) Royalty revenue shall be calculated based on the period and method of charging as stipulated in the relevant contract or agreement.

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

(1) The agreement alienating of Assets Use Rights of has been signed and provided to users; and

(2) The timing for collecting the fee is due.

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

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

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

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

(1) If the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized to the extent of the cost of labor services incurred, and the cost of labor services shall be recognized; or

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

29. Government Subsidies

(1) The judgment basis and accounting treatment of government subsidies related to assets

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

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

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

30. Deferred tax assets and deferred tax liabilities

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

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

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

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

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

31. Leases

(1) Accounting treatment of operating lease

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

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

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

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

(2) Accounting treatment of financial leasing

(1) Leased in asset

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

The lessee shall adopt the effective interest rate method to calculate and recognize the financing charge in the current period. The unrecognized financing charge shall be amortized to each period during the lease term. Initial direct costs incurred by the Company shall be recorded in the value of the leased asset.

(2) Leased out asset

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

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

32. Discontinuing operation

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

(1) The component stands for an independent main business or a major business area;

(2) The component is a part of disposal plan of an independent main business or a major business area;

(3) The component is a subsidiary which is acquired only for sale again.

33. Significant accounting policies and change of accounting estimate

(1) Significant changes in accounting policies.

□ Applicable √ Not applicable

(2) Significant changes in accounting estimates

□ Applicable √ Not applicable

34. Others

VI. Taxes

1. Major type of taxes and corresponding tax rates

税种	Taxation Method	Tax Rate
Value-added Tax (VAT)	The balance of output VAT calculated based on product sales and taxable services revenue in accordance with the tax laws after subtracting the deductible input VAT of the period	16%, 10%, 6%
City maintenance and construction tax	Based on VAT and business tax actually paid	7%, 5%
Educational surcharges	Based on VAT and business tax actually paid	3%, 2%
Enterprise income tax	Based on taxable profit	25%

Notes to whether there is different income tax rate

Tax payer	Income tax rate

2. Tax Preference

None

3. Others

According to the "Notice on Adjusting the VAT Rate" issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No. 32), the company has adjusted the 17% and 11% VAT rates to 16% and 10% since May 1, 2018.

VII. Notes to the consolidated financial statements

1. Cash at bank and on hand

Unit: Yuan

Items	Ending balance	Beginning balance
Cash on hand	20,372.11	20,871.51
Cash at bank	16,038,486,482.11	12,317,555,907.42
Other monetary funds	2,531,734,752.99	4,720,136,631.56
Total	18,570,241,607.21	17,037,713,410.49

Notes:

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

Items	Ending balance	Beginning balance
Margin for bank acceptance bill	1,463,123,892.06	3,147,582,187.96
Fixed deposits or Notice deposits for guaranty	1,068,610,860.93	1,572,554,443.60
Total	2,531,734,752.99	4,720,136,631.56

2. Financial assets at fair value through profit or loss

Unit: Yuan

Items	Ending balance	Beginning balance

Notes:

3. Derivative financial assets

□ Applicable √ Not applicable

4. Notes receivable

(1) Notes receivable disclosed by category

Unit: Yuan

Items	Ending balance	Beginning balance
Bank acceptance bill	3,004,534,752.04	3,622,042,309.91
Commercial acceptance bill	160,358,895.92	224,391,390.96
Total	3,164,893,647.96	3,846,433,700.87

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

Unit: Yuan

Items	The pledged acceptance bill at the year-end
Bnak acceptance bill	1,801,103,300.17
Total	1,801,103,300.17

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

Unit: Yuan

Items	Derecognized ending balance	Un-derecognized ending balance
Bank acceptance bill	11,045,298,083.12	
Commercial acceptance bill		103,741,236.92
Total	11,045,298,083.12	103,741,236.92

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

Unit: Yuan

Items	Amount transferred to receivable accounts at year end

Notes

5. Accounts receivables

(1) Accounts receivables disclosed by category

Unit: Yuan

Category	Ending balance					Beginning balance				
	Carrying amount		Provision for bad debts		Total net book value of Fixed assets	Carrying amount		Provision for bad debts		Total net book value of Fixed assets
	Amount	Percentage	Amount	Bad debts ratio		Amount	Percentage	Amount	Bad debts ratio	
Individually significant and tested for impairment individually	47,762,337.18	5.04%	47,762,337.18	100.00%		47,762,337.18	4.86%	47,762,337.18	100.00%	
Accounts receivable tested for impairment by portfolio	900,339,070.86	94.96%	192,449,084.52	21.38%	707,889,986.34	934,445,274.36	95.14%	205,847,347.97	22.03%	728,597,926.39

Total	948,101,408.04	100.00%	240,211,421.70		707,889,986.34	982,207,611.54	100.00%	253,609,685.15		728,597,926.39

Accounts receivables individually significant and tested for impairment individually:

√□ Applicable □ Not applicable

Accounts receivable	Ending balance			
	Accounts receivable	Provision for bad debts	Bad debts ratio	Reason
Benxi Nanfen Xinhe Metallurgical Co., Ltd.	47,762,337.18	47,762,337.18	100.00%	Stop production
Total	47,762,337.18	47,762,337.18	--	--

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

√ Applicable □ Not applicable

Unit: Yuan

Aging	Ending balance		
	Accounts receivables	Provision for bad debts	Bad debts ratio
Within 1 year (inclusive)			
Within 1 year	606,575,905.21		
Subtotal of within 1 year	606,575,905.21		
1-2 years	32,499,752.60	1,624,987.63	5.00%
2-3 years	88,049,145.20	17,609,829.04	20.00%
Over 3 years	173,214,267.85	173,214,267.85	100.00%
Total	900,339,070.86	192,449,084.52	

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

□ Applicable √ Not applicable

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

None

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

The provision of bad debts of current period is RMB 0.00; Bad debt provision written back was RMB13,398,263.45in the period.

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

Unit: Yuan

Company	Amount retrieved or written back	way of retrieving

(3) Receivable accounts actually written off in the report period

Unit: Yuan

Items	Amount written off

Significant amount written off:

Unit: Yuan

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

Statement on writing off of receivable accounts:

(4) Top five debtors at the year-end

Company	Ending balance		
	Amount	Percentage of total Accounts receivable (%)	Provision for bad debts
No. 1	298,586,735.80	31.49	
No. 2	86,329,597.52	9.11	6,513,105.93
No. 3	47,762,337.18	5.04	47,762,337.18
No. 4	46,980,327.61	4.96	22,754,881.58
No. 5	34,624,704.64	3.65	8,840,761.28
Total	514,283,702.75	54.24	85,871,085.97

(5) Recognition of receivable accounts terminated

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

6. Prepayments

(1) Prepayments disclosed by aging

Unit: Yuan

Aging	Ending balance		Beginning balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	1,179,625,676.28	98.29%	1,259,327,577.20	98.33%
1-2 years	12,847,731.88	1.07%	13,457,173.07	1.05%
2-3 years	1,535,096.44	0.13%	1,669,541.26	0.13%
Over 3 years	6,155,309.06	0.51%	6,234,802.80	0.49%
Total	1,200,163,813.66	--	1,280,689,094.33	--

Notes:

Reason for significant prepayment aging over one year:

As at 30 June 2018, there was no significant prepayment aging over one year.

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

Name of the company	Amount	Percentage (%)
No. 1	707,225,626.32	58.93
No. 2	178,742,709.55	14.89
No. 3	127,417,058.31	10.62
No. 4	37,291,000.00	3.11
No. 5	24,882,543.25	2.07
Total	1,075,558,937.43	89.62

7. Interests receivable

(1) Interest receivable disclosed by category

Unit: Yuan

Items	Ending balance	Beginning balance
Fixed deposit	3,503,285.16	18,448,520.50
Total	3,503,285.16	18,448,520.50

(2) Significant Overdue Interest

Loans Unit	Ending balance	Overdue period	Reason	Impairment and the criterion

Notes:

8. Dividends receivable

(1) Dividends receivable

Unit: Yuan

Items (Company invested in)	Ending balance	Beginning balance

(2) Significant dividends receivable over 1 year

Unit: Yuan

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

Notes:

9. Other receivables

(1) Other receivables disclosed by category

Unit: Yuan

Category	Ending balance					Beginning balance				
	Carrying amount		Provision for bad debts		Total net book value of Fixed assets	Carrying amount		Provision for bad debts		Total net book value of Fixed assets
	Amount	Percentage	Amount	Bad debts ratio		Amount	Percentage	Amount	Bad debts ratio	
Other receivable tested for impairment by portfolio	339,279,331.51	99.49%	69,928,385.39	20.61%	269,350,946.12	359,690,439.99	99.52%	71,053,454.65	19.75%	288,636,985.34
Other insignificant items but tested for impairment individually	1,740,000.00	0.51%			1,740,000.00	1,740,000.00	0.48%			1,740,000.00
Total	341,019,331.51	100.00%	69,928,385.39		271,090,946.12	361,430,439.99	100.00%	71,053,454.65		290,376,985.34

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

□ Applicable √ Not applicable

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

√ Applicable □ Not applicable

Unit: Yuan

Aging	Ending balance		
	Other receivables	Provision for bad debts	Bad debts ratio
Within 1 year (inclusive)			
	250,287,509.96		
Subtotal of within 1 year	250,287,509.96		
1-2 years	8,603,549.60	430,177.48	5.00%
2-3 years	13,612,580.05	2,722,516.01	20.00%
Over 3 years	66,775,691.90	66,775,691.90	100.00%
Total	339,279,331.51	69,928,385.39	

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

The provision of bad debts of current period is RMB 0.00; Bad debt provision written back was RMB1,125,069.26 in the period.

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

Unit: Yuan

Company	Amount retrieved or written back	way of retrieving

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

Unit: Yuan

Items	Amount written off

Significant other Receivables have been written off this year:

Unit: Yuan

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

Notes:

(4) Other receivables disclosed by nature

Unit: Yuan

Nature	Ending balance	Beginning balance
Accounts	324,237,613.93	345,146,993.73
Margin and deposit	3,746,111.37	3,045,619.00
Others	13,035,606.21	13,237,827.26
Total	341,019,331.51	361,430,439.99

(5) Top five debtors at the year-end

Unit: Yuan

Company	Nature or content	Ending balance	Aging	Percentage of total other receivables	Provision for bad debts Ending balance
No. 1	Accounts	17,464,021.64	Within 1 year RMB 17,455,404.12, Over 3 years RMB 8,617.52	5.12%	8,617.52
No. 2	Accounts	16,083,670.47	Within 1 year RMB 12,553,032.8,1-2 years RMB	4.72%	176,531.88

			3,530,637.67		
No. 3	Accounts	12,626,479.38	1-3 years	3.70%	2,462,178.25
No. 4	Accounts	9,188,976.40	Within 1 year	2.69%	
No. 5	Others	5,922,247.07	Within 1 year	1.74%	
Total	--	61,285,394.96	--	17.97%	2,647,327.65

(6) Receivable accounts involving the government

Unit: Yuan

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

(7) Other receivables de-recognition due to transfer of financial asset

(8) Assets and liabilities formed due to the transfer and continuous involvement of other receivables

Notes:

10. Inventories

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

No

(1) Inventories disclosed by category

Unit: Yuan

Items	Ending balance			Beginning balance		
	Carrying amount	Impairment	Total net book value of Fixed assets	Carrying amount	Impairment	Total net book value of Fixed assets
Raw materials	5,768,189,545.16	4,894,918.76	5,763,294,626.40	5,612,450,076.70	4,894,918.76	5,607,555,157.94
Work in process	2,021,513,151.82	20,668,681.48	2,000,844,470.34	1,689,682,178.82	23,431,222.63	1,666,250,956.19
Products	5,154,722,855.66	25,057,402.93	5,129,665,452.73	3,964,781,474.74	28,689,492.71	3,936,091,982.03
Total	12,944,425,552.64	50,621,003.17	12,893,804,549.47	11,266,913,730.26	57,015,634.10	11,209,898,096.16

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

No

(2) Impairment of inventory

Unit: Yuan

Items	Beginning balance	Increase in current period		Decrease in current period		Ending balance
		Provision	Others	Write-back or write-off	Others	
Raw materials	4,894,918.76					4,894,918.76
Work in process	23,431,222.63	20,668,681.48		23,431,222.63		20,668,681.48
Products	28,689,492.71	25,057,402.93		28,689,492.71		25,057,402.93
Total	57,015,634.10	45,726,084.41		52,120,715.34		50,621,003.17

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

(4) Completed unbalanced assets at the end of the period

Unit: Yuan

Items	Amount

Notes:

11. Assets classified as held for sale

Unit: Yuan

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

Notes:

12. Non-current assets due within one year

Unit: Yuan

Items	Ending balance	Beginning balance

Notes:

13. Other current assets

Unit: Yuan

Items	Ending balance	Beginning balance
Prepaid enterprise income tax	182,228,953.96	182,938,934.20
Input tax to be deducted	35,387,479.00	120,383,193.59
Bank Short-Term Financial Products		506,000,000.00

