



Bengang Steel Plates Co., Ltd.

Annual Report 2019

April, 2020

I. Important Notice, Table of Contents, and Definitions

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

Gao Lie, chairman of the Company, Shen Qiang, Chief financial officer, and Zhao Zhonghua, the person in charge of the accounting department (the person in charge of the accounting), make the pledge for the authenticity, accuracy and integrity of the attached financial statements.

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

The prospective statements contained in this 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 has described the existing risks and countermeasures in detail in this report. Please refer to Section 4-9 “Prospects for the Future Development of the Company”. “China Securities Journal”, “Securities Times”, “Hong Kong Commercial Daily” and Juchao Information Network (www.cninfo.com.cn) are the company's selected information disclosure media. All information of the company is based on the information published in the above-mentioned designated media. Investors are advised to pay attention to investment risks.

The company plans not to distribute any cash dividends, bonus shares, and not converse capital reserve to share capital.

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Definition

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

II. Company Profile and Main Financial Index

I. Company Information

Stock abbreviation	Bengang Banca, Bengangban B	Stock Code	000761, 200761
Stock exchange for listing	Shenzhen Stock Exchange		
Company name in Chinese	本钢板材股份有限公司		
Abbreviation of Company name in Chinese	本钢板材		
Company name in English (If any)	BENGANG STEEL PLATES CO.,LTD.		
Abbreviation of Company name in English (If any)	BSP		
Legal representative	Gao Lie		
Registration Address	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province		
Post Code of registration Address	117000		
Office address	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province		
Post Code of office address	117000		
Web Address	None		
Email	bgbdm@163.com		

II. Contact Information

	Secretary of Board of Directors	Representative of Securities Affairs
Name	Gao Desheng	Chen Liwen
Address	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province
Tel	024-47827003	024-47828980
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III. Information Disclosure and Place for Consulting

Press media for information disclosure	China Securities Journal, Securities Times, Hong Kong Commercial Daily
Web address for the annual report as assigned by CSRC	http://www.cninfo.com.cn
Place for inquiry of the annual report	Secretary Office of the Board, Bengang Steel Plate Co., Ltd.

IV. Change of Business Registration

Organization Code	91210000242690243E
Changes of principal business activities since listing (if any)	No change
Changes of the controlling shareholder in the past (is any)	No change

V. Other Information

Accountants' firm engaged by the Company:

Name of the accountants' firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Address of the accountants' firm	Address: 4/F 61 Nanjing Rd. East, Huangpu, Shanghai
Signing name of accountants	Wu Xue, Li Guiying

Sponsor engaged by the Company to conduct sustained supervision during the reporting period

☒ Applicable ☐ Not applicable

Name of the sponsor institution	Address of the sponsor institution	Name of the sponsor representative	Sustained supervision period
Shenwan Hongyuan Securities Underwriting Sponsoring Co., Ltd.	No. 19, Taiping Bridge Street, Xicheng District, Beijing	Zhang Wei, Liu Guoku	March 5 th , 2018 to August 8 th , 2019
Guotai Junan Securities Co., Ltd.	No. 768, Nanjing West Road, Jingan District, Shanghai	Feng Jinjun, Chen Ze	August 9 th , 2019 to December 31 st , 2019

Financial consultancy institution engaged by the Company to conduct sustained supervision during the reporting period

☐ Applicable ☒ Not applicable

VI. Main Accounting Data and Financial Index

Whether the Company makes retroactive adjustment or restatement of the accounting data of the last years due to change of the accounting policy and correction of accounting errors

☐ Yes ☒ No

	2019	2018	Changes over last year	2017
Operating income (RMB)	52,741,353,582.28	50,181,869,721.54	5.10%	40,507,855,843.72
Net profit attributable to the shareholders of the listed company (RMB)	555,646,971.40	1,036,493,236.07	-46.39%	1,600,110,229.77
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	549,528,817.13	1,093,065,140.59	-49.73%	1,607,675,869.15
Net Cash flow generated by business operation (RMB)	6,977,824,041.16	3,619,937,841.93	92.76%	2,744,243,492.51
Basic earnings per share (RMB/Share)	0.143	0.272	-47.43%	0.51
Diluted earnings per share (RMB/Share)	0.143	0.272	-47.43%	0.51
Weighted average net assets yield	2.88%	5.64%	-2.76%	11.84%
	End of 2019	End of 2018	Changed over last year	End of 2017
Gross assets (RMB)	60,731,425,193.90	59,632,504,915.83	1.84%	62,998,143,513.02
Net assets attributable to shareholders of the listed company (RMB)	19,487,665,261.17	19,126,258,116.67	1.89%	14,315,588,729.00

VII. 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

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

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

☐ Applicable ☒ Not applicable

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

VIII. Main Financial Index by Quarters

Unit: Yuan

	First quarter	Second quarter	Third quarter	Fourth quarter
Operation income	11,761,190,575.63	12,341,404,591.51	14,441,830,940.38	14,196,927,474.80
Net profit attributable to the shareholders of the listed company	271,606,318.07	181,603,297.69	34,229,631.12	68,207,724.50
Net profit after deducting non-recurring gain/loss attributable to the shareholders of listed company	259,096,025.14	202,242,384.99	18,176,874.87	70,013,532.10
Net cash flows generated by operating activities	2,752,557,195.47	-1,767,770,189.80	7,240,330,854.97	-1,247,293,819.48

Whether significant variances exist between the above financial index or the index with its sum and the financial index of the quarterly report as well as semi-annual report index disclosed by the Company

☐ Yes ☒ No

IX. Items and Amount of Non-recurring Profits and Losses

☒ Applicable ☐ Not applicable

Unit: Yuan

Item	2019	2018	2017	Notes
Gains and losses on disposal of non-current assets (including the write off part of the provision for impairment)	-77,292,030.26	-148,409,630.35	-65,886,612.10	
Government subsidy attributable to profit and loss of current period (except such government subsidy closely related to the company's normal business operation, meeting the regulation of national policy and enjoyed constantly in certain quota or quantity according to a certain standard)	83,914,522.47	86,085,297.03	39,086,900.00	
Profit or loss from investment or assets entrusted to others	605,795.19	5,041,397.26		
Gains and losses of debt restructuring	50,640.00		4,725,936.17	
Net profit or loss of the current period from beginning of the period to the combination date of subsidiaries generated from business combination under common control			24,668.65	

Other non-operating income and expenses other than above	779,757.58	771,191.90	14,538,002.49	
Other profit and loss items that meet the definition of non-recurring gains and losses	2,084.65			
Less: impact of income tax	1,818,703.48	22,141.38	162,375.42	
impact of minority equity (after tax)	123,911.88	38,018.98	-107,840.83	
Total	6,118,154.27	-56,571,904.52	-7,565,639.38	--

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

☐ Applicable ☒ Not applicable

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

III. Summary of Company Business

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

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

During the reporting period, the main performance drivers were: implemented contractual management, improved the incentive and restraint mechanism of the close connection of "operators and managers", the linkage of results, responsibilities and rights, and promoted the integration of performance evaluation with the leadership team, the appointment and removal of leading cadres, rewards and punishments. The organization signed 18 certificates of responsibility, tracked the completion of each unit on a monthly basis, and formed a monthly notification system, which had a milestone significance in the performance evaluation and cadre management of the Company. A new round of large-scale technological transformation represented by key projects such as the new No. 5 blast furnace and CCPP green and efficient power generation was implemented. At present, the project of the transformation of the special steel plate rolling mill and the energy-saving and environmental protection transformation project of the No. 1 and No. 6 converters of the Company have been successfully completed and put into production. Strengthened capital management operations, completed cash acquisition of related party assets, and incorporated 2300mm and 1780mm hot-rolled production line equipment assets into the Company.

No significant change occurred during the reporting period.

(2) During the reporting period, there were many instable factors in the domestic steel market. Although the country continued to increase supply-side structural reforms and infrastructure construction, the continuous release of steel production capacity and the reasonable adjustment of upstream and downstream profits, as well as the formation of market backflow caused by China-US trade frictions, steel prices are affected to certain extent. However, from the perspective of the country as a whole, domestic steel production capacity has basically become reasonable, demand and supply has maintained balance, and the steel industry has also maintained a stable and good development trend. The company adheres to the supply-side structural reform as the main line, implements high-quality development requirements, and consistently implements the new development concepts, "four determinants" and "three advancements". The company has achieved steady economic development, continuous improvement of its comprehensive competitiveness, and continuous consolidation of its industry position.

II. Major Changes in Main Assets

1. Major Changes in Main Assets

Main assets	Notes to major changes
Construction in progress	The balance as of 31 December 2019 is RMB 1,833,853.6 thousand and it has increased by 119.2%, which is mainly because projects will be constructed during the next year.
Notes receivables	The balance as of 31 December 2019 is RMB 0 and it has decreased RMB 3,580,145.8 thousand compared to the beginning balance, which is mainly caused by the adjustment of notes receivable into the accounts receivable financing applying the financial instruments standards during the current period.
Accounts receivables	The balance as of 31 December 2019 is RMB 235,696.3 thousand and it has decreased by 63.14% compared with the beginning balance, which is mainly caused by the adjustment of part of the accounts receivables into the accounts receivable financing applying the financial instruments standards during the current period.
Other non-current assets	The balance as of 31 December 2019 is RMB 708,502.6 thousand and it has increased by 828.06% compared with the beginning balance, which mainly due to the increase in the

	rental deposit paid to Liaoning Hengyi Financial Leasing Co., Ltd. during the current period.
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2. Main Information of Overseas Assets

☐ Applicable ☒ Not applicable

III. Analysis on Core Competitiveness

The company adheres to the development model of innovation-driven and “quality plus service”. With the strategic goal of building a highly competitive international high-quality plate base, domestic first-class special steel base and comprehensive service providers, it plays a strategic leading role, focusing on improving quality and efficiency. In terms of variety upgrading, technological innovation, green and intelligent manufacturing, it innovates business management ideas, enhances the company's core competitiveness, and promotes the development of high-quality, green and intelligent enterprises.

1. Manufacturing capacity

The company innovates management ideas, strengthens professional management and control of the entire chain, and continuously improves corporate management efficiency. All departments and units interact with each other, continue to implement the concept of production priority, adhere to the iron system as the core, focus on the process of iron and steel. The production line and resources of the production process and the principle of rationally matches the production process of steel, to make the production process and operation continuous standardization and refinement, strive to maximize the quality, efficiency and production scale, and promote the production chain to high-end manufacturing.

2. Equipment transformation and upgrading

In 2019, the Company invested fixed asset of 5.7 billion yuan. A new round of large-scale technological transformation represented by key projects such as the new No. 5 blast furnace and CCPP green and efficient power generation was implemented.

At present, the special steel rolling mill renovation project, the steelmaking furnace No.1 and No.6 converter energy-saving and environmental protection transformation projects have been successfully completed and put into production. The No. 5 blast furnace energy-saving and environmental protection transformation project has completed 60% and is scheduled to be put into operation at the end of September 2020. The upgrading project will be completed and put into operation in 2021.

