

Bengang Steel Plates Co., Ltd.

The 1st Quarterly Report 2011 (Full Text)

§ 1 Important Declaration

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

This is the summary abstracted from the complete version of the Quarterly Report, which is published synchronously on the Internet (<http://www.cninfo.com.cn>) for details please refer to the complete version.

1.2 The financial statements carried in this report are not audited.

1.3 Chairman of the Board – Zhang Xiaofang, Chief Financial Officer – Mr. Cao Aimin, and Head of Accounting Dept. – Mr. Zuo Zhanguo hereby declare: the authenticity and integrality of the report are guaranteed.

1.4 This report is prepared both in Chinese and English. When there is conflict understanding between the two versions, the Chinese version shall prevail.

§ 2 Company Profile

2.1 Financial highlights

In RMB Yuan

	Ended this report term	Ended previous year	Changed by (%)
Gross Assets (RMB)	37,216,462,270.76	35,871,741,948.24	3.75%
Owners' equity attributable to the shareholders of the listed company (yuan)	15,315,292,573.17	15,010,359,312.05	2.03%
Capital shares (shares)	3,136,000,000.00	3,136,000,000.00	0.00%
Net asset per share attributable to the shareholders of the listed company (Yuan/share)	4.88	4.79	1.88%
	This report term	Same period last year	Changed by (%)
Turnover (yuan)	10,705,982,240.30	10,494,187,406.28	2.02%
Net profit attributable to shareholders of the listed company (yuan)	304,933,261.12	372,266,276.54	-18.09%
Net Cash flow generated by business operation (RMB)	220,747,490.08	932,583,770.26	-76.33%
Net Cash flow per share generated by business operation (yuan/share)	0.07	0.30	-76.67%
Basic earnings per share (Yuan/share)	0.10	0.1187	-15.75%
Diluted earnings per share (Yuan/share)	0.10	0.1187	-15.75%
Weighted average net income/asset ratio (%)	2.01%	2.59%	-0.58%
Weighted average net income/asset ratio less non-recurring gain/loss(%)	2.00%	2.57%	-0.57%

Non-recurring gain and loss items

applicable not applicable

In RMB Yuan

Non-recurring gain and loss items	Amount	Note (if applicable)
Gain/loss from debt reorganization	642,211.53	
Government subsidies accounted into current gain/loss account, other than those closely related to the Company's common business, comply with the national policy and continues to enjoy at certain fixed rate or amount.	337,967.00	
Other non-business income and expenditures other than the above	154,000.00	
Influenced amount of income tax	-283,544.63	
Total	850,633.90	-

2.2 Total of shareholders and the top 10 holders of unconditional shares

in shares

Total shareholders at the end of the report period (accounts)	57,960	
Top ten holders of the shares without subscription limitation		
Full name of shareholder	Amount of unconditional shares held at the end of report term	Categories
Benxi Steel (Group) Ltd.	2,573,632,420	RMB common shares
DREYFUS PREMIER INVESTMENT FDS INC.-DREYFUS GREATER CHINA FD	52,237,245	RMB common shares
China Construction Bank – Shangtou Morgan China Advantage Securities Investment Fund	46,531,915	Foreign shares placed in domestic exchange
GOVERNMENT OF SINGAPORE INV. CORP.- A/C "C"	25,259,648	Foreign shares placed in domestic exchange
NOMURA TST N BK CO.,LTD ATTF ASIA ATTR DIV STK FD MTH FD	18,049,086	Foreign shares placed in domestic exchange
GSIC A/C MONETARY AUTHORITY OF SINGAPORE	10,402,255	Foreign shares placed in domestic exchange
RENAISSANCE CHINA PLUS FUND	7,760,556	Foreign shares placed in domestic exchange
KOREA EXCHANGE BANK(DB CHINA EQUITY FUND)	5,915,338	Foreign shares placed in domestic exchange
APS CHINA ALPHA FUND	4,616,701	Foreign shares placed in domestic exchange
BOCHK INVESTMENT FUNDS-BOCHK CHINA GOLDEN DRAGON FUND	4,499,952	Foreign shares placed in domestic exchange