Total	217,616,432.96	809,322,127.79

Notes:

14. Available-for-sale financial assets

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

Unit: Yuan

Items	Ending balance			Beginning balance		
	Carrying amount	Total impairment	Book value	Carrying amount	Total impairment	Book value
Available-for-sale equity instruments :	18,503,673.00	14,414,693.00	4,088,980.00	18,303,673.00	14,414,693.00	3,888,980.00
Measured at cost	18,503,673.00	14,414,693.00	4,088,980.00	18,303,673.00	14,414,693.00	3,888,980.00
Total	18,503,673.00	14,414,693.00	4,088,980.00	18,303,673.00	14,414,693.00	3,888,980.00

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

Unit: Yuan

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

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

Unit: Yuan

Company invested in	Carrying amount				Total impairment				Percentage of share in the firm %	Cash dividend of the current period
	At beginning of the period	Increase	Decrease	At end of the period	At beginning of the period	Increase	Decrease	At end of the period		
Guangzhou Benpu Auto Sheet Sales Co., Ltd.		200,000.00		200,000.00					10.00%	
Suzhou Bengang Industrial Co., Ltd.	3,888,980.00			3,888,980.00					20.10%	

China Steel Shanghai Steel Processing Co., Ltd.	14,414,693.00			14,414,693.00	14,414,693.00			14,414,693.00	15.00%	
Total	18,303,673.00	200,000.00		18,503,673.00	14,414,693.00			14,414,693.00	--	

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

Unit: Yuan

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

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

Unit: Yuan

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

Notes

15. Held-to-maturity investment

(1) Held-to-maturity investment

Unit: Yuan

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

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

Unit: Yuan

Bond	Par value	Face interest rate	Actual interest rate	Maturity date

(3) Reclassification to held-to-maturity investment

Notes

16. Long-term receivables

(1) Long-term receivables

Unit: Yuan

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

(2) De-recognition long-term receivables due to transfer of financial assets

(3) Assets and liabilities formed by transferring and continuous involvement of long-term receivables

Notes

17. Long-term equity investments

Unit: Yuan

Company invested in	Beginning balance	Increase or decrease								Ending balance	Ending balance of provision for impairment
		Add investment	Reduce investment	Investment income or loss under equity method	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profit	Provision for impairment	Others		
1. Joint venture											
2. Associated enterprise											
Zhejiang Bengang Elite Steel Processing Co., Ltd.	2,726,009.03									2,726,009.03	
Subtotal	2,726,009.03									2,726,009.03	
Total	2,726,009.03									2,726,009.03	

Notes

18. Investment properties

(1) Investment properties under cost method

□ Applicable √ Not applicable

(2) Investment properties under fair value method

□ Applicable √ Not applicable

(3) Investment properties without property rights certificate

Unit: Yuan

Items	Carrying value	Reason

Notes

19. Fixed assets

(1) Details of fixed assets

Unit: Yuan

Items	Plants and Buildings	Machinery	Transportation equipment	Total
1. Total original value:				
1.Beginning balance	12,311,587,761.99	41,626,541,563.48	902,411,923.49	54,840,541,248.96
2.Increase in current period	637,829.46	33,999,698.90	180,000.00	34,817,528.36
(1) Purchase				
(2) Transferred from construction in progress	637,829.46	33,999,698.90	180,000.00	34,817,528.36
(3) Merging				
3.Decrease in current period	4,500,116.36	18,821,400.78		23,321,517.14
(1) Disposal	4,500,116.36	18,821,400.78		23,321,517.14
4.Ending balance	12,307,725,475.09	41,641,719,861.60	902,591,923.49	54,852,037,260.18
2. Total accumulated depreciation				
1.Beginning balance	5,276,168,794.08	25,159,715,530.00	541,830,618.28	30,977,714,942.36

2.Increase in current period	163,421,339.99	973,734,423.39	7,828,431.62	1,144,984,195.00
(1) Provision	163,421,339.99	973,734,423.39	7,828,431.62	1,144,984,195.00
3.Decrease in current period	4,285,981.20	16,843,876.26		21,129,857.46
(1) Disposal	4,285,981.20	16,843,876.26		21,129,857.46
4.Ending balance	5,435,304,152.87	26,116,606,077.13	549,659,049.90	32,101,569,279.90
3. Total impairment				
1.Beginning balance	8,208,087.85	2,551,052.65		10,759,140.50
2.Increase in current period				
(1) Provision				
3.Decrease in current period				
(1) Disposal				
4.Ending balance	8,208,087.85	2,551,052.65		10,759,140.50
4. Total net book value of Fixed assets				
1.Ending book value	6,864,213,234.37	15,522,562,731.82	352,932,873.59	22,739,708,839.78
2.Beginning book value	7,027,210,880.06	16,464,274,980.83	360,581,305.21	23,852,067,166.10

(2) Fixed assets temporarily in idle status

Unit: Yuan

Items	Total original value	Total accumulated depreciation	Total impairment	Total net book value of Fixed assets	Nature

(3) Fixed asset by financial leasing

Unit: Yuan

Items	Total original value	Total accumulated depreciation	Total impairment	Total net book value of Fixed assets

(4) Fixed assets leased out on finance

Unit: Yuan

Items	Ending book value
Plants and Buildings	22,879,743.91
Machinery	4,504,638.67
Total	27,384,382.58

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

Unit: Yuan

Items	Total net book value of Fixed assets	Reason
Plants and Buildings	1,135,305,101.78	To be handled in batches

Notes

20. Construction in progress

(1) Details of construction in progress

Unit: Yuan

Items	Ending balance			Beginning balance		
	Carrying amount	Total impairment	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	1,248,815,568.07		1,248,815,568.07	1,187,165,940.86		1,187,165,940.86
The Third Cold Rolling Work Hot-Dip Galvanizing Production Line Project	614,011,518.07		614,011,518.07	611,760,000.00		611,760,000.00
Reconstruction Of The Converter System And 180 Ton Dephophorization Converter Project	172,038,373.79		172,038,373.79	170,359,741.31		170,359,741.31

Ultrathin Pickling Line Modification	32,745,791.58		32,745,791.58	32,745,791.58		32,745,791.58
Information System Engineering	34,970,271.44		34,970,271.44	32,708,961.76		32,708,961.76
Modifing and Upgrading of System Equipment such as Hot Blast Furnace.	32,592,428.11		32,592,428.11	27,289,578.22		27,289,578.22
The 360 Square Meter Sintering Machine	59,021,874.99		59,021,874.99	26,592,065.27		26,592,065.27
Automobile Board Engineering Laboratory Phase Ⅱ Project.	20,289,005.83		20,289,005.83	20,289,005.83		20,289,005.83
Energy Control Center Project	15,976,501.70		15,976,501.70	8,617,499.91		8,617,499.91
Others	509,898,394.05		509,898,394.05	274,055,825.72		274,055,825.72
Total	2,740,359,727.63		2,740,359,727.63	2,391,584,410.46		2,391,584,410.46

(2) The change of major construction in progress

Unit: Yuan

Items	Budget	Beginning balance	Increase in current period	Transfer to FA	Other decrease	Ending balance	Input of Budget (%)	Progress	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capitalization rate	Source of fund
High Strength Cold Rolling Steel	6,134,980,000.00	1,187,165,940.86	61,649,627.21			1,248,815,568.07	85.00%	98%	906,733,767.70	50,832,345.91	3.48%	Raised fund

Renovation Project												
The Third Cold Rolling Work Hot-Dip Galvanizing Production Line Project	869,180,000.00	611,760,000.00	2,251,518.07			614,011,518.07	72.00%	90%				
Reconstruction Of The Converter System And 180 Ton Dephophorization Converter Project	1,778,644,000.00	170,359,741.31	1,678,632.48			172,038,373.79	87.00%	96%	127,847,567.31			
Ultrathin Pickling Line Modification	52,190,000.00	32,745,791.58				32,745,791.58	63.00%	70%				
Information System Engineering	36,870,000.00	32,708,961.76	2,261,309.68			34,970,271.44	89.00%	90%	2,190,983.43	489,297.87	3.48%	
Modifing and Upgrading of System Equipment such as Hot Blast Furnace.	185,351,400.00	27,289,578.22	5,302,849.89			32,592,428.11	64.00%	85%				
The 360 Square Meter Sintering Machine	1,284,032,000.00	26,592,065.27	32,429,809.72			59,021,874.99	5.00%	98%	68,627,433.26			

Automobile Board Engineering Laboratory Phase II Project.	26,000,000.00	20,289,005.83				20,289,005.83	78.00%	80%				
Energy Control Center Project	294,500,000.00	8,617,499.91	7,359,001.79			15,976,501.70	98.00%	98%	45,372,134.03			
Others		274,055,825.72	270,660,096.69	34,817,528.36		509,898,394.05						
Total	10,661,747,400.00	2,391,584,410.46	383,592,845.53	34,817,528.36		2,740,359,727.63	--	--	1,150,771,885.73	51,321,643.78		--

(3) Impairment provision provided on construction in process

Unit: Yuan

Items	Provision for impairment of the current period	Reason

Notes

21. Construction materials

Unit: Yuan

Items	Ending balance	Beginning balance
Special equipment	2,925,581.89	4,558,919.60
Total	2,925,581.89	4,558,919.60

Notes:

22. Disposal of fixed assets

Unit: Yuan

Items	Ending balance	Beginning balance

Notes:

23. Productive biological assets

(1) Productive biological assets under cost method

□ Applicable √ Not applicable

(2) Productive biological assets under fair value method

□ Applicable √ Not applicable

24. Oil and gas assets

□ Applicable √ Not applicable

25. Intangible assets

(1) Details of intangible assets

Unit: Yuan

Items	Land use right	Patent	Non-patent technologies	Software	Total
1. Total original value					
1.Beginning balance	296,245,314.76			409,458.15	296,654,772.91
2.Increase in current period					
(1) Purchase	30,783,483.08				30,783,483.08
(2) Internal R&D					
(3) Merging					
3.Decrease in current period					
(1) Disposal					
4.Ending balance	327,028,797.84			409,458.15	327,438,255.99
2. Accumulative amortizing					
1.Beginning balance	42,688,601.63			81,289.80	42,769,891.43
2.Increase in current period	3,219,446.92			20,008.17	3,239,455.09
(1) Provision	3,219,446.92			20,008.17	3,239,455.09

3.Decrease in current period					
(1) Disposal					
4.Ending balance	45,908,048.55			101,297.97	46,009,346.52
3. Total impairment					
1.Beginning balance					
2.Increase in current period					
(1) Provision					
3.Decrease in current period					
(1) Disposal					
4.Ending balance					
4. Total net book value of Fixed assets					
1.Ending book value	281,120,749.29			308,160.19	281,428,909.48
2.Beginning book value	253,556,713.13			328,168.35	253,884,881.48

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

(2) Property certificate not granted yet

Unit: Yuan

Items	Total net book value of Fixed assets	Reason

Notes:

26. Development expenditure

Unit: Yuan

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

Notes

27. Goodwill

(1) Original book value

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance

(2) Provision for impairment

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance

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

Notes

28. Long-term deferred expenses

Unit: Yuan

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

Notes

29. Deferred tax assets/Deferred tax liabilities

(1) Un-deducted deferred tax asset

Unit: Yuan

Items	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Asset impairment provision	373,970,223.70	93,492,555.93	403,885,112.30	100,971,278.09
Internal trade profit not realized	71,807,414.00	17,951,853.50	64,609,874.03	16,152,468.51
Differences of depreciation and	333,978,859.03	83,494,714.76	333,978,859.03	83,494,714.76

amortization				
Total	779,756,496.73	194,939,124.19	802,473,845.36	200,618,461.36

(2) Deferred income tax liabilities not deducted

Unit: Yuan

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

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

Unit: Yuan

Items	Amount neutralized between deferred income tax asset and liability at end of period	Closing balance of deferred income tax asset or liability after deduction	Amount neutralized between deferred income tax asset and liabilities at opening of period	Opening balance of deferred income tax asset or liability after deduction
Deferred tax assets		194,939,124.19		200,618,461.36

(4) Unrecognized deferred tax assets

Unit: Yuan

Items	Ending balance	Beginning balance
Deductible temporary differences	2,722,439.35	2,967,495.10
Deductible losses	1,377,226,268.38	2,105,332,277.56
Total	1,379,948,707.73	2,108,299,772.66

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

Unit: Yuan

Year	At end of the period	At beginning of the period	Nature
2018		4,904,050.21	
2019			
2020	1,365,805,145.49	2,086,284,665.11	
2021	12,562,922.76	12,562,922.76	
2022	1,580,639.48	1,580,639.48	
2023			
Total	1,379,948,707.73	2,105,332,277.56	--

Notes:

30. Other non-current assets

Unit: Yuan

Items	Ending balance	Beginning balance
Prepaid long-term assets	1,037,735,849.00	1,067,334,823.12
Items	1,037,735,849.00	1,067,334,823.12

Notes: Prepaid long-term assets at the end of the period of an amount of RMB 1,037,735,849.00 was used to pay the investment of Northeast Special Steel Group Co., Ltd.