3. New product development capabilities

In 2019, the Company successfully developed 41 new products. Among them, the high-strength martensitic steel MS1180 for rolling broke the production line capacity limit, indicating that Bengang's automotive cold-formed products already have a supply capacity of 1200 MPa. The Company successfully developed quenching steel for cold forming, high-strength bullet-proof steel, and car wheel bearing steel, which filled the company's product gap. The Chinese Society of Metals held an expert review of scientific and technological achievements in Beijing, suggested that the two scientific and technological achievements completed by the company, named “R&D of ultra-high-strength series hot stamping steel” and “Independent R&D and technology integration of electro-galvanized products”, reached advanced world standard. The ultra-high strength 2000MPa hot-formed steel technology has broken the strength limit of the hot-formed steel, with an elongation of not less than 6%, and had excellent strong plastic matching; 6mm thick specifications of 1500MPa-grade hot-formed steel, used in chassis torque Beam parts have achieved a technological breakthrough in the application of automobile chassis structural parts and met the requirements for lightweight design of the whole vehicle; the width of 1500MPa-2000MPa ultra-high-strength series of hot-formed steel products can reach 1800mm, formed the widest domestic thermoforming Production capacity of steel products.

4. Technical innovation capability

Benxi Steel and Shenyang National Research Center for Materials Science signed an agreement to build a joint R&D center, to build an “industry-university-research-use” R&D platform and actively integrate into the national technological innovation system.

The construction of Bengang Shenyang Research Institute commenced the land acquisition process, and declared to be included in the national and provincial “14th Five-Year Plan” major engineering projects. And joined the executive director unit of the Corrosion Resistant Steel Technology Innovation Alliance and the Journal of Iron and Steel Research and became a member unit of the Automotive Lightweight Innovation Strategic Alliance. In 2019, 146 patents were accepted by the State Intellectual Property Office, had an increase of 11.5% compared with last year, and 93 patents of them were authorized by the State Intellectual Property Office, had an increase of 260%. The company successfully joined the China Intellectual Property Development Alliance.

5. Green development capacity

The company has taken social responsibilities and relied on professional planning and research institutions to prepare environmental protection improvement plans and annual implementation plans by combining the steel industry and local ultra-low emission policy requirements. Through all-round green improvement such as clean production level, three waste management, and environmental protection management, the company can achieve “ultra-low emissions” in all directions in 2025, realize the communalization of

environmental quality, promote the integration of industry and city, and build the company into a harmonious development with the city "Ecological Steel Factory". At present, 2 sets of coke oven flue gas desulfurization and denitrification devices have been invested and installed. The surplus gas CCGP power generation project is planned to be completed and put into operation in May 2021. The new mixing yard and the fully enclosed project of the yard are also under planning and design. It will be completed and put into operation in 2024.

6. Intelligent manufacturing capabilities

The Company has steadily promoted the construction of projects related to the integration of the two industries and the intelligent factory. And invested RMB 110 million for the intelligent transformation of manufacturing management, ERP systems and other fields. It is planned to increase investment in informatization and intelligent manufacturing in 2020-2022, keep up with the pace of enterprise development in the era of big data, and achieve high-quality development.

7. Marketing competence

The Company adheres to the benefit-oriented, optimizes the variety structure, achieves a steady increase in the output of leading products, and significantly enhances the core competitiveness of products. The Company developed 32 new customers, 45 new steel types and achieved the target of 100% production-sales ratio by increasing market development efforts and matching resources reasonably. Products are sold to more than 30 countries and 1 million tons along the "Belt and Road", accounting for 42% of total exports. During 2019, the Company completed 70 brand certifications for cold-rolled, galvanized, pickled, special steel and other products, with an increase of 25% over last year, covering users such as automobile panels, home appliance panels, and special steel. Part of the company's automotive sheet products have been included in the Mercedes-Benz BQF (Global Procurement) list. The key certification work of BMW, Mercedes-Benz, Renault, etc. has achieved periodic results. The Company completed the testing of SGS, ELV and Reach products.

8. Brand Building

The Company has built a symbiotic and shared quality management model of "supporting a better life with steel power", attached great importance to the construction of corporate culture, actively expanded brand influence, made great efforts to fulfill social responsibilities and enhance the social image of the enterprise, successfully won the 2019 Liaoning Provincial Quality Bonus Award, and became the only iron and steel enterprise to win this honor.

IV. Management Discussion and Analysis

I. General

During the reporting period, the company adhered to Xi Jinping's new era of socialism with Chinese characteristics as the guide, in-depth study and implementation of the spirit of the important speech by Present Xi during the inspection tour in Liaoning and in the in-depth promotion of the Northeast Revitalization Symposium. The Company adheres to the supply-side structural reform as the main line, persists in the general keynote of steady progress, firmly establishes and practices new concepts of development. It implements high-quality development requirements, achieves stable growth of major economic indicators. The Company produced 9.7272 million tons of pig iron in the whole year, which increased by 14.61%, 9.9639 million tons of crude steel which increased by 11.2%, 12.22674 million tons of hot-rolled plate which increased by 6.77%, 5.6263 million tons of cold-rolled sheet which increased by 0.37%, and 0.4867 million tons of special steel which decreased by 28.44% compared to last period. The company did not have any major personal accidents, major fire accidents or major equipment accidents throughout the year. Looking back at the past year's production and operation process, we mainly completed the following work:

First, management innovation. The Company implements contract management, improved the incentive and restraint mechanism of the close connection of "operators and managers", the linkage of results, responsibilities and rights, and promoted the integration of performance evaluation with the leadership team, the appointment and removal of leading cadres, rewards and punishments. The organization signed 18 certificates of responsibility, tracked the completion of each unit on a monthly basis, and formed a monthly notification system.

Besides, the Company implement accountability and accountability, set up a supervision team to carry out supervision and management, continue to optimize and streamline the organization in accordance with the principles of compressing management levels and integrate similar businesses to strengthen process optimization, increase system supervision and implementation inspection. And strengthen risk management, internal control, carry out in-depth risk identification, assessment, and risk knowledge training to strengthen informatization construction to provide informatization support for refined management. Strengthen capital management operations, complete cash acquisition of related party assets, and incorporate 2300mm and 1780mm hot rolling production line equipment assets into the company.

Second, technology innovation. The Company adheres to the design concept of light weight and green environmental protection, aims at stable quality, reasonable cost, high added value and strong market competitiveness, closely combines market demand and future technical development direction, considers the characteristics of its own production line, develops marketable New product. There were 41 new product brands developed throughout the year, and some automotive sheet products were included in Mercedes-Benz's global procurement list. And promote the industrial development of hot-formed steel products, achieve full coverage of products from 1300 MPa to 2000 MPa. They organized the completion of 70 brand certifications for cold rolling, galvanizing, pickling, special steel and other products. The Company cooperated and communicated with Beijing University of Science and Technology, China Iron and Steel Research Institute, Institute of Metals of Chinese Academy of Sciences, Shanghai University, etc. through multi-levels, multi-channels and multi-forms. The cooperation and communication have accelerated the transformation of scientific and technological achievements into real productivity. Moreover, a total of 146 patents were accepted by the State Intellectual Property Office, with 113 new authorized patents. They successfully joined the China Intellectual Property Development Alliance, successfully passed the annual assessment of "National Intellectual Property Advantage Enterprise" and "Liaoning Province Intellectual Property Advantage Enterprise"

Third, marketing and purchasing. The company adheres to the benefit-oriented, optimizes the variety structure, reasonably matches resources, increases market development efforts, and achieves the target of 100% production and sales rate. The development and certification of OEMs has been actively promoted, sales channels are expanded continuously, orders for auto plates are gained by efforts. The comprehensive implementation of the import materials under the plate item is guaranteed by the corporate finance company guarantee letter and the tax collection business, which improves the efficiency of customs clearance. By lowering anthracite coal prices, introducing high-sulfur coal cost reduction, controlling land and mineral resources to suppress prices, and implementing benchmarking potentials to reduce prices and cost, etc. measures to reduce procurement costs. We will continue to implement special cost reductions such as resource development, variety substitution, and opportunity selection. And fully organize the development and introduction of high-quality suppliers, and constantly improve the supplier structure to carry out procurement

benchmarking work, with procurement prices and procurement costs as the core, organize and determine benchmarking projects.

Fourth, production and operation. The Company fully promotes the work of increasing production, reduces consumption and increasing efficiency, and the level of production and operation of enterprises has been continuously improved. The production organization has been further optimized, give full play to the role of dispatching and coordination, scientifically and efficiently organize the overall balance of various productions, and solidly and steadily advance the work of reducing costs and increasing efficiency. And adhere to the implementation of the cost management and control system and the daily clearing and daily settlement mechanism, carry out benchmarking and process cost analysis in an all-round manner, to realize the dynamic control of key indicators and cost operation.

Fifth, party building. The Company seriously implements the deployment of the Party Central Committee, the Provincial Party Committee and the company's party committee, comprehensively and deeply carry out the education of "Remain true to our original aspiration and keep our mission firmly in mind". And revise the system of party building work, carry out the activities of "big learning, big inspection, big standardization, big promotion", to strengthen the education management of party members, promote the institutionalization of the normalization of the "studies on the theoretical and practical issues of party building" learning and education, standardize the basic party organizations, and continue to standardize Promote.

Sixth, people's livelihood and social responsibility. The Company reconstructs of the three-dimensional parking lot of No.4 door, with a total construction area of 20,400 square meters, solves the difficulty of parking for employees. The foundation of safety management has been continuously consolidated, and the safety production responsibility system has been strictly implemented to achieve full coverage of the safety production responsibility system. In order to innovate safety training methods, establish a safety training base, strengthen production safety supervision, and carry out special inspections on building construction and hazardous media.