§ 3 Significant Events

3.1 Details and causations of major change in major accounting subjects and financial indices

applicable not applicable

* Main financial items in the consolidated financial statement which have changed for over 30% comparing with the financial situation at end of 2010		
I. Balance Sheet Items	Rate of change	Cause of change
Notes payable	31.61%	Increase of notes payable issued this period
Non-current liability due in 1 year	-43.19%	Disbursing of non-current liabilities due in one year in this period
Long-term borrowings	56.45%	Increase of bank loans
Other non-recurring liabilities	31.45%	Receiving of special fund

* Main financial items in the consolidated statement which have changed for over 30% comparing with the financial performance of Jan-Mar 2010		
II. Income Statement Items	Rate of change	Cause of change
Business tax and surcharge	-94.67%	Decrease of VAT payable of this period
Financial expenses	35.37%	Increase of loans this period
Non-operational income	-55.27%	Decrease of gains from debt reorganizing
Income tax expenses	777.15%	Increase of profit of subsidiaries
III. Cash Flow Statement	Rate of change	Cause of change
Cash paid to staffs or paid for staffs	32.72%	Increase of wages
Taxes paid	-51.64%	Decrease of VAT payable of this period

3.2 Progress of significant events, their influence, countermeasures, and analysis

3.2.1 None-standard opinions

applicable not applicable

3.2.2 Illegal providing of capital or guarantees to the holding shareholder or its related parties or external parties

applicable not applicable

3.2.3 Signing and execution of major business contracts

applicable not applicable

3.2.4 Misc.

applicable not applicable

3.3 Fulfilling of commitment issues made by the Company, shareholder, or substantial controller

Commitment made by the PLC, its directors, supervisors, executives, and shareholders with 5% or over shares of the Company, and its substantial dominator in the report term or carried over to the report term:

applicable not applicable

Commitments	The undertaker	Content of Commitments	Status of fulfilling
Commitment in share equity relocation	Benxi Steel (Group) Co., Ltd.	1. After launching of the share relocation program, Bengang Group has committed not to trade or transfer its shares in 24 months since the day when they are allowed to trade in the stock exchange, and not more than 5% of the total capital share of the Company between the 24 th month and the 36 th month. 2. Bengang Group committed not to put the newly placed shares in the market or sell to others in 36 months since the date when the share registration is done. (except for transferring to strategic investors that is approved by the national policy, the commitments shall be carried forward by the underwriter.) 3. From completion of handover till the end of 2010, Bengang Group shall hold not less than 65% of the Company's capital shares. (But except for transferring to strategic investors under the permission of national policies, with the condition of the new holder shall keep the commitment made forth by Bengang Group.) 4. When the Group is trading or transferring the shares it holds in the Company before the end of 2010, the prices shall not lower than the net asset per share provided by the latest auditing report. Bengang Group committed that the proceeds from trading of the shares, by breaching of faith as said	The commitments are under processing at present and no breaching of commitment has occurred.

		above, will be transferred to the possession of the Company. 5. Bengang Group promises to be responsible for the losses due to its failure or partially failure in fulfilling of the above responsibilities.	
Commitment made in acquisition report or equity alternation report	None	None	None
Commitment made in major asset restructuring	None	None	None
Commitment made at issuing	None	None	None
Other commitments (including supplementary commitments)	None	None	None

3.4 Estimated accumulative profit from the year beginning to the end of the next report period may be of deficits; or in comparison with the same period of the previous year, give the warning of great change and the notice to the reasons.

applicable not applicable

3.5 Major events needs to be explained

3.5.1 Investment in securities

applicable not applicable

3.5.2 Reception of investigations, communications, or interviews

Time/date	Place	Way	Visitors	Main content involved and material provided
Jan 17 2011	Office of the secretary of Board	Field research	Fuda Foundation HK	Production and operation situation