31. Short-term loans

(1) Short-term loans disclosed by category

Unit: Yuan

Items	Ending balance	Beginning balance
Pledge loans	825,000,000.00	1,470,000,000.00
Guaranteed loans	15,413,162,700.00	11,529,063,300.00
Credit loans	5,546,640,000.00	9,000,040,600.00
Total	21,784,802,700.00	21,999,103,900.00

Notes:

(2) Outstanding overdue short-term loans

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

Unit: Yuan

Unit	Ending balance	Interest rate	Overdue time	Overdue interest rate

Notes:

32. Financial liabilities at fair value through profit or loss

Unit: Yuan

Items	Ending balance	Beginning balance

Notes:

33. Advance from customers

□ Applicable √ Not applicable

34. Notes payable

Unit: Yuan

Categories	Ending balance	Beginning balance
Bank acceptance bill	6,686,291,966.46	9,682,045,779.95
Commercial acceptance bill	1,798,307,730.12	1,812,544,047.32
Total	8,484,599,696.58	11,494,589,827.27

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

35. Accounts payable

(1) Accounts payable disclosed by category

Unit: Yuan

Items	Ending balance	Beginning balance
Accounts payable for goods	3,390,784,690.68	3,116,873,305.58
Accounts payable for labor	4,563,306.49	4,467,697.76
Accounts payable for project and equipment	260,141,728.27	254,691,333.73
Accounts payable for repair	592,745,474.27	519,035,208.21
Others	2,637,902.24	2,600,968.49
Total	4,250,873,101.95	3,897,668,513.77

(2) Material payable aged over 1 year

Unit: Yuan

Items	Ending balance	Reason
BHP Billiton Trading Company	29,311,486.15	Not yet settled
China Metallurgical Southern Engineering Technology Co., Ltd.	17,030,034.24	Not yet settled
Jixi Huasheng Feng Yuan Coal Preparation Co., Ltd.	26,485,138.18	Not yet settled
Hangzhou Tian Shen materials Co., Ltd..	20,145,902.64	Not yet settled
Total	92,972,561.21	--

Notes:

36. Advance from customers

(1) Advance from customers disclosed by category

Unit: Yuan

Items	Ending balance	Beginning balance
Advance for goods	3,389,201,256.80	3,308,567,598.05
Total	3,389,201,256.80	3,308,567,598.05

(2) Material advances received for over 1 year

Unit: Yuan

Items	Ending balance	Reason

(3) Unfinished project has already paid at the end of period

Unit: Yuan

Items	Amount

Notes:

37. Employee benefits payable

(1) Employee benefits payable

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance
1. Short-term employee benefits	39,492,800.76	943,263,601.67	943,135,390.76	39,621,011.67
2. Post-employment benefits - defined contribution plans	58,897.24	47,540,582.84	47,540,326.12	59,153.96
3. Termination benefits	4,170,839.58		1,144,626.18	3,026,213.40
Total	43,722,537.58	990,804,184.51	991,820,343.06	42,706,379.03

(2) Short-term employee benefits

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance and	29,509,509.38	641,081,645.94	641,141,079.43	29,450,075.89

subsidy				
2. Employee welfare	403,019.22	45,026,921.33	45,026,921.33	403,019.22
3.Social security expense	663,146.90	192,937,976.71	192,926,811.12	674,312.49
Including: Medical insurance		44,401,255.18	44,401,255.18	
Work injury insurance	663,146.90	16,468,829.44	16,468,829.44	663,146.90
Maternity insurance		11,511.84	11,511.84	
4. Housing fund	6,850,655.00	50,579,409.00	50,575,375.00	6,854,689.00
5. Union funds and staff education fee	2,066,470.26	12,732,865.04	12,560,420.23	2,238,915.07
6. Others		904,783.65	904,783.65	
Total	39,492,800.76	943,263,601.67	943,135,390.76	39,621,011.67

(3) Defined contribution plans

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension fund	57,445.11	44,401,255.18	44,401,255.18	57,445.11
2. Unemployment insurance	1,452.13	3,139,327.66	3,139,070.94	1,708.85
Total	58,897.24	47,540,582.84	47,540,326.12	59,153.96

Notes:

38. Current tax liabilities

Unit: Yuan

Items	Ending balance	Beginning balance
Value-added Tax (VAT)	37,172,905.08	44,433,347.78
Enterprise income tax	4,233,500.49	12,706,288.46
City maintenance and construction tax	10,340,536.48	13,007,637.50
Housing property tax	3,013,016.57	2,990,847.04
Educational surcharges	7,400,127.44	9,382,026.01
Others	9,925,077.37	5,286,981.71
Total	72,085,163.43	87,807,128.50

Notes:

39. Interests payable

Unit: Yuan

Items	Ending balance	Beginning balance
Corporate bond interest		70,109,821.13
Short-term loan interest payable	51,920,388.97	14,029,466.89
Total	51,920,388.97	84,139,288.02

Notes:

Unit: Yuan

Unit	Overdue amount	Reason

Notes:

40. Dividends payable

Unit: Yuan

Items	Ending balance	Beginning balance
Common stock dividends	193,768,576.60	
Total	193,768,576.60	

Notes, the reason of significant dividends payable aging over 1 year:

41. Other payables

(1) Other payables disclosed by nature

Unit: Yuan

Items	Ending balance	Beginning balance
Deposit	2,429,895.77	2,475,771.82
Margin	163,854,042.94	145,686,888.01
Accounts	323,615,754.77	349,363,687.04
Others	71,096,069.89	79,463,585.44
Total	560,995,763.37	576,989,932.31

(2) Significant other payables ageing over one year

Unit: Yuan

Items	Ending balance	Reason
Benxi Steel & Iron (Group) Co., Ltd.	86,805,543.86	Not yet settled
Total	86,805,543.86	--

Notes

42. Liabilities held for sale

Unit: Yuan

Items	Ending balance	Beginning balance

Notes:

43. Non-current liabilities due within one year

Unit: Yuan

Items	Ending balance	Beginning balance
Long-term loans due within one year	1,040,765,614.98	2,311,995,410.89
Long-term payables due within one year		1,499,545,179.95
Total	1,040,765,614.98	3,811,540,590.84

Notes:

44. Other current liabilities

Unit: Yuan

项目	期末余额	期初余额
Pending VAT	25,283,327.37	27,979,093.21
Total	25,283,327.37	27,979,093.21

Changes in short-term bonds payable:

Unit: Yuan

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

Notes:

45. Long-term loans

(1) Long-term loans disclosed by category

Unit: Yuan

Items	Ending balance	Beginning balance
Guaranteed loans	3,186,004,295.10	2,267,263,140.28
Credit loans	1,220,995,278.78	176,922,490.00

Total	4,406,999,573.88	2,444,185,630.28

Long-term loans disclosed by category:

Notes，including interest rate interval:

46. Bonds payable

(1) Bonds payable

Unit: Yuan

Items	Ending balance	Beginning balance

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

Unit: Yuan

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

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

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

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

Unit: Yuan

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

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

Notes

47. Long-term payables

(1) Long-term payables disclosed by nature

Unit: Yuan

Items	Ending balance	Beginning balance

Notes:

48. Long-term employee benefits payable

(1) Long-term employee benefits payable

Unit: Yuan

Items	Ending balance	Beginning balance

(2) Changes of defined benefit plan

Defined benefit plan obligation present value:

Unit: Yuan

Items	January to June 2018	January to June 2017

Planned assets:

Unit: Yuan

Items	January to June 2018	January to June 2017

Defined benefit plan 净 liabilities(Net assets)

Unit: Yuan

Items	January to June 2018	January to June 2017

Content of defined benefit plan and the related risks, and the related influences to the Company’s future cash flow, time and uncertainty:

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

Notes:

49. Special accounts payable

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance	Reason

Notes:

50. Estimated liabilities

Unit: Yuan

Items	Ending balance	Beginning balance	Reason

Notes, including significant assumption and estimate of estimated liabilities:

51. Deferred income

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance	Reason
Government	372,785,000.00	694,300.00	41,274,238.70	332,205,061.30	

Subsidies					
Total	372,785,000.00	694,300.00	41,274,238.70	332,205,061.30	--

Projects of government subsidies:

Unit: Yuan

Items	Beginning balance	Increase	Transfer to non-operating income	Transfer to other income	Write off on costs and expenses	Other changes	Ending balance	Related to assets or income
MES PROJECT SPECIAL FUND	3,440,000.00		860,000.00				2,580,000.00	Related to assets
Industrial Enterprise Energy Management Center Construction Demonstration Project	9,280,000.00		1,160,000.00				8,120,000.00	Related to assets
Environment Pollution Renovation Project	7,240,000.00		1,810,000.00				5,430,000.00	Related to assets
Environment Renovation Project and Regional Basin Environment Protection Project	680,000.00		170,000.00				510,000.00	Related to assets
High Strength Cold Rolling Steel Renovation Project	250,000,000.00		25,000,000.00				225,000,000.00	Related to assets
Automobile High-class Electrolytic Zinc Steel Plate Production Line Project	24,624,000.00		4,104,000.00				20,520,000.00	Related to assets
Sintering Machine Residue Heat Usage and Desulfurization Project	8,408,000.00		2,102,000.00				6,306,000.00	Related to assets

7 130t Boilers Flue Gas Desulfurization Renovation Project of Power Plant	24,000,000.00		2,400,000.00				21,600,000.00	Related to assets
Treatment and Salt Extraction Project of Desulfurization Waste Liquid of Coke Plant	100,000.00		50,000.00				50,000.00	Related to assets
Overseas Advanced Technology Introduction Special Fund	9,768,000.00		1,442,000.00				8,326,000.00	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	400,000.00		100,000.00				300,000.00	Related to assets
Environment Protection Project Special Fund	2,320,000.00		580,000.00				1,740,000.00	Related to assets
Advance Treatment of Carbon Fiber Waste Water	9,500,000.00						9,500,000.00	Related to assets

Project of Plates Coke Plant Dongfeng Workshop								
Coal-fired Boiler Desulfuration and Denitration Project of Bengang Power Plant High Pressure Workshop	5,400,000.00		300,000.00				5,100,000.00	Related to assets
Cogeneration Transformation Project of Power Plant the Third Workshop	10,000,000.00						10,000,000.00	Related to assets
Sintering Machine Energy Conservation and Environment Protection Project of Iron Making Plant	3,480,000.00		580,000.00				2,900,000.00	Related to assets
Air Quality Automatic Monitoring System	245,000.00		35,000.00				210,000.00	Related to assets
Compensation from Xihu Resource Management Committee		414,300.00	414,300.00					Income
Liaoning craftsman subsidy and skill master workstation subsidy		280,000.00	166,938.70				113,061.30	Income
Total	372,785,000.00	694,300.00	41,274,238.70				332,205,061.30	--

Notes:

52. Other non-current liabilities

Unit: Yuan

Items	Ending balance	Beginning balance

Notes:

53. Share capital

Unit: Yuan

	Beginning balance	Changes (+, -)					Ending balance
		Issuing of new share	Bonus shares	Capitalization of common reserve fund	Others	Subtotal	
Total of capital shares	3,136,000,000.00	739,371,532.00				739,371,532.00	3,875,371,532.00

Notes:

54. Other equity instruments

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

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

Unit: Yuan

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

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

Notes:

55. Capital reserves

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance
Capital premium over par value	8,998,928,073.23	3,228,364,305.24		12,227,292,378.47
Other capital reserves	115,917,468.82			115,917,468.82
Total	9,114,845,542.05	3,228,364,305.24		12,343,209,847.29

Notes:

56. Treasury stock

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance

Notes:

57. Other comprehensive income

Unit: Yuan

Items	Beginning balance	2017					Ending balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period current period that recognized into other comprehensive income in prior period	Less: Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	

Notes，including the adjustment to origin amount of effective portion of gains or losses from cash flow hedging reserve to arbitraged items:

58. Special reserves

Unit: Yuan

Items	Beginning balance	Increase	Decrease	Ending balance
Safety production cost	475,046.75	22,983,003.78	7,492,925.61	15,965,124.92
Total	475,046.75	22,983,003.78	7,492,925.61	15,965,124.92

Notes:

59. Surplus reserves

Unit: Yuan

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

Notes:

60. Undistributed profits

Unit: Yuan

Items	30 June 2018	30 June 2017
Before adjustments: undistributed profits at last year-end	1,103,162,610.35	-496,969,242.61
Beginning balance of retained profits after adjustments	1,103,162,610.35	-496,969,242.61
Add: undistributed profit belonging to parent company	756,951,987.59	523,635,653.57
Payable common stock dividend	193,768,576.60	
Ending balance of undistributed profits	1,666,346,021.34	26,666,410.96

List of adjustment of opening retained profits:

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

2) Influence to beginning undistributed profits was RMB 0.00 due to changes in accounting policies.