II. Main Business Analysis

1. General

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

2. Income and Cost

(1) Breakdown of Operating Income

Unit: Yuan

	2019		2018		Change over last year
	Amount	Proportion	Amount	Proportion	
Total operating income	52,741,353,582.28	100%	50,181,869,721.54	100%	5.10%
By industries					
Industry	52,741,353,582.28	100.00%	50,181,869,721.54	100.00%	5.10%
By products					
Steel plate	46,805,252,792.90	88.74%	46,228,334,211.43	92.12%	1.24%
Others	5,936,100,789.38	11.26%	3,953,535,510.11	7.88%	52.25%
By regions					
Northeast	20,024,243,641.60	37.97%	15,200,555,630.64	30.29%	32.26%
North China	5,084,223,402.71	9.64%	5,695,230,806.71	11.35%	-10.73%
East China	20,568,857,942.71	39.00%	17,511,020,155.51	34.90%	17.46%
Northwest	57,451,092.38	0.11%	68,730,984.27	0.14%	-16.41%
Southwest	232,028,336.48	0.44%	179,439,784.55	0.36%	29.31%
Central south	26,564,062.51	0.05%	29,348,279.57	0.06%	-9.49%

Export	6,747,985,103.89	12.79%	11,497,544,080.29	22.90%	-41.31%
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(2) Industry, Product and Regions Accounting for the Company's Operating Income or Profit over 10%

√ Applicable □ Not applicable

Unit: Yuan

	Operating Income	Operating profit	Gross margin	Operating income change over last year	Operating profit change over last year	Gross margin change over last year
By industries						
Industry	52,741,353,582.28	49,211,414,645.62	6.69%	5.10%	8.77%	-3.15%
By products						
Steel plate	46,805,252,792.90	43,900,514,006.74	6.21%	1.25%	4.66%	-3.05%
Others	5,936,100,789.38	5,310,900,638.88	10.53%	50.15%	61.10%	-6.09%
By regions						
Northeast	20,024,243,641.60	18,582,038,944.70	7.20%	31.73%	34.28%	-1.76%
North China	5,084,223,402.71	4,757,714,575.79	6.42%	-10.73%	-7.74%	-3.03%
East China	20,568,857,942.71	19,203,256,113.50	6.64%	17.46%	21.91%	-3.40%
Northwest	57,451,092.38	54,150,705.94	5.74%	-16.41%	-14.69%	-1.90%
Southwest	232,028,336.48	217,118,195.58	6.43%	29.31%	33.81%	-3.15%
Central south	26,564,062.51	24,831,580.92	6.52%	-9.49%	-6.46%	-3.03%
Export	6,747,985,103.89	6,372,304,529.20	5.57%	-41.31%	-37.80%	-5.33%

Operating data of recent one year according to adjusted statistics caliber at the year-end in the case that the Company's main business statistics caliber has changed during the reporting period

□ Applicable √ Not applicable

(3) Whether the Company's Physical Sales Income Exceeded Service Income

√ Yes □ No

Industry classification	Item	Unit	2019	2018	Change over last year
Steel rolling processing industry	Sales	ton	12,936,378.68	11,921,203.14	8.52%
	Production	ton	12,753,498.73	11,778,657.64	8.28%
	Inventory	ton	461,834.13	644,714.08	-28.37%

The main reasons that the relevant data changed more than 30%

□ Applicable √ Not applicable

(4) Performance of Significant Sales Contract Signed-up in this Reporting Period

□ Applicable √ Not applicable

(5) Breakdown of Operating Cost

Industry classification

Unit: Yuan

Industry classification	Item	2019		2018		Change over last year
		Amount	Proportion	Amount	Proportion	
Steel rolling processing industry	Raw material	24,287,695,988.38	49.35%	21,947,301,201.20	48.51%	-48.51%

Steel rolling processing industry	Supplementary materials	2,244,278,919.58	4.56%	2,042,667,624.99	4.51%	-4.51%
Steel rolling processing industry	Spare parts and tools	792,470,544.15	1.61%	736,234,636.78	1.63%	-1.63%
Steel rolling processing industry	Fuel	13,563,168,678.04	27.56%	12,532,214,109.19	27.70%	-27.70%
Steel rolling processing industry	Energy	2,886,572,220.88	5.87%	2,851,020,001.46	6.30%	-6.30%
Steel rolling processing industry	Salary and benefits	2,132,408,812.44	4.33%	1,995,005,132.35	4.41%	-4.41%
Steel rolling processing industry	Depreciation	2,474,423,868.41	5.03%	2,346,173,478.53	5.19%	-5.19%
Steel rolling processing industry	Others	830,395,613.74	1.69%	793,119,019.81	1.75%	-1.75%
Steel rolling processing industry	Total	49,211,414,645.62	100.00%	45,243,735,204.31	100.00%	-100.00%

(6) Whether Changes Occurred in Consolidation Scope in the Reporting Period

☐ Yes ☒ No

(7) Relevant Information of Significant Changes or Adjustment of the Business, Product or Service in the Reporting Period

☐ Applicable ☒ Not applicable

(8) Information of Main Customers and Main Suppliers

Information of the Company's main customers

Total sales amount of the top five customers (Yuan)	11,215,010,475.74	22,456,322,906.01
Total sales amount of the top five customers accounted for the proportion of total annual sales	21.26%	45.63%
The proportion of the total sales of the related parties in the top five customers	9.92%	34.30%

Information of the top 5 customers

No	Name	Amount (Yuan)	Proportion
1	Benxi Beiyang Steel & Iron (Group) Co., Ltd.	5,231,032,903.96	9.92%
2	Xiamen Jian Fa Metal Co., Ltd.	1,621,532,578.32	3.07%
3	Shanghai Min Xing Da International Trade Co., Ltd.	1,520,825,639.71	2.88%
4	Ningbo AUX Trade Co., Ltd.	1,441,869,474.34	2.73%
5	Zhong Bing (Shanghai) Co., Ltd.	1,399,749,879.41	2.65%
Total	--	11,215,010,475.74	21.26%

Other information of principal customers

☐ Applicable ☒ Not applicable

Information of the Company's main suppliers

Total purchase amount of the top five suppliers (Yuan)	22,456,322,906.01	22,456,322,906.01
Total purchase amount of the top five suppliers accounted for the proportion of total purchase	45.63%	45.63%
The proportion of the total purchase of the related parties in the top five suppliers	34.30%	34.30%

Information of the top 5 suppliers

No.	Name	Amount (Yuan)	Proportion
1	Benxi Beiyang Steel & Iron (Group) Co., Ltd.	12,194,115,817.50	24.78%
2	Benxi Steel & Iron (Group) Mining Co., Ltd.	4,686,937,254.45	9.52%
3	Heilongjiang Dragon Coal Group Co., Ltd.	2,383,245,434.22	4.84%
4	Liaoning Electric Power Co., Ltd. Benxi Electric Power Supply Company	2,177,544,074.59	4.42%
5	Shenyang Coking Coal Co., Ltd. Sales Branch	1,014,480,325.25	2.06%
Total	--	22,456,322,906.01	45.63%

Other information of principal suppliers

☐ Applicable ☒ Not applicable

3. Expenses

Unit: Yuan

	2019	2018	Change over last year	Notes to significant change
Selling and distribution expenses	1,096,688,903.70	1,135,004,470.47	-3.38%	
General and administrative expenses	831,945,841.56	916,341,137.85	-9.21%	
Financial expenses	681,842,689.23	1,376,355,160.46	-50.46%	Loss of exchange decreases and interest income increases during the current period
Research and development expenses	30,780,463.74	6,399,884.30	380.95%	Increase in the collection of research and development expenses in this period.

4. Research and Development Input

☒ Applicable ☐ Not applicable

In order to comprehensively enhance the level of technological innovation and ability to create efficiency and increase profits, strengthen variety adjustment and market development, improve product quality management, promote low-cost and green manufacturing technologies, 50 companies and 98 self-managed projects were directly managed by technology around variety, quality and cost in 2019. All projects were successfully carried out and completed over 76% on schedule. 41 new products were developed throughout the year, and costs were reduced by more than 100 million yuan through process optimization. R & D projects such as new product development, technological progress, and low-cost control technology not only create rich profits for the company, but also consolidate the company's good corporate influence on the market.

Information of research and development input by the company

	2019	2018	Change over last year
Number of Research and Development personnel	1,632	1,712	-4.67%
Proportion of number of Research and Development personnel	9.18%	9.51%	-0.33%
Amount of Research and Development Investment (In RMB)	1,287,080,000.00	1,495,775,000.00	-13.95%
Proportion of Research and Development investment to operating income	2.44%	2.98%	-0.54%
Amount of capitalized Research and Development investment	0.00	0.00	0.00%
Proportion of capitalized Research and Development	0.00%	0.00%	0.00%

investment accounted to total Research and Development investment			
---	--	--	--

Illustrations of the prominent change in proportion of research and development input occupying the operating income over same period last year

☐ Applicable ☒ Not applicable

Illustrations of significant change in the research and development input's capitalization rate and its reasonableness

☐ Applicable ☒ Not applicable

5. Cash Flow

Unit: Yuan

Item	2019	2018	Change over last year
Subtotal of cash inflows from operating activities	48,140,957,956.69	42,888,958,869.76	12.25%
Subtotal of cash outflows from operating activities	41,163,133,915.53	39,269,021,027.83	4.82%
Net cash flows from operating activities	6,977,824,041.16	3,619,937,841.93	92.76%
Subtotal of cash inflows from investing activities	53,984,827.07	684,483,213.49	-92.11%
Subtotal of cash outflows paid for investing activities	4,598,859,687.86	761,988,848.56	503.53%
Net cash flows from investing activities	-4,544,874,860.79	-77,505,635.07	5,763.93%
Subtotal of cash inflows from financing activities	17,484,678,971.97	35,061,062,441.77	-50.13%
Subtotal of cash outflows from financing activities	18,304,173,598.95	39,211,589,467.82	-53.32%
Net cash flows from financing activities	-819,494,626.98	-4,150,527,026.05	-80.26%
Net increase in cash and cash equivalents	1,688,866,366.61	-565,028,156.96	-398.90%

Illustrations of key factors of significant changes over same period last year

☒ Applicable ☐ Not applicable

Notes:

- (1) Net cash flows generated from operating activities increased 92.76% compared to the previous period, mainly because the increase of cash received from sales of goods is more than the increase of cash paid for goods.
- (2) Subtotal of cash inflows from investing activities decreased 92.11% compared to the previous period, mainly because the decrease of cash withdrawn from purchase of financial products.
- (3) Subtotal of cash outflows from investing activities increased 503.53% compared to the previous period, mainly because the increase of cash paid for purchase of production line 2300 and equipment of production line 1780.
- (4) Net cash flows from investing activities increased 5763.93% compared to the previous year, mainly because the increase of cash paid for purchase of production line 2300 and equipment of production line 1780.
- (5) Subtotal of cash inflows from financing activities decreased 50.13% compared to the previous period, mainly because the decrease of cash received from financing.
- (6) Subtotal of cash outflows from financing activities decreased 53.32% compared to the previous period, mainly because the decrease of cash repayment.
- (7) Net cash flows from financing activities decreased 80.26% compared to the previous period, mainly because the decrease in cash paid for debt repayment in the current period.