3.6 Investment in derivate financial instruments

applicable not applicable

3.6.1 Derivate financial instrument stock at end of report term

applicable not applicable

§ 4 Attachments

4.1 Balance Sheet

Prepared by Bengang Steel Plates Co., Ltd. Ended March 31, 2011 RMB Yuan

Items	Balance at the end of term		Balance at the beginning of year	
	Consolidated	Parent company	Consolidated	Parent company
Current asset:				
Monetary capital	1,915,417,437.04	1,762,629,500.14	1,475,045,148.55	1,358,651,762.79
Settlement provision				
Outgoing call loan				
Transactional financial assets				
Notes receivable	2,058,595,570.62	1,959,841,444.76	1,900,062,739.70	1,822,459,543.49
Account receivable	357,748,860.43	413,022,897.78	344,857,035.57	400,131,072.92
Prepayment	810,111,092.59	744,179,296.96	810,851,238.27	744,919,442.64
Insurance receivable				
Reinsurance receivable				
Provisions of Reinsurance contracts receivable				
Interest receivable				
Dividend receivable				
Other account receivable	84,421,590.27	160,429,740.79	106,040,016.05	220,725,711.61
Repurchasing of financial assets				
Inventories	11,343,009,806.83	10,889,257,508.52	10,297,600,688.08	9,814,369,793.69
Non-current asset due in 1 year				
Other current asset	182,211,823.73	182,211,823.73	182,211,823.73	182,211,823.73
Total of current asset	16,751,516,181.51	16,111,572,212.68	15,116,668,689.95	14,543,469,150.87
Non-current assets				
Disburse of consigned loans				
Available-for-sale financial asset				
Expired investment in possess				
Long-term receivable				
Long-term share equity investment	15,791,030.00	878,655,407.17	15,791,030.00	878,655,407.17
Investment properties				
Fixed assets	18,377,582,746.91	17,964,057,081.40	18,856,618,212.00	18,438,736,612.00
Construction in process	1,810,161,438.05	979,340,047.85	1,619,227,102.66	889,881,763.38
Engineering goods	13,844,372.41	13,844,372.41	15,638,434.32	15,638,434.32
Fixed asset disposal				
Production physical assets				
Gas & petrol				
Intangible assets	46,163,506.37	0.00	46,395,483.80	0.00
R&D expense				
Goodwill				
Long-term amortizable expenses				
Differed income tax asset	201,402,995.51	189,470,501.84	201,402,995.51	189,470,501.84
Other non-current asset				
Total of non-current assets	20,464,946,089.25	20,025,367,410.67	20,755,073,258.29	20,412,382,718.71
Total of assets	37,216,462,270.76	36,136,939,623.35	35,871,741,948.24	34,955,851,869.58
Current liabilities				
Short-term loans	2,848,309,800.00	2,848,309,800.00	2,295,236,500.00	2,295,236,500.00
Loan from Central Bank				
Deposit received and hold for others				
Call loan received				

Trade off financial liabilities				
Notes payable	1,658,720,068.81	1,646,728,068.81	1,260,376,722.11	1,260,376,722.11
Account payable	8,027,102,047.37	8,132,979,142.67	7,993,191,216.38	8,189,917,528.20
Prepayment received	2,855,655,625.04	2,761,743,873.42	3,118,780,973.56	2,831,031,113.85
Selling of repurchased financial assets				
Fees and commissions receivable				
Employees ' wage payable	171,998,534.49	171,898,084.60	184,769,139.84	184,669,271.84
Tax payable	-709,547,863.81	-655,771,382.72	-704,770,343.24	-651,410,574.54
Interest payable				
Dividend payable				
Other account payable	669,028,835.01	467,505,016.65	721,086,330.41	631,026,887.30
Reinsurance fee payable				
Insurance contract provision				
Entrusted trading of securities				
Entrusted selling of securities				
Non-current liability due in 1 year	575,681,599.13	575,681,599.13	1,013,263,228.43	1,013,263,228.43
Other current liability				
Total of current liability	16,096,948,646.04	15,949,074,202.56	15,881,933,767.49	15,754,110,677.19
Non-current liabilities				
Long-term borrowings	5,610,966,774.73	5,010,966,774.73	4,824,024,138.39	4,314,024,138.39
Bond payable				
Long-term payable				
Special payable	0.00	0.00	0.00	0.00
Expectable liabilities				
Differed income tax liability				
Other non-recurring liabilities	158,359,446.22	156,299,446.22	120,469,446.22	120,469,446.22
Total of non-current liabilities	5,769,326,220.95	5,167,266,220.95	4,944,493,584.61	4,434,493,584.61
Total of liability	21,866,274,866.99	21,116,340,423.51	20,826,427,352.10	20,188,604,261.80
Owners ' equity (or shareholders ' equity)				
Capital paid in (or share capital)	3,136,000,000.00	3,136,000,000.00	3,136,000,000.00	3,136,000,000.00
Capital reserves	8,790,691,134.76	8,790,691,134.76	8,790,691,134.76	8,790,691,134.76
Less: Shares in stock				
Special reserves				
Surplus reserves	921,277,509.22	921,277,509.22	921,277,509.22	921,277,509.22
Common risk provision				
Retained profit	2,467,323,929.19	2,172,630,555.86	2,162,390,668.07	1,919,278,963.80
Different of foreign currency translation				
Total of owner ' s equity belong to the parent company	15,315,292,573.17	15,020,599,199.84	15,010,359,312.05	14,767,247,607.78
Minor shareholders ' equity	34,894,830.60	0.00	34,955,284.09	0.00
Total of owners ' equity	15,350,187,403.77	15,020,599,199.84	15,045,314,596.14	14,767,247,607.78
Total of liabilities and owners ' equity	37,216,462,270.76	36,136,939,623.35	35,871,741,948.24	34,955,851,869.58