3) Influence to begging undistributed profits was RMB 0.00 due to corrections of major accounting mistake.

4) Influence to begging undistributed profits was RMB 0.00 due to the changes of consolidation scope caused by common control.

5) Influence to begging undistributed profits was RMB 0.00 due to other adjustments.

61. Operating income and operating cost

Unit: Yuan

Items	January to June 2018		January to June 2017	
	Revenue	Cost	Revenue	Cost
Principal business	21,302,037,073.89	19,140,922,165.53	19,476,278,905.41	17,638,682,335.86
Other business	2,139,210,303.25	1,663,285,255.45	1,260,207,998.33	1,051,983,630.25
Total	23,441,247,377.14	20,804,207,420.98	20,736,486,903.74	18,690,665,966.11

62. Taxes and Surcharges

Unit: Yuan

Items	January to June 2018	January to June 2017
City maintenance and construction tax	48,666,138.65	46,713,364.91
Educational surcharges	34,952,935.92	33,504,830.35
Housing property tax	36,610,915.20	37,046,142.33
Land use right	6,486,432.24	3,155,810.05

Others	12,694,429.33	13,336,583.43
Environmental Tax	13,896,524.30	
Total	153,307,375.64	133,756,731.07

Notes:

63. Selling and distribution expenses

Unit: Yuan

Items	January to June 2018	January to June 2017
Freight	393,290,897.61	428,678,322.48
Port surcharges	56,907,191.59	86,681,806.22
Agency fee	35,649,297.75	38,969,368.55
Salary and benefits	11,993,852.41	10,794,773.70
Others	12,721,174.90	19,399,396.68
Package fee	3,475,594.69	3,109,039.80
Total	514,038,008.95	587,632,707.43

Notes:

64. General and administrative expenses

Unit: Yuan

Items	January to June 2018	January to June 2017
Salary and benefits	116,352,823.92	94,209,841.05
Accounts payable for repair	174,107,156.65	80,215,426.18
Pollution discharge fee		25,709,122.00
Land use right fee	27,345,714.30	27,345,714.30
Others	59,604,807.84	56,552,255.19
Depreciation	26,164,322.31	25,945,531.46
Social security expense	23,452,571.91	21,716,785.13
Heating fee	20,783,413.87	11,677,556.25
Water resources fee	6,546,763.90	5,596,700.00
Housing fund	4,445,529.00	4,614,199.60
Amortization of intangible assets	2,982,926.09	2,982,306.37
Entertainment expense	1,527,871.52	1,535,128.96

Lease expense	543,240.66	572,987.24
Freight	455,924.12	277,851.35
Total	464,313,066.09	358,951,405.08

Notes:

65. Financial expenses

Unit: Yuan

Items	January to June 2018	January to June 2017
Interest cost	575,001,615.20	434,308,806.10
Less: Interest income	61,605,403.34	36,772,069.07
Exchange loss	286,291,324.68	-23,234,309.69
Others	3,350,880.74	7,210,977.46
Total	803,038,417.28	381,513,404.80

Notes:

Financial expenses of the current period were RMB 0.8 billion, increased RMB 0.422 billion compared to the previous period which was RMB 0.381 billion, at the rate of 110.49%. The reason of the increase is because of the increase of exchange loss.

66, Asset impairment loss

Unit: Yuan

Items	January to June 2018	January to June 2017
Loss for bad debts	-14,523,332.71	-6,653,848.89
Impairment of inventories	-6,394,630.93	-36,736,605.65
Total	-20,917,963.64	-43,390,454.54

Notes:

67. Variable profit and loss of fair value

Unit: Yuan

Sources	January to June 2018	January to June 2017

Notes:

68. Income on investment

Unit: Yuan

Items	January to June 2018	January to June 2017
Income from bank short-term financial	3,493,150.68	3,294,593.14

products		
Total	3,493,150.68	3,294,593.14

Notes:

69. Gains on disposal of assets

Sources	January to June 2018	January to June 2017
Disposal gains or losses of fixed assets not held for sale	825,580.63	3,015,294.00
Total	825,580.63	3,015,294.00

70. Other Income

Unit: Yuan

Sources	January to June 2018	January to June 2017
MES PROJECT SPECIAL FUND	860,000.00	860,000.00
Second Batch of National Cleaned Manufacturing Demonstration Project Fund		400,000.00
Industrial Enterprise Energy Management Center Construction Demonstration Project	1,160,000.00	
Environment Pollution Renovation Project	1,810,000.00	2,617,000.00
Environment Renovation Project and Regional Basin Environment Protection Project	170,000.00	250,000.00
Energy-saving Technological Reform Fiscal Reward Project		1,477,000.00
High Strength Cold Rolling Steel Renovation Project	25,000,000.00	
Automobile High-class Electrolytic Zinc Steel Plate Production Line Project	4,104,000.00	4,104,000.00
Sintering Machine Residue Heat Usage and Desulfurization Project	2,102,000.00	2,102,000.00
Wastewater Treatment Plant Renovation Project		750,000.00
7 130t Boilers Flue Gas Desulfurization Renovation Project of Power Plant	2,400,000.00	
Treatment and Salt Extraction Project of Desulfurization Waste Liquid of Coke	50,000.00	50,000.00

Plant		
Overseas Advanced Technology Introduction Special Fund	1,442,000.00	442,000.00
The 360 Cubic Meter Sintering Machine Flue Gas Desulfurization Renovation Project of Blast Furnace Plant	100,000.00	100,000.00
Environment Protection Project Special Fund	580,000.00	580,000.00
Desulphurization and Denitrification of Coal-Fired Boilers in High Pressure Workshop of Power Plant	300,000.00	
Energy Saving and Environmental Protection of Sintering Plant in Ironworks	580,000.00	580,000.00
Air quality automatic monitoring system	35,000.00	35,000.00
Compensation from Xihu Resource Management Committee	414,300.00	700,000.00
Liaoning craftsman subsidy and skill master workstation subsidy	166,938.70	
Total	41,274,238.70	15,047,000.00

71. Non-operating income

Unit: Yuan

Items	January to June 2018	January to June 2017	The amount recognized in non-recurring profit and loss
Debt restructuring gain	945,892.23	822,116.45	945,892.23
Others	1,192,505.57	2,130,078.13	1,192,505.57
Total	2,138,397.80	2,952,194.58	2,138,397.80

Details of government subsidies recorded into current profits and loss:

Unit: Yuan

Items	Distribution entity	Distribution reason	Nature type	Whether influence the profits or losses of the year or not	Whether Special subsidy or not	Current amount	Amount of the previous period	Related to assets or income

Notes:

72. Non-operating expenses

Unit: Yuan

Items	January to June 2018	January to June 2017	The amount recognized in non-recurring profit and loss

Fixed assets disposal loss	1,382,402.26	4,593,420.30	1,382,402.26
Total	1,382,402.26	4,593,420.30	1,382,402.26

Notes:

73. Income tax expense

(1) Income tax expense

Unit: Yuan

Items	January to June 2018	January to June 2017
Income tax payable for the current year	5,956,888.87	16,796,524.06
Deferred income tax expense	5,679,337.17	100,308,537.10
Total	11,636,226.04	117,105,061.16

(2) Accounting profit and income tax expense adjustment process

Unit: Yuan

Items	January to June 2018
Total profit	769,610,017.39
Income tax expense calculate according to the official or applicable tax rate	192,402,504.35
Effect of use of deductible losses of unrecognized deferred tax asset of prior period	180,766,278.31
Income tax expense	11,636,226.04

Notes

74. Other comprehensive income

Please refer to notes.

75. Notes of statement of cash flows

(1) Cash received related to other operating activities

Unit: Yuan

Items	January to June 2018	January to June 2017
Withdraw of current accounts, advance for another	19,218,434.76	49,988,918.77
Interest income	61,605,403.34	36,772,069.07
Special subsidy income	694,300.00	700,000.00

Non-operating income	162,619.82	350,490.77
Others	101,722.27	5,600.00
Total	81,782,480.19	87,817,078.61

Notes:

(2) Cash paid related to other operating activities

Unit: Yuan

Items	January to June 2018	January to June 2017
Current accounts, advance for another	285,018,187.10	317,981,786.61
General and administrative expenses	4,646,000.62	4,534,010.56
Selling and distribution expenses	18,078,644.22	18,370,234.96
Bank charges	2,896,060.69	7,210,977.46
Others	358,254.79	287,293.34
Total	310,997,147.42	348,384,302.93

Notes:

(3) Other cash received relevant to investment activity

Unit: Yuan

Items	January to June 2018	January to June 2017

Notes:

(4) Other cash paid relevant to investment activity

Unit: Yuan

Items	January to June 2018	January to June 2017

Notes:

(5) Cash received related to other financing activities

Unit: Yuan

Items	January to June 2018	January to June 2017

Notes:

(6) Cash paid related to other financing activities

Unit: Yuan

Items	January to June 2018	January to June 2017

Notes:

76. Supplementary details of statement of cash flows

(1) Supplementary details of statement of cash flows

Unit: Yuan

Supplementary information	Amount in this period	Amount in last year
1． A reconciliation of net profit to cash flows from operating activities:	--	--
Net Profit	757,973,791.35	529,967,744.05
Add: Asset impairment losses	-20,917,963.64	-43,390,454.54
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	1,144,984,195.00	935,125,024.26
Amortization of intangible assets	3,239,455.09	2,982,306.37
Losses proceeds from disposal of PPE, intangible assets and other long-term assets(Earnings marked“－”)	556,821.63	1,578,126.30
Financial expenses(Earnings marked“－”)	803,038,417.28	381,513,404.80
Investment loss(Earnings marked“－”)	-3,493,150.68	-3,294,593.14
Deferred tax assets reduction(Addition marked“－”)	5,679,337.17	100,308,537.11
Inventories reduction(Addition marked“－”)	-1,683,906,453.31	-52,529,908.92
Operating receivable items reduction(Addition marked“－”)	817,004,548.19	40,403,360.62
Operating payable items increase (Less marked"－")	-1,093,639,256.61	-5,939,969,231.63
Net cash flows generated from operating activities	730,519,741.47	-4,047,305,684.72
2．Payments of investing and financing activities not involving cash:	--	--
3．The net increase in cash and cash equivalents:	--	--
Ending balance of the monetary funds	16,038,506,854.22	11,484,974,631.49
Less: Beginning balance of the monetary funds	17,037,713,410.49	12,273,574,488.67
The net increase in cash and cash equivalents	-999,206,556.27	-788,599,857.18

(2) Net Cash paid of obtaining the subsidiary

Unit: Yuan

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

Notes:

(3) Net Cash receive of disposal of the subsidiary

Unit: Yuan

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

Notes:

(4) The structure of cash and cash equivalents

Unit: Yuan

Items	Ending balance	Beginning balance
1. Cash	16,038,506,854.22	17,037,713,410.49
Including: Cash on hand	20,372.11	20,871.51
Bank deposits available on demand	16,038,486,482.11	17,037,692,538.98
Other monetary funds available on demand		
2. The final cash and balance of cash equivalents	16,038,506,854.22	17,037,713,410.49

Notes:

77. Notes to changes in equity

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

78. The assets with the ownership or use right restricted

Unit: Yuan

Items	Ending book value	Reason

Cash at bank and on hand	2,531,734,752.99	Deposit for notes and L/C
Notes receivable	1,801,103,300.17	Pledged for acceptance bill or bank loan
Total	4,332,838,053.16	--

Notes:

79. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: Yuan

Items	Ending balance in foreign currency	Exchange rate at the year-end	Ending balance translated to RMB
Including: USD	--	--	3,521,674,538.56
EUR	433,576,750.11	6.6166	2,868,803,924.78
HKD	85,214,634.28	7.6515	652,019,774.19
Short-term loans	1,009,179.92	0.8431	850,839.59
Including: USD			6,369,393,300.00
Non-current liabilities due within one year	865,500,000.00	6.6166	5,726,667,300.00
Including: USD	84,000,000.00	7.6515	642,726,000.00
JPY			1,005,866,915.68
Including: USD	148,000,000.00	6.6166	979,256,800.00
EUR	3,296,330.56	7.6515	25,221,873.28
Japanese Yen	23,176,000.00	0.0599	1,388,242.40
Long-term Loans	--	--	1,498,631,297.21
Including: USD	128,300,000.00	6.6166	848,909,780.00
EUR	83,372,078.26	7.6515	637,921,456.81
JPY	196,996,000.00	0.0599	11,800,060.40

Notes:

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

□ Applicable √ Not applicable

80. Hedging

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

None

81. Others

None

VIII. Equity in other entities

1. Equity in subsidiaries

(1) Constitution of enterprise group

Name of the subsidiaries	Principal place of business	Registered address	Nature of business	Proportion of shares held (%)		Acquiring method
				Direct	Indirect	