Illustrations of significant difference between cash flow from operating activities and net profit during the reporting period

☐ Applicable ☒ Not applicable

III. Analysis of Non-core Business

√ Applicable □ Not applicable

Unit: Yuan

	Amount	Proportion in total profit	Explanation of cause	Whether sustainable
Investment income	1,058,377.90	0.18%	Due to external equity investment	No
Impairment of assets	-43,256,982.72	-7.51%	Due to provision of impairment of finished products	No
Non-operating income	10,306,462.87	1.79%	Due to income raised from scrapping of non-current assets	No
Non-operating expenses	90,209,742.22	15.67%	Due to scrapping of assets in current period	No

IV. Assets and Liabilities

1. Significant Change of Assets Components

Adjustment to the beginning balance of the current period due to the first adoption of new financial instruments standards, new revenue standards or new leasing standards since 2019

√ Applicable □ Not applicable

Unit: Yuan

	Ending balance of 2019		Beginning balance of 2019		Proportion change	Notes to significant change
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Cash at bank and on hand	18,415,844,397.77	30.32%	16,567,471,755.77	27.78%	2.54%	
Accounts receivable	235,696,265.66	0.39%	639,482,481.45	1.07%	-0.68%	
Inventories	7,700,397,685.61	12.68%	10,677,747,112.40	17.91%	-5.23%	
Long-term equity investment	2,642,998.70	0.00%	2,455,681.55	0.00%	0.00%	
Fixed assets	26,123,375,492.40	43.01%	23,924,504,539.97	40.12%	2.89%	
Construction in process	1,833,853,572.58	3.02%	836,594,457.82	1.40%	1.62%	
Short-term loans	13,151,478,000.00	21.66%	11,938,490,375.85	20.02%	1.64%	
Long-term loans	4,849,675,910.73	7.99%	7,083,640,094.16	11.88%	-3.89%	

2. Assets and Liabilities Measured at Fair Value

√ Applicable □ Not applicable

Unit: yuan

Item	Beginning balance	Profit and loss from changes in fair value in the current period	Accumulated fair value changes recognised in equity	Impairment accrued in the current period	Purchase amount during the current period	Sales amount during the current period	Other changes	Ending balance
Financial assets								
3. Other debt investments							2,429,542,461.88	2,429,542,461.88
4. Other equity							1,041,824,8	1,041,824,8

instrument investments							29.00	29.00
Subtotal of financial assets							3,471,367,290.88	3,471,367,290.88
Total	0.00						3,471,367,290.88	3,471,367,290.88
Financial liabilities	0.00							0.00

3. Restricted Assets by the End of the Period

Items	Ending balance	Reason
Cash at bank and on hand	4,974,429,409.19	Deposit for notes and L/C
Accounts receivable financing	373,576,250.73	Pledged for acceptance bill
Other equity instrument investments	1,037,735,849.00	Pledged for loans
Total	6,385,741,508.92	

V. Investment

1. General

☐ Applicable ☒ Not applicable

2. Acquiring Significant Equity Investment in the Reporting Period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

4. Investment of Financial Assets

(1) Investment in Securities

☐ Applicable ☒ Not applicable

There was no investment in securities during the reporting period.

(2) Investment in Derivatives

☐ Applicable ☒ Not applicable

There was no investment in derivatives during the reporting period.

5. Use of Raised Funds

☒ Applicable ☐ Not applicable

(1) Use of Raised Funds

☒ Applicable ☐ Not applicable

Unit: 10 thousand yuan

Year	Source of funding	Total amount	Used amount during the current period	Accumulated amount used	The total amount of funds raised for changing purposes during the reporting period	Accumulated amount of funds raised for changing purposes	Proportion	Total amount of funds raised have not been used	Purpose of fund raised have not been used	The amount of funds raised for more than two years of idle
2018	Private placement	3,965,799,988.19	13,006,851	3,183,684,094.45	0	0		0	Deposit	0
Total	--	3,965,799,988.19	13,006,851	3,183,684,094.45	0	0	0.00%	0	--	0

Description of the overall use of raised funds

1. Changes in the implementation location, implementation body, and implementation of the fundraising investment project: There is no change in the company's investment projects in 2019.

2. Initial investment and replacement of fund raising projects: The 14th meeting of the 7th Board of Directors and the 10th meeting of the 7th Board of Supervisors reviewed and approved the proposal on self-raised funds for the use of raised funds to replace pre-investment funds. Before the funds raised received, in order to ensure the smooth implementation of the fundraising project, the company built the project with self-raised funds. As of February 28, 2018, the amount of pre-investment of self-raised funds with raised funds was 1,822,749,211.07 yuan, including 1,484,133,089.39 yuan for cold-rolled high-strength steel renovation project and 338,616,121.68 yuan for hot-dip galvanizing production line of three cold rolling mills. Details are as follows:

(1) The replacement amount of the cold-rolled high-strength steel reconstruction engineering company with self-raised funds to raise funds for the initial investment is RMB 1,484,133,089.39, mainly for equipment purchase and construction, etc.

(2) The replacement amount of the project funded for the Third Cold Rolling Mills Hot-Dip Galvanizing Production Line with self-raised funds was RMB 338,616,121.68, mainly for equipment purchase and construction.

The company replaced the funds used in the construction of the fundraising project with the self-raised funds to replace the funds raised. The initial investment and replacement of the above-mentioned fundraising projects has been verified by BDO China Shu Lun Pan Certified Public Accountants LLP. Please refer to PCPAR [2018] No. ZB10101 "Verification report on the self-raised fund invested in the raised funds investment project of Bengang Steel Plates Co., Ltd".

(3) Temporary replenishment of circulating funds with idle raised funds:

In 2018, the Company used 530,000,000.00 yuan of idle raised funds to temporarily supplement working capital. The period of use shall not exceed 12 months from the date of approval by the board of directors (March 13, 2018). As of March 11, 2019, the Company has returned all the above-mentioned idle raised funds for temporary supplementary liquidity of 530,000,000 yuan to the Company's special account for raised funds.

During the current reporting period, according to the progress of the Company's fund-raising investment project construction and the fund-raising plan, part of the funds raised in this issuance is temporarily idle. According to the regulations of the "Procedures for the Management of Funds Raised by Listed Companies of the Shenzhen Stock Exchange", in accordance with the principle of maximizing the interests of shareholders, under the premise of ensuring the fund demand for investment projects and the investment projects for raising funds. The efficiency of fundraising will further reduce the company's financial costs, reduce financial expenses, and protect the interests of investors. The Company uses 742,000,000.00 yuan as raised funds will temporarily supplement the working capital, and the term of use will not exceed 12 months from the date of approval by the board of directors. Based on the one-year loan benchmark interest rate of 4.35%, the supplementary working capital of 742,000,000.00 yuan will save financial expenses for 32,277,000.00 yuan.

The Company's usage of idle raised funds to temporarily supplement liquidity has been reviewed and approved at the 22th meeting of the 7th Board of Directors and the 14th meeting of the 7th Board of Supervisors. The company's independent directors have issued a clear statement. The consent opinion has fulfilled the necessary decision-making procedures. The use of idle raised funds to temporarily supplement the liquidity matters will change the use of raised funds or affect the normal operation of the raised funds investment plan. There is no damage to the interests of shareholder. Single replenishment of working capital is no more than 12 months. The Company has promised not to use idle raised funds for high-risk investment, in line with the provisions of the relevant laws, regulations and regulatory documents, including the "Regulatory Guidelines No. 2 of Listed Companies – Regulatory Requirements for the Management and Use of Raised Funds of Listed Companies", "Stock Exchange Listing Rules of Shenzhen Stock Exchange" and "Shenzhen Stock Exchange the Standard Operating Guidelines for Main Board Listed Companies". The sponsor institution agreed to use the idle raised funds to temporarily supplement the working capital and issued the "Verification Opinions of Shenwan Hongyuan Securities Underwriting and Sponsoring Co., Ltd. on the temporary replenishment of working capital by Bengang Steel Plate Co., Ltd. using idle raised funds".

4. Usage of surplus funds raised: None.

5. Usage of over-raised funds: There is no over-raising of funds raised this time. Therefore, during the reporting period, the company

did not use over-raising funds.

6. The purpose and destination of the unused raised funds: As of December 31, 2019, in addition to temporarily replenishing working capital with idle raised funds of RMB 742,000,000.00 in accordance with the resolution of the board of directors, the Company's remaining raised funds temporarily saved in special account for fund raising.

7. Other use of raised funds: None.

(2) Fundraising commitments

√Applicable □ Not applicable

Unit: 10 thousand yuan

Committed investment projects and over-raised funds	Whether the project has been changed (including partial changes)	Raised funds promised total investment	Total amount of investment after adjustment (1)	Amount invested during the reporting period	Accumulated investment amount as of the end of the period (2)	Investment progress as of the end of the period (3) = (2)/(1)	Date of the project reaches the expected usable status	Benefits achieved during the reporting period	Whether the expected benefits are achieved	Whether the project feasibility has changed significantly
Committed invested projects										
High Strength Cold Rolling Steel Renovation Project	No	2,265,799,988.19	2,265,799,988.19	13,006,851	1,780,757,972.77	78.59%	31.12.2017	117,964,834.28	No	No
The Third Cold Rolling Work Hot-Dip Galvanizing Production Line Project	No	700,000,000	700,000,000		402,926,121.68	57.56%	31.12.2018	106,600,005.87	No	No
Repayment of bank loans	No	1,000,000,000	1,000,000,000		1,000,000,000	100.00%			Yes	No
Subtotal	--	3,965,799,988.19	3,965,799,988.19	13,006,851	3,183,684,094.45	--	--	224,564,840.15	--	--
Over-raised funds										
Not applicable										No
Total	--	3,965,799,988.19	3,965,799,988.19	13,006,851	3,183,684,094.45	--	--	224,564,840.15	--	--
Situation and cause of failure to meet planned progress or projected earnings (disclosed by project)	The main reason is that although the fundraising project has basically reached the condition of production, the high value-added varieties of the production line is not stable enough, and the market's recognition of new production line products has a certain delay.									
Description of major changes in project feasibility	None.									
Amount, use and progress of usage of over-raised funds	Not applicable									
Change in the implementation location of the raised funds investment project	Not applicable									
Adjustment of implementation methods of fund-raising investment projects	Not applicable									

The initial investment and replacement of the fundraising investment project	Applicable
	Refer to the Contents in Special Report III 4
Temporary replenishment of working capital with idle raised funds	Applicable
	Refer to the Contents in Special Report III 5
The amount and reason for the rest of raised fund in the project implementation	Not applicable
Use and destination of raised funds that have not been used	None.
Problems or other situations in the use and disclosure of raised funds	None.

(3) The situation for raised funds change project

☐ Applicable ☒ Not applicable

During the reporting period, the company did not have any changes in the fundraising project.

VI. Significant Assets and Equity Sold in Reporting Period

1. Significant Assets Sold

☐ Applicable ☒ Not applicable

There was no significant asset sold during the reporting period.