4.2 Income Statement

Prepared by: Bengang Steel Plates Co., Ltd.

Jan-Mar 2011

RMB Yuan

Items	Amount of the Current Term		Amount of the Previous Term	
	Consolidated	Parent company	Consolidated	Parent company
I. Total revenue	10,705,982,240.30	10,467,987,786.25	10,494,187,406.28	10,181,297,758.26
Incl. Business income	10,705,982,240.30	10,467,987,786.25	10,494,187,406.28	10,181,297,758.26
Interest income				
Insurance fee earned				
Fee and commission received				
II. Total business cost	10,386,257,354.68	10,215,432,405.72	10,122,735,610.03	9,815,166,412.01
Incl. Business cost	9,550,205,794.46	9,418,739,554.91	9,288,576,564.94	9,011,257,322.82
Interest expense				
Fee and commission paid				
Insurance discharge payment				
Net claim amount paid				
Net insurance policy reserves provided				
Insurance policy dividend paid				
Reinsurance expenses				
Business tax and surcharge	2,408,794.09	320,212.23	45,152,650.35	44,666,286.48
Sales expense	108,154,423.69	86,510,076.80	92,125,730.39	71,626,643.42
Administrative expense	649,056,031.18	633,093,806.27	640,417,662.64	631,087,348.04
Financial expenses	76,432,311.26	76,768,755.51	56,463,001.71	56,528,811.25
Asset impairment loss				
Plus: Gains from change of fair value (" - " for loss)				
Investment gain (" - " for loss)				
Incl. Investment gains from affiliates				
Gains from currency exchange (" - " for loss)				
III. Operational profit (" - " for loss)	319,724,885.62	252,555,380.53	371,451,796.25	366,131,346.25
Plus: Non business income	1,184,178.53	846,211.53	2,647,251.17	2,541,350.32
Less: Non-business expenses	50,000.00	50,000.00	10,245.00	
Incl. Loss from disposal of non-current assets				
IV. Gross profit (" - " for loss)	320,859,064.15	253,351,592.06	374,088,802.42	368,672,696.57
Less: Income tax expenses	15,986,256.52		1,822,525.88	
V. Net profit (" - " for net loss)	304,872,807.63	253,351,592.06	372,266,276.54	368,672,696.57
Net profit attributable to the owners of parent company	304,933,261.12	253,351,592.06	372,266,276.54	368,672,696.57
Minor shareholders' equity	-60,453.49			
VI. Earnings per share:				
(I) Basic earnings per share	0.10	0.08	0.1187	0.1176
(II) Diluted earnings per share	0.10	0.08	0.1187	0.1176
VII. Other misc. incomes				
VIII. Total of misc. incomes	304,872,807.63	253,351,592.06	372,266,276.54	368,672,696.57
Total of misc. incomes attributable to the owners of the parent company	304,872,807.63	253,351,592.06	372,266,276.54	368,672,696.57
Total misc gains attributable to the minor shareholders				

Merger of entities under common control, the net profit realized by the merged party was RMB0.00.

4.3 Cash Flow Statement

Prepared by: Bengang Steel Plates Co., Ltd.