Notes:

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

None

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

None

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

None

(2) Significant not wholly-owned subsidiaries

Unit: Yuan

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 Puxiang Cool Rolling Steel Sheet Co., Ltd.	25.00%	1,377,927.80		499,584,045.29
Dalian Benruitong Automobile Material Technologies Co., Ltd.	35.00%	-312,957.88		26,375,164.18

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

None

Notes:

None

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

Unit: Yuan

Name of the subsidiaries	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current liabilities	Total liabilities
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	3,280,879,837.58	1,849,476,058.98	5,130,355,896.56	3,132,019,715.41		3,132,019,715.41	2,386,618,039.83	2,003,972,503.03	4,390,590,542.86	2,399,426,402.00		2,399,426,402.00
Dalian Benruitong Automobile Material Technologies Co., Ltd.	130,501,245.20	150,077,740.12	280,578,985.32	205,221,373.39		205,221,373.39	169,295,050.97	153,808,054.26	323,103,105.23	246,851,327.92		246,851,327.92

Unit: Yuan

Name of the subsidiaries	January to June 2018				January to June 2017			
	Turnover	Net Profit	Total comprehensive income	Net cash flows from operating activities	Turnover	Net Profit	Total comprehensive income	Net cash flows from operating activities
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	3,971,529,847.27	5,511,711.19	5,511,711.19	686,401,003.83	3,953,643,069.30	28,005,452.68	28,005,452.68	-44,864,088.81
Dalian Benruitong Automobile Material Technologies Co., Ltd.	99,283,350.57	-894,165.38	-894,165.38	12,596,859.61	84,612,504.06	-1,936,593.41	-1,936,593.41	16,421,759.65

Notes:

None

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

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

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary

(1) Note to owner's equity share changed in subsidiary

(2) The transaction's influence to equity of minority shareholders and attributable to the owner's equity of the parent company

Unit: Yuan

Notes

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

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

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

None

(2) Main financial information of significant joint venture

Unit: Yuan

	Ending balance/January to June 2018	Beginning balance/January to June 2017

Notes

(3) Major financial information of significant joint venture

Unit: Yuan

	Ending balance/current period	Beginning balance/previous period

Notes

(4) Main financial information of significant associated enterprise

Unit: Yuan

	Ending balance/current period	Beginning balance/previous period
Joint venture:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprise:	--	--
The total of following items according to the shareholding proportions	--	--

Notes

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

(6) The excess loss of joint venture or associated enterprise

Unit: Yuan

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

Notes

(7) The unrecognized commitment related to joint venture investment

(8) Contingent liabilities related to joint venture or associated enterprise investment

4. Significant common operation

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

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

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

Notes

5. Equity of structure entity not including in the scope of consolidated financial statements

Related notes to structure entity not including in the scope of consolidated financial statements:

6. Others

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

Unit: RMB 10,000

Items	**Ending balance**				
	USD	**Euro**	**HKD**	**Japanese Yen**	**Total**
Assets	286,880.39	65,201.98	85.08		352,167.45
Liabilities	755,483.39	130,586.93		63,930.97	950,001.29
Total	1,042,363.78	195,788.91	85.08	63,930.97	1,302,168.74

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

Unit: RMB 10,000

Items	Ending balance				
	Impact on USD	Impact on Euro	Impact on HKD	Impact on Japanese Yen	Total
Appreciation by 5%	-23,430.15	-3,269.25	4.25	-3,196.55	-29,891.69
Depreciation by 5%	23,430.15	3,269.25	-4.25	3,196.55	29,891.69

3. Liquidity risk

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

The following table details the Company's mature date of residual contract value of un-derivative financial liabilities to repay according to the contract terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Unit: RMB 10,000

Items	Ending balance				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Trade and other payables	1,365,435.62	54.28	124.74	80.27	1,365,694.91
Loans and interests	2,282,695.66	5,956.80	219,975.88	214,628.45	2,723,256.79
Non-current liabilities due within one year					
Total	3,648,131.27	6,011.08	220,100.62	214,708.72	4,088,951.70

Unit: RMB 10,000

Items	Beginning balance				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Trade and other payables	1,618,161.06	73.68	159.73	97.25	1,618,491.72
Loans and interests	2,470,640.43	31,954.06	81,123.04	165,472.33	2,749,189.86
Non-current liabilities due within one year	149,954.52				149,954.52
Total	4,238,756.01	32,027.74	81,282.77	165,569.58	4,517,636.10

X. Related party and related party transactions

1. Details of parent company

(In 100 Million Yuan)

Name of parent company	Registered address	Nature of business	Registered capital	Share proportion	Voting rights
Benxi Steel & Iron (Group) Co., Ltd.	Benxi	Manufacturing	62.92	59.91%	59.91%

Note:

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

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

2. Details of the subsidiaries

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

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

See details to Notes.

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

Name	Relationship

Notes

4. Details of other related parties

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

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

Notes

5. Related Party Transactions

(1) Related party transactions of purchasing goods and services

Company as the purchaser

Unit: Yuan

Name	The content of related party transactions	January to June 2018	The approved trade credit	Whether exceed trade credit or not	January to June 2017
Benxi Steel & Iron (Group) Co., Ltd.	Accounts payable for repair	197,670,478.35	350,000,000.00	No	127,818,662.00
Benxi Steel & Iron (Group) Co., Ltd.	Land leasing fee	27,345,714.30			27,345,714.30
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Products	641,948.77	5,000,000.00	No	174,967.51
Benxi Steel & Iron (Group) Mining Co., Ltd.	Labor cost	3,867,465.58			2,537,625.86
Benxi Steel & Iron (Group) Mining Co., Ltd.	Raw material and supplementary material	2,038,163,311.47	4,000,000,000.00	No	2,176,386,929.60
Benxi Steel & Iron (Group) Mining Co., Ltd.	Freight				31,783.77
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Raw material and supplementary material	128,528,351.16	200,000,000.00	No	128,200,766.66

Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Processing fee	876,655.68	5,000,000.00	No	761,185.36
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Raw materials	36,279,876.56	100,000,000.00	No	50,067,484.09
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Spare parts	46,002,921.49	250,000,000.00	No	55,223,576.67
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Repair services	4,951,834.41			3,688,668.68
Benxi Steel & Iron (Group) Construction Co., Ltd.	Spare parts	1,918,014.21			7,343,354.50
Benxi Steel & Iron (Group) Construction Co., Ltd.	Project fee	20,289,496.89			129,406,022.95
Benxi Steel & Iron (Group) Construction Co., Ltd.	Repair services	114,818,650.89	600,000,000.00	No	32,379,820.88
Benxi Steel & Iron (Group) Construction Co., Ltd.	Raw material and supplementary material	1,094,007.08			4,647,769.44
Benxi Steel & Iron (Group) Construction Co., Ltd.	Freight	1,313,481.92			1,550,379.98
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Spare parts	28,083,979.07			89,056,575.46
Benxi Steel & Iron	Raw material and	67,306,243.89	400,000,000.00	No	106,726,625.72

(Group) Industrial Development Co., Ltd.	supplementary material				
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Repair services	18,294,485.36			11,179,880.95
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Freight	1,018,074.77			1,370,590.70
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Project fee	916,801.71			1,398,249.24
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Raw material & supplementary materials & spare parts	3,263,891.55			1,396,647.57
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Project fee	11,753,839.95	300,000,000.00	No	28,706,439.35
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Accounts payable for repair	83,273,978.63			21,309,880.35
Bengang Electronics and Gas Co., Ltd.	Raw material and supplementary material	64,119,457.44	200,000,000.00	No	84,260,711.25
Bengang Electronics and Gas Co., Ltd.	Project fee	0.00			419,352.41
Bengang Electronics and Gas Co., Ltd.	Repair services	18,629,048.68			6,921,824.58
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	Spare parts	311,192.85	8,000,000.00	No	393,070.06
Benxi New Career	Labor protection	442,032.39	20,000,000.00	No	294,457.32

Development Co., Ltd.	fee				
Liaoning Metallurgy Technician College	Spare parts	3,170,680.46	20,000,000.00	No	13,193,086.82
Liaoning Metallurgy Technician College	Spare parts	6,037,417.64	10,000,000.00	No	2,303,327.48
Bengang Group International Economic and Trading Co., Ltd.	Agency fee	35,649,297.75	350,000,000.00	No	36,856,843.30
Bengang Group International Economic and Trading Co., Ltd.	Port surcharges	56,907,191.59			77,511,480.65
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Spare parts	9,332,489.18	70,000,000.00	No	6,932,300.00
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Repair services	23,358,888.88			3,059,417.05
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Heating costs	377,311.58	20,000,000.00	No	1,686,000.00
Benxi Steel & Iron (Group) Designing Institute	Design fees	2,315,800.00	20,000,000.00	No	2,359,000.00
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Raw material and supplementary material	5,668,349,463.29	17,000,000,000.00	No	4,727,294,158.47
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Energy & Power	388,658,384.32			501,840,790.72
Benxi Beiying Steel & Iron (Group) Co.,	Freight	3,031,478.40			8,894,757.14

Ltd.					
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Labor cost	39,314,396.27			55,630,095.04
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Spare parts	10,645,896.19			18,442,067.23
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Raw material and spare parts	53,986,136.91	150,000,000.00	No	106,615,430.32
Liaoning Hengtai Heavy Machinery Co., Ltd.	Raw material and spare parts	1,248,720.58	50,000,000.00	No	38,734,351.70
Liaoning Hengtai Heavy Machinery Co., Ltd.	Repair and labor cost	14,773,687.68			6,364,702.64
Bengang Group Co., Ltd.	Property management fee	310,698.12	8,000,000.00	No	310,698.12
	Subtotal	9,238,643,173.88	24,136,000,000.00		8,709,027,523.89

Company as the seller

Unit: Yuan

Name	The content of related party transactions	January to June 2018	January to June 2017
Bengang Electronics and Gas Co., Ltd.	Energy & Power	518,976.61	496,261.60
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Raw material & supplementary materials & spare parts	1,164,692,875.87	347,784,283.81
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Products	12,301,312.89	4,973,269.68
Benxi Beiying Steel & Iron (Group) Co., Ltd.	Energy & Power	57,068,870.93	143,893,069.82
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Energy & Power	69,433.26	137,583.72

Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Energy & Power	375,198.36	503,015.61
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Products	9,733,073.15	4,620,747.58
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Energy & Power	9,432,124.68	7,913,565.57
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Raw material & supplementary materials & spare parts	1,135,830.68	514,127.97
Benxi Steel & Iron (Group) Construction Co., Ltd.	Energy & Power	941,333.14	2,144,512.75
Benxi Steel & Iron (Group) Construction Co., Ltd.	Raw material & supplementary materials & spare parts	712,402.08	1,384,111.28
Benxi Steel & Iron (Group) Mining Co., Ltd.	Energy & Power	359,406,715.18	458,582,060.66
Benxi Steel & Iron (Group) Mining Co., Ltd.	Raw material & supplementary materials & spare parts	28,315,202.76	6,467,665.26
Benxi Steel & Iron (Group) Mining Co., Ltd.	Freight revenue	4,024,837.37	4,072,326.92
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Energy & Power	23,749,581.93	14,523,775.89
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Raw material & supplementary materials & spare parts	8,018,498.91	685,704.00
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Freight revenue	85,835.38	96,738.16
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Energy & Power	3,885,392.91	4,053,089.03
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Products	113,234.08	126,887.14
Benxi Steel & Iron (Group)	Raw material &	12,517,810.34	27,595,285.96

Industrial Development Co., Ltd.	supplementary materials & spare parts		
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Energy & Power	90,072.21	83,013.82
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Energy & Power	839,850.93	772,159.41
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Raw material & supplementary materials & spare parts	122,645.70	98,352.61
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Energy & Power	2,604,796.98	1,300,384.81
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Raw material & supplementary materials & spare parts	90,456,418.80	43,580,212.34
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Freight revenue	7,113,581.52	3,143.36
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Products		7,126,315.80
Benxi Steel & Iron (Group) Co., Ltd.	Energy & Power	7,026,460.13	6,145,233.63
Benxi Steel & Iron (Group) Co., Ltd.	Raw material & supplementary materials & spare parts	2,705,064.20	3,215,453.07
Benxi New Career Development Co., Ltd.	Energy & Power	180,988.72	186,027.31
Dalian Boluole Steel Tube Co., Ltd.	Products	1,757,572.24	2,237,856.57
Liaoning Bengang Steel & Iron Trading Co., Ltd.	Products		460,444.50
Benxi Steel & Iron (Group) General Hospital	Energy & Power	34,222.10	51,687.01
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Energy & Power		8,991,868.63
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Raw material & supplementary materials & spare parts	13,054,253.38	8,797,596.07

Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Products		0.00
Suzhou Bengang Industrial Co., Ltd.	Products	170,528,506.26	136,230,997.93
Bengang Group Finance Co., Ltd.	Energy & Power	7,026.08	7,485.42
Bengang Group Co., Ltd.	Energy & Power	94,690.52	76,301.79
Total		1,993,714,690.30	1,249,932,616.49

Related party transactions of purchasing goods and services Notes

None

(2) Related trusteeship/contract

Lists of related trusteeship/contract:

Unit: Yuan

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

Notes

None

Lists of entrust/contractee:

Unit: Yuan

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

Notes

None

(3) Lease information of related parties

Company as the lessor:

Unit: Yuan

Lessee	Lease capital category	The lease income confirmed in this year	The lease income confirmed in last year
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Warehouse and machinery	250,000.00	250,000.00
Benxi Steel & Iron (Group) Machinery Manufacture Co.,	Plants and machinery	245,000.00	244,805.87

Ltd.			