2. Substantial Equity Sold

☐ Applicable ☒ Not applicable

VII. Analysis on Main Subsidiaries and Share Participating Companies

☒ Applicable ☐ Not applicable

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

Unit: Yuan

Company Name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net Profit
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	Subsidiaries	Processing and sales of steel	1,920,000,000.00	5,815,249,242.86	1,982,530,453.39	7,379,865,156.54	25,606,949.96	19,378,253.07

Acquirement and disposal of subsidiaries during the reporting period

☐ Applicable ☒ Not applicable

Illustration of main joint-stock companies

None

VIII. Structure Entities controlled by the Company

☐ Applicable ☒ Not applicable

IX. Prospect for Future Development of the Company

1. The development trend of the industry and the market competition

2020 is a crucial year for fully implementing the spirit of the 19th National Congress of the Party, forging ahead with reforms, accelerating development, and achieving corporate planning goals. From the domestic economic situation, China's economic development is still in a period of important strategic opportunities, and the basic trend of economic stability and long-term improvement has not changed. Reform and opening up has further expanded, technological innovation has continuously given rise to industrial upgrading, new and old domestic kinetic energy has been continuously converted, and the potential for consumption has been released, laying a solid foundation for the sustained and stable development of the economy. In 2020, China gradually entered the peak platform area of steel consumption, but a large number of capacity replacement projects have been put into operation, steel output will continue to grow, and the contradiction of overcapacity will become a problem again; the export of downstream steel industry has suffered large impact by affected by Sino-US economic and trade frictions, at the same time due to factors such as high price fluctuations of iron ore, scrap steel and coal coke, higher environmental protection operating costs and other factors, the steel industry is facing an extremely severe development situation.

2. The Company's development strategy

The overall work idea of 2020: comprehensively implement the spirit of the 19th National Congress of the Party and the Second, Third and Fourth Plenary Sessions of the 19th CPC National Congress, implement the important speech of General Secretary Xi Jinping during the inspection tour in Liaoning and in-depth promotion of the Northeast Revitalization Symposium, adhere to the supply-side structural reform as the main line, implement the high-quality development requirements, and consistently implement the new development concept to strive to create a new situation of high-quality development of enterprises.

3. Business plan

The overall goal of production and operation in 2020: strive to complete 10.42 million tons of pig iron, 10.78 million tons of crude steel, 13.24 million tons of hot rolled sheet, 5.97 million tons of cold rolled sheet, 650,000 tons of special steel, and achieve "three zeros" for safe production.

In order to achieve the above objectives, we will focus on the following aspects:

- (1) Taking the reform of institutional mechanism as a breakthrough to further stimulate the vitality of enterprises.
- (2) Continuously optimize resource allocation and create new impetus for innovation and development.
- (3) In-depth implement benchmarking potential and comprehensively improve comprehensive competitive strength.
- (4) Continue to promote process optimization and build a scientific and rational management and control system.
- (5) Strengthen party building and ideological work, and create a new situation for enterprise development.

4. Maintaining current business and completing the required capital arrangements of invested projects under construction.

The company will use its own funds and bank loans to meet the funds needed for production operations and technological transformation.

5. Potential risks

(1) Operational risks:

At present, the demand for steel for machinery, automobiles, home appliances and other related industries will slow down, and the contradiction between supply and demand is still outstanding, which increases the competition. Countermeasures: Maintain existing customers, increase new product development, increase investment in technology research and development, optimize product structure, and actively explore new markets for new customer resources; comprehensively improve management level, improve management effectiveness, reduce operating costs, and increase profitability.

(2) Foreign trade risks:

International trade protectionism is on the rise, anti-dumping cases are increasing, trade friction and trade barriers are becoming more and more serious. In addition, the new epidemic Coronavirus situation has spread globally since 2020. If the foreign epidemic situation cannot be controlled effectively in time, it may cause turmoil in the international steel market. The risk of the company's foreign trade export business has increased.

Countermeasures: strengthen international market analysis, track changes in international trade policies, reduce the impact of trade policy mutations on the company's foreign trade; make a plan in trade friction response programs, resolve the adverse effects of trade friction, and enhance the competitiveness of company products in the international market. Conduct research on the market dynamics and industrial policies of the importing country, and grasp the dynamic changes in the importing country's market; find suitable partners, foster superior products, gradually increase the export ratio of high-end products, strengthen after-sales service, and increase customer satisfaction. Companies will pay close attention

to the possible adverse effects of the Coronavirus subsequently, increase investment in technology research and development, optimize product structure, and actively expand domestic customer resources to offset possible adverse effects in the foreign trade market.

(3) Environmental protection risks:

China's environmental protection policies and standards are becoming more and more perfect and strict, and the environmental protection supervision of enterprises is maintaining a strict trend. The tightening of environmental protection standards will cause the company's production costs to increase. In addition, the increased awareness of environmental protection among the public has also increased the environmental protection requirements of the company, which has made the company face greater pressure on environmental protection.

Countermeasures: pay attention to various national environmental protection policies, improve corporate environmental standards to meet and properly exceed national standards; strengthen the company's self-supervision and inspection of various sources of pollution, strengthen the environmental awareness of all employees; accelerate the progress of the construction of the identified environmental protection projects to ensure meet national environmental requirements.

X. Researches, visits and interviews received in this reporting period

1. Registration form of researches, visits and interviews received in this reporting period

☐ Applicable ☒ Not applicable

During the reporting period, the Company did not receive any research, communication, interviews and other activities.

V. Important Events

I. Profit Distribution or Capital Reserve Conversion

Formulation, implementation and adjustment of profit distribution policy of common shares especially cash dividend policy during the reporting period

☐ Applicable ☒ Not applicable

The profit distribution plan or proposal and the plan or proposal of conversion of the capital reserve into share capital in recent three years (including the reporting period)

1. Profit distribution proposal of 2019

As audited by BDO China Shu Lun Pan Certified Public Accountants LLP., the net profit attributable to the parent company of the year 2019 was RMB 555,646,971.4. After adding the retained profit of RMB 1,945,887,269.82 at the beginning of the year, and deducting the actual dividend of RMB 193,768,576.6 from the previous year, the balance of undistributed profit was RMB 2,307,765,664.62.

Profits distribution plan of 2019:

Considering the uncertainty of the Coronavirus on the economy, it is recommended that the company will not make profit distribution or convert the provident fund into capital in 2019. This plan must be submitted to the 2019 Annual General Meeting of Shareholders for consideration.

2. Profit distribution proposal of 2018

As audited by BDO China Shu Lun Pan Certified Public Accountants LLP., the net profit attributable to the parent company of the year 2018 was RMB 1,036,493,236.07. After adding the retained profit of RMB 1,103,162,610.35 at the beginning of the year, and deducting the actual dividend of RMB 193,768,576.6 from the previous year, the balance of undistributed profit was RMB 1,945,887,269.82.

Profits distribution plan of 2018: The company will take existing share capital 3,875,371,532 shares as the base, distributing cash dividends RMB 0.5 per 10 shares (including tax) to shareholders. The company plans to distribute RMB 193,768,576.60 dividends of ordinary shares, and the remaining RMB 1,752,118,693.22 will be carried over to next year's undistributed profits.

3. Profit distribution plan of 2017

As audited by BDO China Shu Lun Pan Certified Public Accountants LLP., the net profit attributable to the parent company of the year 2017 was RMB 1,600,110,229.77. After adding the retained profit of RMB -496,947,619.42 at the beginning of the year, the balance of undistributed profit was RMB 1,103,162,610.35.

Profits distribution plan of 2017: The company will take existing share capital 3,875,371,532 shares as the base, distributing cash dividends RMB 0.5 per 10 shares (including tax) to shareholders. The company plans to distribute RMB 193,768,576.60 dividends of ordinary shares, and the remaining RMB 909,394,033.75 will be carried over to next year's undistributed profits.

Cash dividend distribution in recent three years

Unit: Yuan

Year	Cash dividend (Including Tax)	Net profit attributable to the parent company in the consolidated financial statements	Ratio in net profit attributable to the parent company in the consolidated financial statements	Amount of cash dividends in other ways (repurchasing shares)	Ratio of cash dividend in other way in net profit attributable to the parent company in the consolidated financial statements	Amount of cash dividends in other ways	Proportion of cash dividends in other ways
2019	0.00	555,646,971.40	0.00%	0.00	0.00%	0.00	0.00%
2018	193,768,576.60	1,036,493,236.07	18.69%	0.00	0.00%	0.00	0.00%
2017	193,768,576.60	1,600,110,229.77	12.11%	0.00	0.00%	0.00	0.00%

Both the Company's profit and the parent company's retained earnings are positive however no proposal of cash dividend distribution was proposed during the reporting period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

III. Performance of Committed Issues

1. The fulfilled commitments during the reporting period and under-fulfillment commitments by the end of the period made by actual controller, acquirer, director, supervisor, senior management personnel and other related parties.

☒ Applicable ☐ Not applicable

Commitments	Commitment party	Type of commitment	Contents	Commitment time	Commitment period	Performance
Commitment of shares reform						

Commitment made in the acquisition report or the equity change report						
Commitment made during asset restructuring						
Commitment made during initial public offering or refinancing	Company directors, senior management	Other commitment	<p>According to the relevant provisions of the China Securities Regulatory Commission, the following commitments can be made to the company's efforts to fill the rewards: During the tenure, faithfully and diligently perform duties and safeguards the legitimate rights and interests of the company and all shareholders, including but not limited to:</p> <p>1. Commitment not to transfer benefits to other units or individuals without compensation or unfair conditions, and not to damage the company's interests in other ways;</p> <p>2. Commitment to constrain the behavior of job consumption; 3. Commitment to not use company assets to engage in investment and consumption activities unrelated to the performance of their duties; 4. Commitment to the compensation system established by the board of directors or the Remuneration and</p>	Jan 26 th 2016	Dec 9 th 2019	Under normal fulfillment

			Appraisal Committee is linked to the implementation of the company's measures to cover the return; 5. If the company launches an equity incentive plan in the future, the terms of the exercise of the equity incentive plan are linked to the implementation of the company's measures to fill the rewards.			
	Liaoning Provincial Transportation Investment Group Co., Ltd.	Share sales restriction	The allocated shares will be locked for 12 months from the date of the listing of the new non-public offering of shares, and will not be transferred during this period.	Mar 5 th 2018	12 months from the date of the listing of the new non-public offering	Under normal fulfillment
	CCB Principal Asset Management Co., Ltd.	Share sales restriction	The allocated shares will be locked for 12 months from the date of the listing of the new non-public offering of shares, and will not be transferred during this period.	Mar 5 th 2018	12 months from the date of the listing of the new non-public offering	Under normal fulfillment
	Beixin Ruifeng Fund Management Co., Ltd.	Share sales restriction	The allocated shares will be locked for 12 months from the date of the listing of the new non-public offering of shares, and will not be transferred during this period.	Mar 5 th 2018	12 months from the date of the listing of the new non-public offering	Under normal fulfillment
	China Life AMP Asset Management Co., Ltd.	Share sales restriction	The allocated shares will be locked for 12 months from the date of the listing of the new non-public offering of	Mar 5 th 2018	12 months from the date of the listing of the new non-public	Under normal fulfillment

			shares, and will not be transferred during this period.		offering	
	Company directors, senior management	Other commitment	According to the relevant regulations of the China Securities Regulatory Commission, all directors and senior management of the Company have made the following commitments to the Company's fulfillment of the diluted immediate return measures: 1. I promise to perform my duties faithfully and diligently, and safeguard the legitimate rights and interests of the Company and all shareholders. 2. I promise not to deliver benefits to other units or individuals without compensation or under unfair conditions, nor to use other means to damage the Company's interests. 3. I promise to restrict the position-related consumption behavior of company directors and senior management personnel. 4. I promise not to use the Company's assets to do investment and consumption activities that are not related to the performance of my duties. 5. Within the scope of my responsibilities and authority, I promise to	May 22, 2019	Long term	Under normal fulfillment