Jan-Mar 2011

RMB Yuan

Items	Amount of the Current Term		Amount of the Previous Term	
	Consolidated	Parent company	Consolidated	Parent company
I. Net cash flow from business operation				
Cash received from sales of products and providing of services	6,505,503,567.85	6,343,561,625.72	6,272,699,885.46	6,204,589,512.33
Net increase of customer deposits and capital kept for brother company				
Net increase of loans from central bank				
Net increase of inter-bank loans from other financial bodies				
Cash received against original insurance contract				
Net cash received from reinsurance business				
Net increase of client deposit and investment				
Net increase of trade financial asset disposal				
Cash received as interest, processing fee, and commission				
Net increase of inter-bank fund received				
Net increase of repurchasing business				
Tax returned	63,318,806.85	62,980,839.85	83,755,682.81	80,970,050.35
Other cash received from business operation	153,465,603.72	136,310,684.02	131,692,667.40	130,728,641.48
Sub-total of cash inflow from business activities	6,722,287,978.42	6,542,853,149.59	6,488,148,235.67	6,416,288,204.16
Cash paid for purchasing of merchandise and services	5,768,240,647.80	5,728,240,647.80	4,848,292,142.22	4,828,296,697.00
Net increase of client trade and advance				
Net increase of savings in central bank and brother company				
Cash paid for original contract claim				
Cash paid for interest, processing fee and commission				
Cash paid for policy dividend				
Cash paid to staffs or paid for staffs	593,881,114.83	590,729,791.84	447,460,692.62	445,110,274.67
Taxes paid	111,001,545.02	55,360,567.35	229,515,533.61	221,331,691.96
Other cash paid for business activities	28,417,180.69	23,788,309.20	30,296,096.96	22,715,699.59
Sub-total of cash outflow from business activities	6,501,540,488.34	6,398,119,316.19	5,555,564,465.41	5,517,454,363.22
Cash flow generated by business operation, net	220,747,490.08	144,733,833.40	932,583,770.26	898,833,840.94
II. Cash flow generated by investing				
Cash received from investment retrieving				
Cash received as investment gains				
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets			155,100.00	155,100.00
Net cash received from disposal of subsidiaries or other operational units				
Other investment-related cash received				
Sub-total of cash inflow due to investment activities			155,100.00	155,100.00

Cash paid for construction of fixed assets, intangible assets and other long-term assets	613,307,619.00	483,688,513.46	1,171,687,229.46	1,171,360,491.46
Cash paid as investment				160,000,000.00
Net increase of loan against pledge				
Net cash received from subsidiaries and other operational units				
Other cash paid for investment activities				
Sub-total of cash outflow due to investment activities	613,307,619.00	483,688,513.46	1,171,687,229.46	1,331,360,491.46
Net cash flow generated by investment	-613,307,619.00	-483,688,513.46	-1,171,532,129.46	-1,331,205,391.46
III. Cash flow generated by financing				
Cash received as investment				
Incl. Cash received as investment from minor shareholders				
Cash received as loans	2,164,602,900.00	2,074,602,900.00	3,065,177,302.99	3,065,177,302.99
Cash received from bond placing				
Other financing-related cash received				
Subtotal of cash inflow from financing activities	2,164,602,900.00	2,074,602,900.00	3,065,177,302.99	3,065,177,302.99
Cash to repay debts	1,238,535,271.34	1,238,535,271.34	2,064,442,276.00	2,064,442,276.00
Cash paid as dividend, profit, or interests	91,994,108.53	91,994,108.53	79,783,509.11	79,783,509.11
Incl. Dividend and profit paid by subsidiaries to minor shareholders				
Other cash paid for financing activities				
Subtotal of cash outflow due to financing activities	1,330,529,379.87	1,330,529,379.87	2,144,225,785.11	2,144,225,785.11
Net cash flow generated by financing	834,073,520.13	744,073,520.13	920,951,517.88	920,951,517.88
IV. Influence of exchange rate alternation on cash and cash equivalents	-1,141,102.72	-1,141,102.72	-22,473.44	-22,473.44
V. Net increase of cash and cash equivalents	440,372,288.49	403,977,737.35	681,980,685.24	488,557,493.92
Plus: Balance of cash and cash equivalents at the beginning of term	1,475,045,201.13	1,358,651,815.37	1,372,907,706.59	1,324,990,582.40
VI. Balance of cash and cash equivalents at the end of term	1,915,417,489.62	1,762,629,552.72	2,054,888,391.83	1,813,548,076.32

4.4 Auditors' Report

Auditor's opinion: not audited.

§ 5 Other Information to be Reported

5.1 Statement of non-operational capital adoption by the major shareholder and its subsidiaries

applicable not applicable

5.2 Illegal external guarantees

applicable not applicable