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	120,000,000.00	120,000,000.00
Benxi Steel & Iron (Group) Co., Ltd.	Land use right	27,345,714.30	27,345,714.30
Benxi Beiying Steel & Iron (Group) Co., Ltd.	1780 Hot rolling product line	64,929,604.02	77,816,940.06

Notes:

1. The Company leases 2300 hot rolling product line from the Group. 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.

2. The Company leases land use right from the Group. Lease period lasts from 15 April 2009. The leasing fee is determined by the area of the land which is 7,669,068.17 square meters. Average price is RMB 0.594 per Square meter per month; hence annual rent is RMB 54.69 million.

3. The Company leases 1780 hot rolling product line from Benxi Beiying Steel & Iron (Group) Co., Ltd. "Notice on Bengang Steel Plates Co., Ltd. signing a renewal agreement with Benxi Steel (group) Co., Ltd" was adopted on the sixth meeting of the seventh Board of Directors on 30 March 2017, it stipulated that the company leased the 1780 hot rolling product line from Benxi Beiying 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.

(4) Information of Guarantee among related parties

Company as the warrantor

Unit: Yuan

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

Company as the warrantee

Unit: Yuan

Warrantor	Guarantee amount	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
Benxi Steel & Iron (Group) Co., Ltd.	270,000,000.00	2018-1-23	2019-1-22	No
Benxi Steel & Iron (Group) Co., Ltd.	60,000,000.00	2018-2-1	2019-1-31	No

Benxi Steel & Iron (Group) Co., Ltd.	74,000,000.00	2018-5-25	2019-5-24	No
Benxi Steel & Iron (Group) Co., Ltd.	150,000,000.00	2018-5-18	2019-5-17	No
Benxi Steel & Iron (Group) Co., Ltd.	340,000,000.00	2018-2-11	2019-2-10	No
Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2018-6-13	2019-6-12	No
Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2018-6-12	2019-6-11	No
Benxi Steel & Iron (Group) Co., Ltd.	100,000,000.00	2018-1-25	2019-1-23	No
Bengang Group Co., Ltd.	150,000,000.00	2017-7-12	2018-7-12	No
Bengang Group Co., Ltd.	150,000,000.00	2017-7-12	2018-7-12	No
Bengang Group Co., Ltd.	87,280,000.00	2018-3-26	2024-6-21	No
Bengang Group Co., Ltd.	140,000,000.00	2018-1-19	2019-1-19	No
Bengang Group Co., Ltd.	83,000,000.00	2018-1-19	2018-12-28	No
Bengang Group Co., Ltd.	490,000,000.00	2017-8-28	2018-8-23	No
Benxi Steel & Iron (Group) Co., Ltd.	100,000,000.00	2018-1-4	2018-12-12	No
Bengang Group Co., Ltd.、Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2017-9-6	2018-9-5	No
Bengang Group Co., Ltd.、Benxi Steel & Iron (Group) Co., Ltd.	150,000,000.00	2017-10-23	2018-10-16	No
Bengang Group Co., Ltd.、Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2017-10-16	2018-10-14	No
Bengang Group Co., Ltd.、Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2017-11-13	2018-11-8	No
Bengang Group Co., Ltd.、Benxi Steel & Iron (Group) Co., Ltd.	200,000,000.00	2017-11-15	2018-11-13	No
Bengang Group Co., Ltd.、Benxi Steel & Iron (Group) Co., Ltd.	78,000,000.00	2017-12-15	2018-12-12	No

Bengang Group Co., Ltd.	160,000,000.00	2018-5-24	2019-5-24	No
Bengang Group Co., Ltd.	200,000,000.00	2018-4-28	2018-10-27	No
Bengang Group Co., Ltd.	200,000,000.00	2018-5-25	2018-11-24	No
Bengang Group Co., Ltd.	310,000,000.00	2018-3-28	2019-3-27	No
Bengang Group Co., Ltd.	720,000,000.00	2018-4-2	2019-4-1	No
Bengang Group Co., Ltd.	480,000,000.00	2018-1-22	2019-1-21	No
Bengang Group Co., Ltd.	135,000,000.00	2018-1-17	2018-12-28	No
Bengang Group Co., Ltd.	2,500,000,000.00	2018-3-9	2019-3-9	No
Bengang Group Co., Ltd.	300,000,000.00	2017-9-27	2018-9-26	No
Bengang Group Co., Ltd.	1,000,000,000.00	2017-11-16	2018-11-15	No
Bengang Group Co., Ltd.	1,190,000,000.00	2017-11-20	2018-11-19	No
Bengang Group Co., Ltd.	110,000,000.00	2017-9-29	2018-9-28	No
Bengang Group Co., Ltd.	110,000,000.00	2017-9-29	2018-9-27	No
Benxi Steel & Iron (Group) Co., Ltd.	595,494,000.00	2018-5-22	2019-5-21	No
Benxi Steel & Iron (Group) Co., Ltd.	992,490,000.00	2018-5-18	2019-5-17	No
Benxi Steel & Iron (Group) Co., Ltd.	681,509,800.00	2018-5-18	2019-5-17	No
Benxi Steel & Iron (Group) Co., Ltd.	661,660,000.00	2018-2-24	2019-2-23	No
Benxi Steel & Iron (Group) Co., Ltd.	148,873,500.00	2017-12-26	2018-12-25	No
Bengang Group Co., Ltd.	321,363,000.00	2017-8-24	2018-8-19	No
Bengang Group Co., Ltd.	321,363,000.00	2017-8-24	2018-8-19	No
Bengang Group Co., Ltd.、Benxi Steel & Iron (Group) Co., Ltd.	100,000,000.00	2017-10-24	2018-10-18	No
Bengang Group Co., Ltd.	100,000,000.00	2017-10-12	2018-7-3	No
Bengang Group Co., Ltd.	340,000,000.00	2017-8-29	2018-8-24	No
Bengang Group Co., Ltd.	220,000,000.00	2017-10-13	2018-10-13	No
Bengang Group Co., Ltd.	661,660,000.00	2016-8-30	2018-8-28	No
Bengang Group Co., Ltd.	317,596,800.00	2016-7-14	2018-7-12	No
Bengang Group Co., Ltd.	529,328,000.00	2018-5-2	2020-5-21	No
Bengang Group Co., Ltd.	132,332,000.00	2018-5-8	2020-5-7	No
Bengang Group Co., Ltd.	1,784,419.86	2015-6-25	2025-9-30	No

Bengang Group Co., Ltd.	60,964,328.60	2015-8-20	2025-9-30	No
Bengang Group Co., Ltd.	4,569,380.16	2015-8-20	2019-9-30	No
Bengang Group Co., Ltd.	47,152.22	2015-6-25	2026-4-30	No
Bengang Group Co., Ltd.	4,265,410.93	2015-6-25	2026-4-30	No
Bengang Group Co., Ltd.	31,134.80	2015-12-28	2026-4-30	No
Bengang Group Co., Ltd.	52,021,540.64	2015-12-28	2026-4-30	No
Bengang Group Co., Ltd.	14,905,534.80	2015-6-25	2020-4-30	No
Bengang Group Co., Ltd.	5,330,620.24	2015-12-28	2020-4-30	No
Bengang Group Co., Ltd.	3,701,826.08	2015-6-25	2025-6-30	No
Bengang Group Co., Ltd.	105,854,646.37	2015-6-25	2025-6-30	No
Bengang Group Co., Ltd.	3,249,488.07	2015-12-28	2025-6-30	No
Bengang Group Co., Ltd.	7,350,268.71	2015-6-25	2019-6-30	No
Bengang Group Co., Ltd.	5,260,668.01	2015-12-28	2019-6-30	No
Bengang Group Co., Ltd.	5,502,007.57	2015-6-25	2025-10-31	No
Bengang Group Co., Ltd.	75,759,364.72	2015-6-25	2025-10-31	No
Bengang Group Co., Ltd.	35,042,698.40	2015-12-28	2025-10-31	No
Bengang Group Co., Ltd.	17,687,312.00	2015-6-25	2019-10-31	No
Bengang Group Co., Ltd.	339,391.62	2015-12-28	2019-10-31	No
Bengang Group Co., Ltd.	4,662,031.48	2015-6-25	2025-8-31	No
Bengang Group Co., Ltd.	91,745,966.56	2015-6-25	2025-8-31	No
Bengang Group Co., Ltd.	1,936,747.68	2015-12-28	2025-8-31	No
Bengang Group Co., Ltd.	13,872,549.01	2015-6-25	2019-8-31	No
Bengang Group Co., Ltd.	1,830,037.11	2015-12-28	2019-8-31	No
Bengang Group Co., Ltd.	4,912,894.25	2015-12-28	2019-7-30	No
Bengang Group Co., Ltd.	3,142,465.31	2016-6-27	2020-4-30	No
Bengang Group Co., Ltd.	28,518,079.72	2016-6-27	2020-4-30	No
Bengang Group Co., Ltd.	21,678,103.40	2016-12-14	2026-4-30	No
Bengang Group Co., Ltd.	280,176.20	2016-12-14	2020-4-30	No
Benxi Steel & Iron (Group) Co., Ltd.	12,494,181.60	1997-10-10	2027-9-10	No
Bengang Group Co., Ltd.、Benxi Steel & Iron (Group) Co., Ltd.	100,000,000.00	2016-3-30	2025-3-20	No
Bengang Group Co., Ltd.	100,000,000.00	2016-3-31	2018-3-31	No
Bengang Group Co., Ltd.	16,280,000.00	2015-3-26	2019-3-21	No

Bengang Group Co., Ltd.	100,000,000.00	2015-6-25	2021-9-21	No
Bengang Group Co., Ltd.	24,000,000.00	2015-12-9	2022-3-21	No
Bengang Group Co., Ltd.	36,450,000.00	2016-12-27	2020-6-21	No
Bengang Group Co., Ltd.、Benxi Steel & Iron (Group) Co., Ltd.	700,000,000.00	2017-2-27	2025-2-20	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.	165,961.04	2017-6-30	2019-9-30	No
Bengang Group Co., Ltd.	8,352,598.60	2017-6-30	2019-9-30	No
Bengang Group Co., Ltd.	254,917.14	2015-6-25	2025-9-30	No
Bengang Group Co., Ltd.	8,709,189.80	2015-8-20	2025-9-30	No
Bengang Group Co., Ltd.	4,569,380.16	2015-8-20	2019-9-30	No
Bengang Group Co., Ltd.	575,008.39	2015-6-25	2026-4-30	No
Bengang Group Co., Ltd.	6,940,356.74	2015-12-28	2026-4-30	No
Bengang Group Co., Ltd.	9,937,023.17	2015-6-25	2020-4-30	No
Bengang Group Co., Ltd.	3,553,746.83	2015-12-28	2020-4-30	No
Bengang Group Co., Ltd.	569,511.70	2015-6-25	2025-6-30	No
Bengang Group Co., Ltd.	16,285,330.18	2015-6-25	2025-6-30	No
Bengang Group Co., Ltd.	499,921.24	2015-12-28	2025-6-30	No
Bengang Group Co., Ltd.	14,700,537.26	2015-6-25	2019-6-30	No
Bengang Group Co., Ltd.	10,521,335.86	2015-12-28	2019-6-30	No
Bengang Group Co., Ltd.	11,608,767.50	2015-6-25	2025-10-31	No
Bengang Group Co., Ltd.	5,006,099.77	2015-12-28	2025-10-31	No
Bengang Group Co., Ltd.	17,687,311.92	2015-6-25	2019-10-31	No
Bengang Group Co., Ltd.	339,391.85	2015-12-28	2019-10-31	No
Bengang Group Co., Ltd.	13,772,571.15	2015-6-25	2025-8-31	No
Bengang Group Co., Ltd.	276,678.24	2015-12-28	2025-8-31	No
Bengang Group Co., Ltd.	13,872,549.01	2015-6-25	2019-8-31	No
Bengang Group Co., Ltd.	1,830,037.03	2015-12-28	2019-8-31	No
Bengang Group Co., Ltd.	4,912,894.25	2015-12-28	2019-7-30	No
Bengang Group Co., Ltd.	2,094,976.87	2016-6-27	2020-4-30	No
Bengang Group Co., Ltd.	3,802,410.63	2016-6-27	2020-4-30	No
Bengang Group Co., Ltd.	2,890,413.81	2016-12-14	2026-4-30	No
Bengang Group Co., Ltd.	186,783.98	2016-12-14	2020-4-30	No

Bengang Group Co., Ltd.	42,860,000.00	2015-3-26	2019-3-21	No
Bengang Group Co., Ltd.	35,700,000.00	2016-12-27	2020-6-21	No
Bengang Group Co., Ltd.	165,961.04	2017-6-30	2019-9-30	No
Bengang Group Co., Ltd.	1,193,228.32	2017-6-30	2019-9-30	No
Benxi Steel & Iron (Group) Co., Ltd.	1,388,242.40	1997-10-10	2027-9-10	No

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

Unit: Yuan

Name	Amount borrowed and loaned	Date of value	Maturity date	Notes
Borrowed				
Loaned				

(6) Related party asset transfer and debt restructuring

Unit: Yuan

Name	The content of related party transactions	January to June 2018	January to June 2017

(7) Remuneration of key management personnel

Unit: Yuan

Items	January to June 2018	January to June 2017

(8) Other related party transactions

(1) Loan from and deposits in Bengang Group Finance Co., Ltd.