			<p>make every effort to promote the company's board of directors or the remuneration system established by the remuneration and appraisal committee to be linked to the implementation of the company's compensation measures, and vote in favor of the relevant proposals reviewed by the company's board of directors and general meeting (If I have voting rights). 6. If the company intends to implement equity incentives, I promise to, within my own responsibilities and jurisdiction, make every effort to promote the Company ' s proposed equity incentive exercise conditions to be linked to the Company ' s implementation of the return measures, and to review the Company ' s board of directors and shareholders ' general meetings. and vote in favor of the relevant proposals reviewed by the company's board of directors and general meeting (If I have voting rights). 7. If the future issuance of this commitment and the implementation of the Company ' s public</p>			
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			issuance of convertible corporate bonds are completed, if the China Securities Regulatory Commission makes other new regulatory provisions on the measures for filling returns and their commitments, and the above commitments cannot meet the requirements of the China Securities Regulatory Commission. When other regulations are stipulated, a commitment will be issued in accordance with the latest regulations of the China Securities Regulatory Commission. The company's controlling shareholder, Benxi Iron and Steel (Group) Co., Ltd., promised not to interfere with the company's operation and management activities beyond its authority and not to infringe on the Company's interests.			
	Benxi Steel & Iron (Group) Co., Ltd. and Bengang Group Co., Ltd.	Other Commitment	the sales companies of Bengang International Trade Co.,Ltd. and Bengang Steel plates in the same region guarantee independent personnel, independent business, independent finance, and independent assets, and are guaranteed not to be	July 24,2019	Long term	Under normal fulfillment

			<p>in the same registration place or in the same office; The filing of foreign economic and trade operators, taking into account the need to gradually improve the qualification certification of raw material suppliers, customs import and export qualification certification, etc. In the short term, the actual conditions and capabilities for independent import and export business are still lacking. In order to ensure the normal business development of Benxi Steel Plate, the Group agrees that within the period of not more than 5 years from the date of issuance of this commitment, the main import and export business of Benxi Steel Plate will still be represented by Bengang International Trade until Bengang Steel Plates can be independently developed Import and export business, and during this period, Bengang International Trade will provide the necessary support for the establishment and improvement of Bengang's import and export business. In</p>			
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			<p>addition, the sales company under Bengang International Trade is only responsible for selling the products of Beiyang Iron and Steel Group, and never sells third-party steel products. 3. The three sales companies under the Group, Shanghai Bengang Iron and Steel Sales Co., Ltd., Shanghai Bengang Iron and Steel Materials Co., Ltd., and Guangzhou Free Trade Zone Bengang Sales Co., Ltd., are currently no longer actually engaged in any business activities, as follows: (1) Shanghai Bengang Iron & Steel Sales Co., Ltd. filed for bankruptcy in 2014, and the Shanghai Changning District People's Court issued an announcement to appoint Guohao Lawyer (Shanghai) Office as the bankruptcy administrator. After communication with the bankruptcy administrator, it is expected that the bankruptcy and liquidation of Shanghai Bengang Iron and Steel Sales Co., Ltd. will be completed by the end of 2020. Upon completion of the aforementioned</p>			
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			<p>bankruptcy liquidation procedures, the relevant procedures for cancellation of Shanghai Bengang Iron and Steel Sales Co., Ltd. will be handled immediately.</p> <p>(2) Shanghai Bengang Iron & Steel Materials Co., Ltd. is a holding subsidiary of Shanghai Bengang Iron & Steel Sales Co., Ltd., and its business license has been revoked. As the shareholder Shanghai Bengang Iron & Steel Sales Co., Ltd. is in the process of bankruptcy and liquidation, Shanghai Bengang Iron & Steel Materials Co., Ltd. was unable to convene a shareholders' meeting to cancel the company and establish a liquidation group according to law. Therefore, the cancellation has not yet been completed. After the aforementioned bankruptcy and liquidation procedures of Shanghai Bengang Iron & Steel Sales Co., Ltd. are completed, the relevant procedures for cancellation of Shanghai Bengang Iron & Steel Materials Co., Ltd. will be processed immediately. (3) Guangzhou Free Trade</p>			
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			<p>Zone Bengang Sales Co., Ltd. has a contract arrears dispute with Jiedong County Trading Corporation. According to the Civil Judgment ((1999) Ben Jing No. 116), Guangzhou Free Trade Zone Bengang Sales Co., Ltd. applied to the court to seal 62 properties under the name of Jiedong County Trading Corporation. However, due to serious local protection, property rights and other factors, the content of the judgment has not been enforceable. Later, after applying again from Guangzhou Free Trade Zone Bengang Sales Co., Ltd., the Intermediate People's Court of Benxi City, Liaoning Province issued an execution ruling again, and 62 properties of Jiedong County Trading Corporation were re-sealed. As of February 4, 2022. Except for participating in the litigation activities for the purpose of realizing creditor's rights, Guangzhou Free Trade Zone Bengang Sales Co., Ltd has not carried out other business activities. After the litigation is completed,</p>			
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			the relevant procedures for the cancellation of Guangzhou Free Trade Zone Bengang Sales Co., Ltd. will be handled immediately.			
	Benxi Steel & Iron (Group) Co., Ltd.	Other Commitment	<p>The Group's horizontal competition with Benxi Steel Plates and the measures and commitments to solve the horizontal competition The Group's 2300mm hot rolling mill production line (hereinafter referred to as 'three hot rolling')</p> <p>The main products produced are ordinary sheet, low carbon steel, automobile The use of steel, container plates, oil pipeline steel, etc., constitutes the same industry competition with Bengang Steel Plates. In order to solve the competition problem in the same industry, the Group signed a lease agreement with Bengang Steel Plates, and Bengang Steel Plates will be leased using third hot rolling. During the lease period, there is no horizontal competition between the Group and Bengang Steel Plates. The Group promises: The Group will continue to permit the use of third hot-rolled steel sheets</p>	July 24,2019	Long term	<p>The company has completed the acquisition of the 2300mm hot rolling mill production line, and the industry competition problem has been completely resolved. Other commitments continue to be fulfilled</p>

			<p>production line by lease, etc., and the Group will never use it itself or use the third hot-rolled steel production line by any means such as renting, selling, permitting use, entrusted operation, etc. used by any third party other than Bengang Steel Plates. Except for the above situation, there is no other industry competition between the Group and Bengang Steel Plates. 2. Other commitments to avoid inter-industry competition 1. During the period when the Group is the controlling shareholder of Bengang Steel Plates, in addition to the matters listed in Article 1 of this Commitment Letter, the Group and other enterprises controlled by the Group other than Bengang Steel Plates no longer produce or develop any products that compete or may compete with the products produced by Bengang Steel Plates and its subsidiaries at home and abroad, and do not directly or indirectly operate any business that competes with Bengang Steel Plates and its subsidiaries. Businesses</p>			
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			<p>that may constitute competition, nor are they involved in investing in any other enterprise that competes with or may compete with products or businesses produced by Bengang Steel Plates and its subsidiaries. 2. If Bengang Steel Plates and its subsidiaries further expand their business scope, the Group and other enterprises controlled by the Group will not compete with the expanded business of Bengang Steel Plates and its subsidiaries; they may compete with Bengang Steel Plates and its subsidiaries. If the company's expanded business produces competition, it will withdraw from the competition with Bengang Steel Plates as follows: (1) Stop business that may or may compete with Bengang Steel Plates and its subsidiaries; (2) Will compete The business is incorporated into Bengang Steel Plates and its subsidiaries in a legal and compliant manner; (3) Competitive business is transferred to unrelated third parties.</p>			
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			<p>3. If the Group has any business opportunities to engage in or participate in the competition with Bengang Steel Plates's operations, the Group shall immediately notify Bengang Steel Plates of the above commercial opportunities. Within a reasonable period specified in the notice, Bengang Steel Plates If an affirmative answer is made to take advantage of the business opportunity, the Group will endeavour to give the business opportunity to Bengang Steel Plates on terms not less than that provided to any independent third party.</p> <p>4. If the above commitments are violated, the Group is willing to bear all the responsibilities arising therefrom, and fully compensate or compensate for all direct or indirect losses caused to Bengang Steel Plates.</p> <p>5. This letter of commitment continues to be effective during the period of the Group as the controlling shareholder of Bengang Steel Plates and cannot be changed or withdrawn</p>			
	Benxi Steel & Iron (Group)	Other Commitment	The horizontal competition between the	July 24,2019	Long term	The company has completed

