

Stock Code: 000761, 200761

Abbreviation: Bengang Banca, Bengangban B

Announcement No. : 2019-053

# Summary of Semi-Annual Report 2019 of Bengang Steel Plates Co., Ltd.

## I. Important Notice

This Semi-Annual Report Summary is taken from the full text of the Semi-Annual Report. Investors are advised to read carefully the full text of the Semi-Annual Report published on the media designated by China Securities Regulatory Commission in order to fully understand the Company's operation results, financial position and future development plan.

Objection statement of directors, supervisors and senior executives

| Name | Office title | Objection & reason |
|------|--------------|--------------------|
|------|--------------|--------------------|

Statement

Other directors attending the Meeting for Semi-Annual Report deliberation except for the following

| Name of director absent | Title for absent director | Reasons for absence | Attorney |
|-------------------------|---------------------------|---------------------|----------|
|-------------------------|---------------------------|---------------------|----------|

Non-standard auditor's opinion

☐ Applicable ☒ Not applicable

Plans for profit distribution on ordinary shares or conversion of capital reserves into share capital proposed to the Board during the reporting period

☐ Applicable ☒ Not applicable

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

Plans for profit distribution on preference shares for the reporting period approved by the Board

☐ Applicable ☒ Not applicable

## II. Company Profile and Main Financial Index

### 1. Company profile

|                            |                             |                                   |               |
|----------------------------|-----------------------------|-----------------------------------|---------------|
| Stock abbreviation         | Bengang Banca, Bengangban B | Stock Code                        | 000761、200761 |
| Stock exchange for listing | Shenzhen Stock Exchange     |                                   |               |
| Contact person and manner  | Board secretary             | Securities affairs Representative |               |
| Name                       | Gao Desheng                 |                                   |               |

|         |   |  |
|---------|---|--|
| Address | No.16, Renmin Road, Pingshan District,<br>Benxi City, Liaoning Province |  |
| Tel     | 024-47827003  |  |
| Email   | bgbcdm@163.com  |  |

## 2. Main Accounting Data and Financial Index

Retrospective adjustment to or restatement of the accounting data for prior years by the Company due to change of accounting policies and correction of accounting errors

☐ Yes ☒ No

Unit: yuan

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

## 3. Number of shareholders and shareholding

Unit: Share

| Total number of common shareholders at the end of the reporting period                                       |                          | 55,071             |                                     | The total number of preferred shareholders voting rights restored at the end of the reporting period (if any) |                                    | 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 | Restricted shares held  | Number of pledged or frozen shares |               |  |
|  |                          |                    |                                     |   | Status                             | Number        |  |
| Benxi Steel & Iron (Group) Co., Ltd.   | State-owned legal person | 61.43%             | 2,380,901,255                       | 0   | Pledged                            | 1,463,095,133 |  |
|  |                          |                    |                                     |   | Frozen                             | 45,000,000    |  |
| Liaoning Provincial Transportation Investment Group Co., Ltd.  | State-owned legal person | 4.77%              | 184,842,883                         | 0   |                                    |               |  |
| CCB Principal Asset Management – ICBC – CR Trust – CR Trust ·Xing Sheng No. 5 Collective Fund Trust Plan     | Others                   | 4.77%              | 184,842,883                         | 0   |                                    |               |  |
| Bei Xin Rui Feng Fund – China Merchants Bank – Bei Xin Rui Feng Fund Feng Qing No. 229 Asset Management Plan | Others                   | 4.77%              | 184,842,883                         | 0   |                                    |               |  |
| China Life AMP Fund– ICBC – China Life AMP – Hua Xin Trust Targeted Additional                               | Others                   | 4.77%              | 184,842,883                         | 0   |                                    |               |  |

|   |   |       |            |   |  |  |
|---|---|-------|------------|---|--|--|
| Shares Issuance<br>No. 10 Asset<br>Management<br>Plan                             |   |       |            |   |  |  |
| Liang<br>zhongqing  | Domestic<br>natural person  | 0.50% | 19,292,013 | 0 |  |  |
| Liu qiuying   | Domestic<br>natural person  | 0.37% | 14,158,663 | 0 |  |  |
| VANGUARD<br>EMERGING<br>MARKETS<br>STOCK INDEX<br>FUND                            | Overseas legal<br>person  | 0.21% | 8,157,311  | 0 |  |  |
| Chen jinhong  | Domestic<br>natural person  | 0.18% | 6,876,375  | 0 |  |  |
| Chen guohua   | Domestic<br>natural person  | 0.14% | 5,489,314  | 0 |  |  |
| Notes to relationship or 'action in concert' among the top 10 shareholders.       | It is unknown to the Company whether there is any related connection or 'Action in Concert' as described by Rules of Information Disclosing Regarding Changing of Shareholding Status of Listed Companies existing among the above shareholders.  |       |            |   |  |  |
| Shareholders among the top 10 participating in securities margin trading (if any) | Benxi Steel & Iron (Group) Co., Ltd. holds 2,141,901,255 shares of the Company's stock through ordinary account and holds 239,000,000 shares of the Company's stock through credit security account totaling 2,380,901,255 shares. Liang zhongqing holds 142,200 shares of the Company's stock through ordinary account. Liu qiuying holds 5,266,200 shares of the Company's stock through ordinary account and holds 8,892,463 shares of the Company's stock through credit security account. Chen guohua holds 5,489,314 through credit security account. |       |            |   |  |  |

#### 4. Changes of Controlling Shareholders and Substantial Controller

Change of holding shareholder

☐ Applicable ☒ Not applicable

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

Change of substantial controller

☐ Applicable ☒ Not applicable

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

## 5. Total preferred shareholders of the Company and shares held by top ten shareholders

☐ Applicable ☒ Not applicable

There was no Preferred Shares during the reporting period.

## 6. Information about the 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

# III. Management Discussion and Analysis

## 1. General

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

No

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

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

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

At the same time, the work of “Four Determinants” continued to advance. On the basis of realizing the reduction of management level, the institutions at the department level and above were further reduced, and the channels for cadres

can be opened up and down through communication, adjustment, early departure and open competition. The establishment of a lean and efficient management and control system, overlapping, low-efficiency, and virtual institutions have been thoroughly cleaned up, releasing the vitality of the enterprise.

## **2. Issues related to the financial report**

### **(1) Changes in the accounting policy, accounting estimation and measurement methods**

☐ Applicable ☒ Not applicable

There was no change in accounting policy, accounting estimation and measurement methods during the reporting period.

### **(2) Illustrations of retrospective restatement due to correction of significant accounting errors in the reporting period**

☐ Applicable ☒ Not applicable

No major accounting errors within the reporting period that needs retrospective restatement for the Company.

### **(3) Illustrations of changes of the consolidation scope as compared with the financial report of previous year**

☐ Applicable ☒ Not applicable

There was no change of the consolidation scope during the reporting period.