Unit: 10000 Yuan

Items	Beginning balance	Increase	Decrease	Ending balance	Notes
Deposits	895,092.14	8,124,747.92	8,170,013.95	849,826.11	

The interests of deposits in Bengang Group Finance Co., Ltd. is RMB 12,943.20 thousand from January to June in 2018.As at 30 June 2018, interest due from Bengang Group Finance Co., Ltd is RMB 892.60 thousand. From January to June 2018, the deposit interest income of the Company in Bengang Group Finance Co., Ltd. (hereinafter referred to as "finance company") was 51.184 million yuan. From January to June 2018, the amount of acceptance drafts issued by the financial company was 6.306 billion yuan, and the amount of acceptance drafts drawn by the financial company as at 30 June 2018 was 1.689 billion yuan.

(2) Loan from and deposits in Benxi Steel and Iron (Group) Co., Ltd.

Unit: 10000 Yuan

Items	Beginning balance	Increase	Decrease	Ending balance
Entrusted loan through Bengang Group Finance Co., Ltd.	9,940.94	1,422.00	3,322.00	8,040.94

The details of borrowing balance by 30 June 2018 are as follows:

Unit: Yuan

Name	Form of loan	Loan amount	Date of value	Maturity date
Benxi Steel & Iron (Group) Co., Ltd.	Entrusted loan through Bengang Group Finance Co., Ltd.	14,220,000.00	2018-2-8	2019-2-8
Benxi Steel & Iron (Group) Co., Ltd.	Entrusted loan through Bengang Group Finance Co., Ltd.	11,369,400.00	2017-7-5	2018-7-5
Benxi Steel & Iron (Group) Co., Ltd.	Entrusted loan through Bengang Group Finance Co., Ltd.	32,700,000.00	2017-10-25	2018-10-25
Benxi Steel & Iron (Group) Co., Ltd.	Entrusted loan through Bengang Group Finance Co., Ltd.	22,120,000.00	2017-11-10	2018-11-10
Total		80,409,400.00		

The interest accrued is RMB 2,313,129.8, and as at 30 June 2018, the interest payable is RMB 250,796.57.

6. Receivables and payables of the related parties

(1) Receivables of the Company

Unit: Yuan

Items Name	Name	Ending balance		Beginning balance	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable					
	Benxi Beiying Steel & Iron (Group) Co., Ltd.	2,093,051.44		7,012,602.40	
	Bengang Electronics and Gas Co., Ltd.	2,690,426.46	705,120.80	3,175,293.83	705,120.80
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	46,980,327.61	22,754,881.58	62,242,087.46	22,754,881.58
	Benxi Steel & Iron (Group) Construction Co.,				

	Ltd.				
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	34,624,704.64	8,840,761.28	41,088,306.07	8,840,761.28
	Benxi New Career Development Co., Ltd.	3,118,683.49	4,862,469.88	6,329,781.79	4,862,469.88
	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	2,404,254.86		2,735,216.00	
	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.				
	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	1,360,795.33	41,095.64	1,634,196.38	41,095.64
	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	8,907,768.94		10,224,242.39	
	Bengang Group International Economic and Trading Co., Ltd.	19,353,272.46		41,420,410.19	
		121,533,285.23	37,204,329.18	175,862,136.51	37,204,329.18
Prepayments					
	Benxi Beiying Steel & Iron (Group) Co., Ltd.	707,225,626.32		664,151,443.09	
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	9,914,952.40		9,675,956.28	
	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	40,044.33		47,265.79	

		717,180,623.06		673,874,665.16	
Other receivables					
	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	2,444,081.54	951,811.45	2,482,057.01	951,811.45
	Liaoning Metallurgy Technician College	132,388.44	156,265.86	156,265.86	156,265.86
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	12,626,479.38	2,462,178.25	14,890,418.63	2,462,178.25
	Benxi Steel & Iron (Group) Construction Co., Ltd.	848,000.00	848,000.00	848,000.00	848,000.00
	Bengang Group International Economic and Trading Co., Ltd.	17,464,021.64	8,617.52	20,014,006.17	8,617.52
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	528,704.40	435,795.46	522,192.66	435,795.46
	Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	198,993.78	193,367.73	198,993.78	193,367.73
	Benxi Steel & Iron (Group) Medical Services Department	774,666.03	674,813.30	913,607.45	674,813.30
		35,017,335.21	5,730,849.57	40,025,541.56	5,730,849.57

(2) Payables of the Company

Unit: Yuan

Items Name	Name	Ending balance	Beginning balance
Notes payable			
	Benxi Steel & Iron (Group)	3,454,227.22	70,995,469.28

	Industrial Development Co., Ltd.		
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	272,795.76	47,785,625.82
	Bengang Electronics and Gas Co., Ltd.	261,069.11	9,043,462.65
	Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	0.00	2,747,433.39
	Liaoning Metallurgy Technician College	150,672.34	12,988,817.45
	Benxi Steel & Iron (Group) Mining Co., Ltd.	1,442,440,250.75	1,885,599,410.81
	Benxi Steel & Iron (Group) Construction Co., Ltd.	480,952.98	1,530,856.03
	Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	0.00	1,897,419.83
	Benxi Beiying Steel & Iron (Group) Co., Ltd.	4,585,034,158.82	4,449,361,831.00
	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	0.00	37,787,569.38
	Liaoning Metallurgy Technician College	2,523,646.00	867,902.49
	Liaoning Hengtai Heavy Machinery Co., Ltd.	0.00	371,310.17
	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	0.00	385,642.87
	Benxi High-tech Drilling Tools Manufacture Co., Ltd.	900,403.30	1,327,289.76
	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	6,076,161.39	5,404,436.06
		6,041,594,337.67	6,528,094,476.99
Accounts payable			
	Bengang Electronics and Gas Co., Ltd.	11,400,746.44	13,082,201.84

	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	2,558,646.93	2,958,999.57
	Bengang Group International Economic and Trading Co., Ltd.	338,229,976.73	269,570,396.69
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	150,004,403.40	152,335,130.90
	Benxi Steel & Iron (Group) Construction Co., Ltd.	60,491,249.15	61,431,145.68
	Benxi Steel & Iron (Group) Mining Co., Ltd.	267,921,364.64	316,188,485.52
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	77,120,281.35	88,858,487.56
	Benxi New Career Development Co., Ltd.	7,876,872.71	8,989,400.97
	Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	77,994,391.16	64,208,768.55
	Benxi Steel & Iron (Group) Designing Institute	0.00	0.00
	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	57,233,885.90	45,897,262.15
	Benxi 钢铁（集团）医疗卫生部	20,877.77	20,440.35
	Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	35,749,683.50	40,861,451.02
	Benxi High-tech Drilling Tools Manufacture Co., Ltd.	113,088.45	110,719.06
	Liaoning Metallurgy Technician College	5,055,774.48	7,683,547.84
	Liaoning Bengang Steel & Iron Trading Co., Ltd.	0.00	0.00
	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	166,740.11	151,260.15
	Benxi Steel & Iron (Group)	379,603.07	374,362.00

	Zhengtai Construction Materials Co., Ltd.		
	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	10,099,034.06	10,255,950.10
	Liaoning Metallurgy Technician College	2,033,176.85	2,325,632.06
	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	1,080,154.08	1,054,117.38
	Liaoning Hengtai Heavy Machinery Co., Ltd.	27,345,771.13	26,704,854.62
	Benxi Steel & Iron (Group)Plant Construction Supervisor Co., Ltd.	0.00	0.00
	Bengang Group Co., Ltd.	0.00	0.00
		1,132,875,721.90	1,113,062,614.01
Advance from customers			
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	2,286,737.46	2,322,244.58
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	487,826.73	591,520.22
	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	1,342,694.25	2,850,730.90
	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	7,409,930.40	7,542,144.19
	Dalian Boluole Steel Tube Co., Ltd.	94,143.31	381,147.01
	Liaoning Bengang Steel & Iron Trading Co., Ltd.		58,041,408.40
	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	1,327,379.71	1,609,530.39
	Liaoning Hengtai Heavy Machinery Co., Ltd.		
	Bengang Group International Economic and Trading Co., Ltd.		

	Suzhou Bengang Industrial Co., Ltd.	34,067,865.15	29,578,394.75
		47,016,577.02	102,917,120.44
Other payables			
	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	1,184,418.15	1,435,884.63
	Bengang Group International Economic and Trading Co., Ltd.	37,578,902.17	39,250,994.54
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.		14,082.30
	Benxi Steel & Iron (Group) Construction Co., Ltd.	3,556,112.90	4,171,540.23
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	1,001,710.82	980,723.34
	Benxi New Career Development Co., Ltd.	1,014,673.55	1,096,387.29
	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	500,000.00	500,000.00
	Benxi Steel & Iron (Group) Medical Care department		
	Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	105,421.43	107,000.00
	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	3,177,354.90	3,318,732.92
	Benxi Steel & Iron (Group) Co., Ltd.	86,805,543.86	71,070,528.79
	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	4,486,058.27	3,695,270.40
	Guangzhou Free Trade Zone Bengang Sales Co., Ltd.	3,246,766.34	2,674,436.85
	Benxi Steel & Iron (Group)Plant Construction Supervisor Co., Ltd.	725,194.00	710,000.00

	Liaoning Hengyi Financial Leasing Co., Ltd.	624,537.24	3,586.45
	Liaoning Metallurgy Technician College	3,000.00	3,000.00
		144,009,693.62	129,032,167.74

7. Related parties commitment

None

8. Others

None

XI. Share Based Payment

1. General situation of share payment

□Applicable √ Not applicable

2. Equity settlement of equity payments

□Applicable √ Not applicable

3. The situation of stock settlement paid in cash.

□Applicable √ Not applicable

4. Modification and termination of share payment.

5. Other

XII. Commitments and Contingencies

1. Commitments

Commitments at balance sheet date

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

(1) For the land leased from the Company to the Group, price is RMB 0.594 per Square meter per month, and the area of the land is 7,669,068.17 square meters; hence annual rent is RMB 54,691.4 thousand.

(2) For the 2300 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 Beiying 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” was adopted on the sixth meeting of the seventh Board of Directors on 30 March 2017, it stipulated that the company leased the 1780 hot rolling product line from Benxi Beiying 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. Contingencies

(1) Significant contingency at balance sheet date

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

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

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

2. Others

XIII. Subsequent events

1. Significant events had not adjusted

Unit: Yuan

Items	Content	Influence number to the financial position and operating results	Reason of unable to estimate influence number

2. Profit distribution after the reporting period

Unit: Yuan

Profit or dividend to be allocated	193,768,576.60
Profits or dividends declared and approved through deliberation and approval	193,768,576.60

3. Sales return

4. Other subsequent events

At the fifteenth meeting of the seventh Board of Directors on April 18, 2018, based on the existing 3,875,371,532.00 shares, the Company planned to distribute cash dividends RMB0.5 per 10 shares (including tax) to shareholders. The Company planned to distribute RMB193,768,576.60 dividends for ordinary shares. The dividend distribution scheme was approved by the Annual General

Meeting of Shareholders in 2017, which was held in May 24, 2018. On July 11, 2018, the Board of Directors of the Company issued Announcement of Dividend Distribution for Year 2017. The registration date of A shares is July 17, 2018, the ex-dividend date is July 18, 2018; the registration date of B shares is July 20, 2018, the ex-dividend date is July 18, 2018. As of the announcement date of this report, dividend distribution for year 2018 is over.