	Co., Ltd.		<p>Group and Bengang Steel Plates and measures and commitments to avoid horizontal competition</p> <p>1. Benxi Iron and Steel (Group) Co., Ltd. (hereinafter referred to as the “Benxi Iron and Steel Group”), a subsidiary of the Group, issues issued the "Commitment Letter on Solving and Avoiding Horizontal Competition" to solve the existing horizontal competition. The Group recognizes the commitment letter issued by Benxi Iron and Steel Group and will urge the Benxi Iron and Steel Group to fulfill the relevant commitments. 2. The products produced by the 1780mm hot rolling mill production line of Benxi Beiyong Iron and Steel (Group) Co., Ltd. (hereinafter referred to as 'Beiyong Iron and Steel Group'), which is a subsidiary of the Group, are the same as or similar to the products of Benxi Steel Sheet and constitute Industry competition. In order to solve the competition in the same industry, Beiyong Iron and Steel Group signed a lease agreement with</p>			<p>the acquisition of the 1780mm hot rolling mill production line, and the industry competition problem has been completely resolved. Other commitments continue to be fulfilled</p>
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			<p>Bengang Steel Plates, and Bengang Steel Plates leased a 1780mm hot rolling mill production line. During the lease period, there is no horizontal competition between the Group and Bengang Steel Plates. The Group promises that it will continue to permit the use of the 1780mm hot rolling mill production line of Bengang Steel Sheets by leasing. And it will not be used by any third party other than Bengang Steel Sheets.</p> <p>In addition to the aforementioned hot rolling mill production lines, the products produced by Beiyang Iron and Steel Group are mainly wire rods, rebars, and cast pipes. The main products are construction steels, while Bengang Steel Plates mainly produce household electrical appliances and automotive plates. The product attributes of the two Companies, Performance, specifications, materials, and uses are substantially different. Except for the above circumstances, there is no other industry competition or potential</p>			
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			<p>industry competition between the Group and Bengang Steel Plates. 2. Other commitments to avoid competition in the industry 1. During the period when the Group is the indirect controlling shareholder of Bengang Steel Plates, in addition to the matters listed in Article 1 of this Commitment Letter, the Group and the companies controlled by the Group except Bengang Steel Plates no longer produce or develop any products that compete or may compete with the products produced by Bengang Plate and its subsidiaries in China and abroad. It may not be a business that may constitute competition, nor will it participate in investing in any other enterprise that competes with or may compete with the products or businesses produced by Bengang Plate and its subsidiaries. 2. If Bengang Steel Plates and its subsidiaries further expand their business scope, the Group and other enterprises controlled by the Group will not compete with the expanded business of</p>			
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			<p>Bengang Steel Plates and its subsidiaries; they may compete with Bengang Steel Plates and its subsidiaries If the company's expanded business produces competition, it will withdraw from the competition with Bengang Steel Plates as follows: (1) Stop business that may or may compete with Bengang Steel Plates and its subsidiaries; (2) Will compete The business is incorporated into Bengang Steel Plates and its subsidiaries in a legal and compliant manner; (3) Competitive business is transferred to unrelated third parties.</p> <p>3. If the Group has any business opportunities to engage in or participate in the competition with Bengang Steel Plates's operation and operation, the Group shall immediately notify Bengang Steel Plates of the above commercial opportunities. If an affirmative answer is made to take advantage of the business opportunity, the Group will endeavour to give the business opportunity to Bengang Steel Plates on terms that are not</p>			
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			<p>worse than those provided to or any independent third party.</p> <p>4. If the above commitments are violated, the Group is willing to bear all the responsibilities arising therefrom, and fully compensate or compensate for all direct or indirect losses caused to Bengang Steel Plates.</p> <p>5. This letter of commitment continues to be effective during the period of the Group as the indirect controlling shareholder of Benxi Steel Plates and cannot be changed or withdrawn</p>			
	Benxi Steel & Iron (Group) Co., Ltd. and Bengang Group Co., Ltd.	Other Commitment	<p>In order to regulate and reduce the Company ' s transactions with controlling shareholders and other related parties, and to protect the interests of the Company and small and medium shareholders, Benxi Iron and Steel (Group) Co., Ltd. and Bengang Group Co., Ltd. have issued the following commitments: "Benxi Iron and Steel (Group) Co., Ltd. and Bengang Group Co., Ltd. (hereinafter collectively referred to as the "Group"), as a direct controlling shareholder and an indirect controlling</p>	July 24,2019	Long term	Under normal fulfillment

		<p>shareholder of Bengang Steel Plates Co., Ltd. (hereinafter referred to as "Bengang Steel Plates"), in order to protect the interests of Bengang Steel Plates and other shareholders of Bengang Steel Plates, regulate The Group's related transaction with Bengang Steel Plates hereby promises: 1. The Group will fully respect the independent legal person status of Bengang Steel Plates, ensure the independent operation and independent decision-making of Bengang Steel Plates, ensure the independence of Bengang Steel Plates's business, asset integrity and personnel Independence and financial independence to avoid and reduce unnecessary related transactions; the Group will strictly control related transactions with Bengang Steel Plates and its subsidiaries. 2. The Group and other controlled companies promise not to use loans or occupy or misappropriate the funds of Bengang Steel Plates and its subsidiaries to repay debts, substitute funds or otherwise, nor We ask Bengang Steel</p>			
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			<p>Plates and its subsidiaries to provide illegal guarantees for the Group and other companies under its control. 3. The Group and other controlled companies and Bengang Steel Plates will minimize related transactions. It is indeed necessary and unavoidable to carry out in the related party transactions, strictly implement the decision-making authority, decision-making procedures, avoidance system and other contents stipulated in Bengang's "Articles of Association" and related party transaction decision-making system, give full play to the role of the board of supervisors and independent directors, and earnestly fulfill the obligation of information disclosure. To ensure that transactions are conducted in accordance with the open, fair, and fair principles of market transactions and normal commercial terms, the Group and other companies under control will not require or accept Bengang Steel Sheets to give preferential</p>			
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			<p>treatment to third parties in any fair market transaction Conditions to protect other shareholders of Benxi Steel Plates and the interests of Benxi Steel Plates from damage. 4. The Group guarantees that the above commitments are continuously effective and irrevocable as long as Bengang Steel Plates is listed on the domestic stock exchange and the Group acts as its direct and indirect controlling shareholder. If any violation of the above commitments occurs, the Group therefore bear all the losses caused to Bengang Steel Plates.</p>			
Stock option incentive commitment						
Other commitments to the company's minority shareholders						
Whether Commitment fulfilled on time or not	Yes					

2. The Company made illustrations that there are assets or projects which meet the original profit forecast and the reasons when there are assets or projects profit forecast of the Company and the reporting period is still in the forecast period

☐ Applicable ☒ Not applicable

IV. 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

V. Illustrations of the Supervisory Committee and Independent Directors (If Applicable) on the Qualified Audit Report Issued by the CPAs

☐ Applicable ☒ Not applicable

VI. Illustrations of Changes in the Accounting Policy, Accounting Estimate and Measurement Methods as Compared with the Financial Report of Last Year

☒ Applicable ☐ Not applicable

- (1) Implementation of “Notice of the Ministry of Finance on the revision of the format for the issuance of the financial statements of the general enterprise for the year 2019” and “Notice on the revision of the format for the issuance of the consolidated financial statements for the year 2019”

Ministry of Finance issued “Notice of the Ministry of Finance on the revision of the format for the issuance of the financial statements of the general enterprise for the year 2019” (Cai-Kuai 2019 No.6) on 30 April 2019, and “Notice on the revision of the format for the issuance of the consolidated financial statements for the year 2019” (Cai-Kuai 2019 No.16) which revised the format of financial statement for the general enterprise.

The following accounting policy changes have been approved by the company's board of directors and board of supervisors.

The major impact of the implementation of the above regulations are as follows:

Change of accounting policy content and reason	Affected items and amount	
	Consolidated Financial statement	Parent company financial statement
In the balance sheet, “Notes receivable and accounts receivable” splits into “Notes receivables” and “Accounts receivables”; “Notes payable and accounts payable” splits into “Notes payable” and “Accounts payable”; the comparative data is adjusted accordingly.	<p>“Notes receivable and accounts receivable” splits into “Notes receivables” and “Accounts receivables”, the ending balance of last year of “Notes receivables” is RMB 3,580,145,843.38, and the ending balance of last year of “Accounts receivables” is RMB 639,482,481.45;</p> <p>“Notes payable and accounts payable” splits into “Notes payable” and “Accounts payable”, the ending balance of last year of “Notes payable” is RMB 10,013,192,014.02, the ending balance of last year of “Accounts payable” is RMB 5,522,042,811.65.</p>	<p>“Notes receivable and accounts receivable” splits into “Notes receivable” and “Accounts receivable”, the ending balance of last year of “Notes receivables” is RMB 3,356,020,598.89, the ending balance of last year of “Accounts receivables” is RMB 409,553,059.27;</p> <p>“Notes payable and accounts payable” splits into “Notes payable” and “Accounts payable”; the ending balance of last year of “Notes payable” is RMB 9,213,748,427.22, the ending balance of last year of “Accounts payable” is RMB 5,940,816,426.48.</p>

- (2) Implementation of “Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments”, “Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets”, “Accounting Standards for Business Enterprises No.24-Hedging Accounting”, and “Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments” (2017 revision).

Ministry of Finance revised “Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments”, “Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets”, “Accounting Standards for Business Enterprises No.24-Hedging Accounting”, and “Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments” in 2017, which stipulates financial instruments that have not been derecognised on the date of initial implementation, they shall be adjusted retrospectively, if the previous recognition and measurement are inconsistent with the requirements of the revised standard. No adjustment is required, if the previous comparative financial statements are inconsistent with the requirements of the revised standard. Adjustment is required for retained earnings and other comprehensive income at the beginning of the year due to cumulative impact of retroactive adjustments.

The following accounting policy changes have been approved by the company's board of directors and

board of supervisors.

Based on adjusted ending balance of previous year in accordance with “Cai-Kuai 2019 No.6” and “Cai-Kuai 2019 No.16”, the major impact of the implementation of the above standards are as follows:

Change of accounting policy content and reason	Affected items and amount	
	Consolidated	Parent company
(1) Non-tradable available-for-sale equity instrument investments are designated as "financial assets measured at fair value through other comprehensive income"	The beginning balance of available-for-sale financial assets	The beginning balance of available-for-sale financial assets
	decrease by RMB 1,041,824,829.00.	decrease by RMB 1,041,824,829.00.
	The beginning balance of other equity instrument investment:	The beginning balance of other equity instrument investment:
	increase by RMB 1,041,824,829.00.	increase by RMB 1,041,824,829.00.
Reclassify part of “Accounts receivables” to “Financial assets at fair value through other comprehensive income (debt instruments)”	Notes Receivable: decrease by RMB 3,580,145,843.38 at the beginning of the year.	Notes Receivable: decreases by RMB 3,356,020,598.89 at the beginning of the year.
	Accounts receivable financing: increases RMB 3,580,145,843.38 at the beginning of the year.	Accounts receivable financing: increases RMB 3,356,020,598.89 at the beginning of the year.

Based on adjusted ending balance of previous year according to Cai-Kuai 2019 No. 6 and Cai-Kuai No.16, the financial assets and liabilities recognised and measured before and after the amendment are compared as follows:

Consolidated:

Old Financial Instrument Standards			New Financial Instrument Standards		
Items	Measurement Method	Book value	Items	Measurement Method	Book value
Cash at bank and on hand	Amortized cost	16,567,471,755.77	Cash at bank and on hand	Amortized cost	16,567,471,755.77
Financial assets at fair value through profit or loss	Fair value through profit or loss		Financial assets held for trading	Fair value through profit or loss	
Derivative financial assets	Fair value through profit or loss		Derivative financial assets	Fair value through profit or loss	
Notes receivable	Amortized cost	3,580,145,843.38	Notes receivable	Amortized cost	
			Accounts Receivable financing	Fair value through other comprehensive income	3,580,145,843.38
Accounts receivable	Amortized cost	639,482,481.45	Accounts receivable	Amortized cost	639,482,481.45
			Receivables financing	Fair value through other comprehensive income	
Other receivables	Amortized cost	202,763,964.98	Other receivable	Amortized cost	202,763,964.98
Held to maturity investments (Including other current assets)	Amortized cost		Debt investment (Including other current assets)	Amortized cost	
Available for sale financial assets (Including other current assets)	Fair value through other comprehensive income (Debt		Debt investment (Including other current assets)	Amortized cost	