XIV. Other significant events

1. The accounting errors correction in previous period

(1) Retrospective restatement

Unit: Yuan

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

(2) Prospective application

Content	Processing program	Reason of adopting prospective application

2. Debt restructuring

3. Replacement of assets

(1) Non-monetary assets exchange

(2) Other assets replacement

4. Pension plan

5. Discontinuing operation

Unit: Yuan

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

Notes

6. Segment information

(1) Recognition basis and accounting policies of reportable segment

(2) Financial information of segment

Unit: Yuan

Items		Offset in segment	Total

(3) There was no reportable segment, or the total amount of assets and liabilities of each part of reportable segment, shall disclose the reason.

(4) Notes

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

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

1. On 5 February 2015, the Company publicly issued a three-year corporate bond worth RMB 1.5 billion with interest rate at 5.17%. The Company delisted the bond in accordance with statutory procedures in 1 February 2018 and completed the payment in 5 February 2018.

2. On 27 December 2016, the Company's first Provisional General Meeting of Shareholders in 2016 considered and adopted the "Proposal on the Company's non-public offering of A shares (December 2016 revised version) ". On 16 December 2017, the Company's first Provisional General Meeting of Shareholders in 2017 considered and adopted the "Proposal on the extension of term of validity of non-public offering of stocks shareholders meeting resolution". The proposed issue of stocks to specific targets would raise 4 billion yuan. The main purposes of the fund raised by the Company are cold-rolled high-strength steel transformation project, hot-dip galvanizing production line project of the third cold rolling mill, and repayment of bank loans. As of 8 Februry 2018, the Company actually issued 739,371,532 shares of RMB common stock to investors in private, with a par value of 1 yuan per share and an issue price of 5.41 yuan per share, raising a total of 3,999,999,988.12 yuan. After deducting all the issuing fees, the Company's net funds raised was RMB 3,967,735,837.24 yuan. Availability of the above-mentioned fund was verified by BDO China Shu Lun Pan Certified Public Accountants LLP and issued the Capital Verification Report (PCPAR (2018) No. ZB10054). The Company has adopted a special account storage system for the fund.

3. As at 30 June 2018, the controlling shareholder Benxi Steel & Iron (Group) Co., Ltd. held a total number of 1,523,095,133 shares pledged, and a total number of 45,000,000.00 shares frozon.

8. Others

XV.Notes to the financial statements of parent company

1. Accounts receivable

(1) Accounts receivable disclosed by category

Unit: Yuan

Category	Ending balance					Beginning balance				
	Carrying amount		Provision for bad debts		Total net book value of Fixed assets	Carrying amount		Provision for bad debts		Total net book value of Fixed assets
	Amount	Percentage	Amount	Bad debts ratio		Amount	Percentage	Amount	Bad debts ratio	
Individually significant and tested for impairment individually	47,762,337.18	7.03%	47,762,337.18	100.00%		47,762,337.18	6.51%	47,762,337.18	100.00%	
Accounts receivable tested for impairment by portfolio	631,735,005.27	92.97%	190,040,200.11	30.08%	441,694,805.16	685,620,057.01	93.49%	203,438,463.56	29.67%	482,181,593.45
Total	679,497,342.45	100.00%	237,802,537.29		441,694,805.16	733,382,394.19	100.00%	251,200,800.74		482,181,593.45

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

√ Applicable □ Not applicable

Unit: Yuan

Accounts receivable	Ending balance			
	Accounts receivable	Provision for bad debts	Bad debts ratio	Reason
Benxi Nanfen Xinhe Metallurgical Co., Ltd.	47,762,337.18	47,762,337.18	100.00%	Stop production
Total	47,762,337.18	47,762,337.18	--	--

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

√ Applicable □ Not applicable

Unit: Yuan

Aging	Ending balance		
	Accounts receivable	Provision for bad debts	Bad debts ratio
Within 1 year (inclusive)			
Within 1 year	341,466,965.43		

Subtotal of within 1 year	341,466,965.43		
1-2 years	31,356,340.60	1,567,817.03	5.00%
2-3 years	88,049,145.20	17,609,829.04	20.00%
Over 3 years	170,862,554.04	170,862,554.04	100.00%
Total	631,735,005.27	190,040,200.11	

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

□ Applicable √ Not applicable

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

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

The provision of bad debts of current period is RMB0.00； Bad debt provision written back was RMB 13,398,263.45 in the period.

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

Unit: Yuan

Company	Amount retrieved or written back	way of retrieving

(3) Receivable accounts actually written off in the report period

Unit: Yuan

Items	Amount written off

Significant amount written off:

Unit: Yuan

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

Statement on writing off of receivable accounts:

(4) Top five debtors at the year-end

Company	Ending balance		
	Accounts receivable	Percentage of total accounts receivable (%)	Provision for bad debts
No.1	179,688,274.41	26.44	
No.2	86,329,597.52	12.70	6,513,105.93
No.3	47,762,337.18	7.03	47,762,337.18
No.4	46,980,327.61	6.91	22754881.58
No.5	34,624,704.64	5.10	8,840,761.28
Total	395,385,241.36	58.19	85,871,085.97

(5) Recognition of receivable accounts terminated

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

Notes:

2. Other receivables

(1) Other receivables disclosed by category

Unit: Yuan

Category	Ending balance					Beginning balance				
	Carrying amount		Provision for bad debts		Total net book value of Fixed assets	Carrying amount		Provision for bad debts		Total net book value of Fixed assets
	Amount	Percentage	Amount	Bad debts ratio		Amount	Percentage	Amount	Bad debts ratio	
Other receivable tested for impairment by portfolio	423,551,471.68	99.59%	66,244,347.69	15.64%	357,307,123.99	442,492,865.67	99.61%	67,369,416.95	15.22%	375,123,448.72
Other insignificant items but tested for impairment individually	1,740,000.00	0.41%			1,740,000.00	1,740,000.00	0.39%			1,740,000.00
Total	425,291,471.68	100.00%	66,244,347.69		359,047,123.99	444,232,865.67	100.00%	67,369,416.95		376,863,448.72

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

□ Applicable √ Not applicable

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

√ Applicable □ Not applicable

Unit: Yuan

Aging	Ending balance		
	Other receivables	Provision for bad debts	Bad debts ratio
Within 1 year (inclusive)			
Within 1 year (inclusive)	215,735,192.31		
Subtotal of within 1 year	215,735,192.31		
1-2 years	8,601,980.20	430,099.01	5.00%
2-3 years	136,122,500.50	2,722,450.01	20.00%

Over 3 years	63,091,798.67	63,091,798.67	100.00%
Total	423,551,471.68	66,244,347.69	

Provision of bad debts under the percentage of balance method:

□ Applicable √ Not applicable

Provision of bad debts under other methods:

□ Applicable √ Not applicable

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

The provision of bad debts of current period is RMB0.00；Bad debt provision written back was RMB 1,125,069.26 in the period.

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

Unit: Yuan

Company	Amount of written back or retrieving	way of retrieving

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

Unit: Yuan

Items	Amount written off

Significant other receivables:

Unit: Yuan

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

Notes:

(4) Other receivables disclosed by nature

Unit: Yuan

Nature	Ending balance	Beginning balance
Accounts	418,226,206.68	435,666,187.53
Others	7,065,265.00	8,566,678.14
Total	425,291,471.68	444,232,865.67

(5) Top five debtors at the year-end

Unit: Yuan

Company	Nature or content	Ending balance	Aging	Percentage of total other receivables	Provision for bad debtsEnding balance
No.1	Accounts	16,083,670.47	Within 1 year RMB 12,553,032.8, 1-2	3.78%	176,531.88

			years RMB 3,530,637.67		
No.2	Accounts	12,626,479.38	1-3 years	2.97%	2,462,178.25
No.3	Accounts	9,188,976.40	Within 1 year	2.16%	
No.4	Others	5,922,247.07	Within 1 year	1.39%	
No.5	Accounts	4,341,257.18	Over 3 years	1.02%	4,341,257.18
Total	--	48,162,630.50	--	11.32%	6,979,967.31

(6) Receivable accounts involving the government

Unit: Yuan

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

(7) De-recognition other receivables due to financial assets transfer

(8) Assets and liabilities formed by transferring and continuous involvement of other receivables

Notes:

3. Long-term equity investments

Unit: Yuan

Items	Ending balance			Beginning balance		
	Carrying amount	Total impairment	Book value	Carrying amount	Total impairment	Book value
Investment to subsidiaries	2,016,281,902.16		2,016,281,902.16	1,756,981,902.16		1,756,981,902.16
Total	2,016,281,902.16		2,016,281,902.16	1,756,981,902.16		1,756,981,902.16

(1) Investment to subsidiaries

Unit: Yuan

Company invested in	Beginning balance	Increase	Decrease	Ending balance	AmountProvision Total impairment	Total impairmentEnding balance
Guangzhou Bengang Steel & Iron Trading Co., Ltd.	1,000,000.00	29,000,000.00		30,000,000.00		
Shanghai Bengang	19,200,000.00	10,800,000.00		30,000,000.00		

Metallurgy Science and Technology Co., Ltd.						
Bengang Steel Plate Liaoyang Orel Ball Co., Ltd.	529,899,801.38			529,899,801.38		
Dalian Benruitong Automobile Material Technologies Co., Ltd.	65,000,000.00			65,000,000.00		
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	1,019,781,571.10			1,019,781,571.10		
Changchun Bengang Steel & Iron Sales Co., Ltd.	-1,355,124.64	29,500,000.00		28,144,875.36		
Harbin Bengang Economic and Trading Co., Ltd.	423,398.23	29,500,000.00		29,923,398.23		
Nanjing Bengang Steel Material Sales Ltd.	2,081,400.65			2,081,400.65		
Wuxi Bengang Steel & Iron Sales Co., Ltd.	936,718.57	29,000,000.00		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.	19,600,329.41	29,500,000.00		49,100,329.41		
Tianjin Bengang Steel & Iron Trading Co., Ltd.	33,318,095.80	27,000,000.00		60,318,095.80		
Benxi Bengang Steel Sales Co., Ltd	5,000,000.00	25,000,000.00		30,000,000.00		
Shenyang	5,000,000.00	25,000,000.00		30,000,000.00		

Bengang Metallurgical Science and Technology Co., Ltd.						
Chongqing Liaoben Steel & Iron Trading Co., Ltd.	5,000,000.00	25,000,000.00		30,000,000.00		
Bengang Baojin (Shenyang) Automobile New Material Co, Ltd.	51,000,000.00			51,000,000.00		
Total	1,756,981,902.16	259,300,000.00		2,016,281,902.16		

(2) Investment to joint venture and associated enterprise

Unit: Yuan

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

(3) Notes

4. Operating income and operating cost

Unit: Yuan

Items	January to June 2018		January to June 2017	
	Revenue	Cost	Revenue	Cost
Principal business	21,543,654,805.89	19,737,906,706.75	19,350,686,493.45	17,842,348,026.16
Other business	2,139,210,303.25	1,663,285,255.45	1,846,830,285.75	1,640,628,048.16
Total	23,682,865,109.14	21,401,191,962.20	21,197,516,779.20	19,482,976,074.32

Notes:

5. Income on investment

Unit: Yuan

Items	January to June 2018	January to June 2017
Income from long-term equity investment (cost method)		102,074,634.76
Income from bank short-term financial products	3,493,150.68	3,294,593.14
Total	3,493,150.68	105,369,227.90

6. Others

XVI. Supplementary information

1. Details of non-recurring profit and loss

√ Applicable □ Not applicable

Unit: Yuan

Items	January to June 2018	Notes
Profit or loss from disposal of non-current assets	-556,821.63	
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)	41,274,238.70	
Profit or loss from debt restructuring	945,892.23	
Other non-operating revenue and expenditure other than above items	1,192,505.57	
Less: Impact of income tax	10,713,953.72	
Impact of non-controlling interests	112,829.54	
Total	32,029,031.61	--

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

□ Applicable √ Not applicable

2. Net asset yield and earnings per share

Profit in the Reporting Period	Weighted average net assets yield (%)	Earnings per share	
		Basic earnings per share (RMB/Share)	Diluted gains per share (RMB/Share) (RMB/Share)
Net profit attributable to ordinary shareholders	4.56	0.195	0.195
Net profit attributable to ordinary shareholders after deducting non-recurring profit and loss	4.37	0.187	0.187

3. The differences between domestic and international accounting standards

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

√ Applicable □ Not applicable

Unit: Yuan

	Net Profit		Net assets	
	January to June 2018	January to June 2017	Ending balance	Beginning balance
According to CAS	756,951,987.59	523,635,653.57	18,861,998,055.40	14,315,588,729.00
Items and amount adjusted according to IAS:				

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

□ Applicable √ Not applicable

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

4. Others

XI. Documents available for inspection

1. Financial Statements signed and stamped by the legal representative, CFO, and accounting manager；

2. All of the original copies of documents and announcements that have been published on China Securities Journal, Securities Times, and Hong Kong Commercial Daily.