Old Financial Instrument Standards			New Financial Instrument Standards		
	instruments)		Other debt investment (Including other current assets)	Fair value through other comprehensive income	
	Fair value through other comprehensive income (Equity instruments)		Financial assets held for trading	Fair value through profit or loss	
			Other non-current financial assets		
			Other equity instruments investment	Fair value through other comprehensive income	
	Cost (Equity instruments)	1,041,824,829.00	Financial assets held for trading	Fair value through profit or loss	
			Other non-current financial assets		
			Other equity instruments investment	Fair value through other comprehensive income	1,041,824,829.00
Long-term account receivable	Amortized cost		Long-term account receivable	Amortized cost	
Financial liabilities at fair value through profit or loss	Fair value through profit or loss		Financial liabilities held for trading	Fair value through profit or loss	
Derivative financial liabilities	Fair value through profit or loss		Derivative financial liabilities	Fair value through profit or loss	

Parent company

Old Financial Instrument Standards			New Financial Instrument Standards		
Items	Measurement Method	Book value	Items	Measurement Method	Book value
Cash at bank and on hand	Amortized cost	15,536,305,375.00	Cash at bank and on hand	Amortized cost	15,536,305,375.00
Financial assets at fair value through profit or loss	Fair value through profit or loss		Financial assets held for trading	Fair value through profit or loss	
Derivative financial assets	Fair value through profit or loss		Derivative financial assets	Fair value through profit or loss	
Notes receivable	Amortized cost	3,356,020,598.89	Notes receivable	Amortized cost	
			Accounts receivable financing	Fair value through other comprehensive income	3,356,020,598.89
Accounts receivable	Amortized cost	409,553,059.27	Accounts receivable	Amortized cost	409,553,059.27
			Accounts receivable financing	Fair value through other comprehensive income	
Other receivables	Amortized cost	235,037,391.46	Other receivables	Amortized cost	235,037,391.46
Held to maturity investments (Including other current assets)	Amortized cost		Debt investment (Including other current assets)	Amortized cost	
Available for sale financial	Fair value through other		Debt investment (Including other	Amortized cost	

Old Financial Instrument Standards			New Financial Instrument Standards		
assets (Including other current assets)	comprehensive income (Debt instruments)		current assets)		
			Other debt investment (Including other current assets)	Fair value through other comprehensive income	
	Fair value through other comprehensive income (Equity instruments)	1,041,624,829.00	Financial assets held for trading	Fair value through profit or loss	
			Other non-current financial assets		
			Other equity instruments investment	Fair value through other comprehensive income	
	Cost (Equity instruments)	1,041,624,829.00	Financial assets held for trading	Fair value through profit or loss	
			Other non-current financial assets		
Other equity instruments investment			Fair value through other comprehensive income	1,041,624,829.00	
Long-term account receivable	Amortized cost		Long-term account receivable	Amortized cost	
Financial liabilities at fair value through profit or loss	Fair value through profit or loss		Financial liabilities held for trading	Fair value through profit or loss	
Derivative financial liabilities	Fair value through profit or loss		Derivative financial liabilities	Fair value through profit or loss	

(3) Implementation of “Accounting Standards for Business Enterprises No. 7-Non-Monetary Assets Exchange” (2019 Revision)

Ministry of Finance issued “Accounting Standards for Business Enterprises No. 7-Non-Monetary Assets Exchange” (Revised 2019) (Caikuai [2019] No. 8) on May 9, 2019, and came into effect on June 10, 2019. For non-monetary assets exchange occurred from January 1, 2019 to the effective date, the adjustment shall be made accordingly. For non-monetary asset exchanges occurred before January 1, 2019, retrospective adjustments are not required. The implementation of the above standards by the company has no significant impact for the reporting period.

(4) Implementation of “Accounting Standards for Business Enterprises No. 12-Debt Restructuring” (2019 Revision)

Ministry of Finance issued “Accounting Standards for Business Enterprises No. 12-Debt Restructuring” (2019 Revision) (Caikuai [2019] No. 9) on June 17, 2019, and came into effect on June 17, 2019. For debt restructuring occurred from January 1, 2019 to the effective date, the adjustment shall be made accordingly. For debt restructuring occurred before January 1, 2019, retrospective adjustments are not required. The implementation of the above standards by the company has no significant impact for the reporting period.

VII. Illustrations of Retrospective Restatement Due to Correction of Significant Accounting Errors in the Reporting Period

☐ Applicable ☒ Not applicable

There was no retrospective restatement due to correction of significant accounting errors during the reporting period

VIII. Illustrations of Changes of the Consolidation Scope as Compared with the Financial Report of Last Year

☐ Applicable ☒ Not applicable

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

IX. Appointment and Dismiss of Certified Accountant's Firm

Accountant's firm currently appointed

Name of the domestic accountant's firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Payment to the domestic accountant's firm (RMB 10 thousand)	280
Service life of domestic accountant's firm providing audit service	12
Name of CPAs from the domestic accountant's firm	Wu Xue, Li Guiying
Service life of domestic accountants' providing audit service	5
Name of the overseas accountant's firm (if any)	None

Payment to overseas accountant's firm (RMB 10 thousand) (if any)	0
Service life of overseas accountant's firm providing audit service (if any)	None
Name of CPAs from the overseas accountant's firm (if any)	None

Whether the accountant's firm was changed during the reporting period

☐ Yes ☒ No

Engagement of accountant's firms, financial consultants or sponsors for internal control auditing

☒ Applicable ☐ Not applicable

The Company appointed BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of internal control auditing at RMB 600 thousand.

During the year, due to the issue of convertible corporate bonds in this year, the company hired Guotai Junan Securities Co., Ltd. as the sponsor, and has not yet paid the fee.

X. Risk of Suspension or Termination of Listing after the Disclosure of Annual Report

☐ Applicable ☒ Not applicable

XI. Bankrupt and Reforming Events

☐ Applicable ☒ Not applicable

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

XII. Significant Lawsuits and Arbitrations

☐ Applicable ☒ Not applicable

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

XIII. Punishment and Rectification

☐ Applicable ☒ Not applicable

There was no punishment or rectification during the reporting period.

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

There was no implementation situation of stock incentive plan of the Company, employee stock ownership plan or other employee incentive measures during the reporting period.

XVI. Major Related Party Transactions

1. Related party transactions relevant to daily operations

☒ Applicable ☐ Not applicable

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Purchase of goods and services	Accounts payable for repair	On agreement	Related agreement price	27,611.81	0.56%	50,000	No	Execute according to the agreement	No	2019.04.19	
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Same controller	Purchase of goods and services	Products	On agreement	Related agreement price	171.87	0.00%	1,000	No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Purchase of goods and services	Labor cost	On agreement	Related agreement price	864.66	0.02%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	466,510.9	9.48%	500,000	No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	1,318.16	0.03%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	27,932.17	0.57%	30,000	No	Execute according to the agreement	No	2019.04.19	
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	127.67	0.00%	300	No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group)	Same controller	Purchase of goods and	Raw materials	On agreement	Related agreement	3,648.95	0.07%	10,000	No	Execute according to the	Yes	2019.04.19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Real-estate Development Co., Ltd.		services			price					agreement			
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	11,131.68	0.23%	25,000	No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	2,922.74	0.06%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	787.21	0.02%	50,000	No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price	18,016.18	0.37%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	21,561.78	0.44%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	236.1	0.00%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	502.47	0.01%		No	Execute according to the agreement	No	2019.04.19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Iron (Group) Construction Co., Ltd.	er	goods and services		nt	agreement price					ng to the agreement			
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	19,118	0.39%	30,000	No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	2,157.65	0.04%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	446.8	0.01%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price	235	0.00%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Purchase of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	256.76	0.01%	28,000	No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price	4,998.34	0.10%		No	Execute according to the agreement	No	2019.04.19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Purchase of goods and services	Accounts payable for repair	On agreement	Related agreement price	19,506.98	0.40%		No	Execute according to the agreement	No	2019.04.19	
Bengang Electronics and Gas Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	13,763	0.28%	20,000	No	Execute according to the agreement	Yes	2019.04.19	
Bengang Electronics and Gas Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	1,879.36	0.04%		No	Execute according to the agreement	No	2019.04.19	
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	26.63	0.00%	500	No	Execute according to the agreement	Yes	2019.04.19	
Benxi New Career Development Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	487.81	0.01%	1,200	No	Execute according to the agreement	No	2019.04.19	
Benxi New Career Development Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material and food	On agreement	Related agreement price	907.16	0.02%		No	Execute according to the agreement	No	2019.04.19	
Liaoning Metallurgy Technician College	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	1,202.01	0.02%	1,500	No	Execute according to the agreement	Yes	2019.04.19	
Liaoning Metallurgical Vocational and Technical College	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price		0.00%	1,000	No	Execute according to the agreement	Yes	2019.04.19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Liaoning Metallurgical Vocational and Technical College	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	580.5	0.01%		No	Execute according to the agreement	No	2019.04.19	
Bengang Group International Economic and Trading Co., Ltd.	Same controller	Purchase of goods and services	Agency fee	On agreement	Related agreement price	6,309.73	0.13%	25,000	No	Execute according to the agreement	No	2019.04.19	
Bengang Group International Economic and Trading Co., Ltd.	Same controller	Purchase of goods and services	Port surcharges	On agreement	Related agreement price	7,099.2	0.14%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	785.28	0.02%	10,000	No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Same controller	Purchase of goods and services	Project fee	On agreement	Related agreement price	1,942.52	0.04%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Same controller	Purchase of goods and services	Repair services	On agreement	Related agreement price	3,483.24	0.07%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group)	Same controller	Purchase of goods and	Heating costs	On agreement	Related agreement	115.25	0.00%	500	No	Execute according to the	No	2019.04.19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Thermal Power Development Co., Ltd.		services			price					agreement			
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	70.93	0.00%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Designing Institute	Same controller	Purchase of goods and services	Design fees	On agreement	Related agreement price	1,323.4	0.03%	1,000	No	Execute according to the agreement	No	2019.04.19	
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Raw material and supplementary material	On agreement	Related agreement price	1,154,378.53	23.46%	1,800,000	No	Execute according to the agreement	Yes	2019.04.19	
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Energy & Power	On agreement	Related agreement price	54,489.91	1.11%		No	Execute according to the agreement	No	2019.04.19	
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Freight	On agreement	Related agreement price	571.46	0.01%		No	Execute according to the agreement	No	2019.04.19	
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Labor cost	On agreement	Related agreement price	8,663.23	0.18%		No	Execute according to the agreement	No	2019.04.19	
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Same controller	Purchase of goods and services	Spare parts	On agreement	Related agreement price	1,308.45	0.03%		No	Execute according to the agreement	Yes	2019.04.19	
Liaoning Hengtong Metallurg	Same controller	Purchase of goods	Raw material and spare	On agreement	Related agreement price	8,758.96	0.18%	15,000	No	Execute according to	No	2019.04.19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
ical Equipment Manufacture Co., Ltd.		and services	parts		ment price					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	231.09	0.00%		No	Execute according to the agreement	Yes	2019.04.19	
Liaoning Hengtai Heavy Machinery Co., Ltd.	Same controller	Purchase of goods and services	Repair and labor cost	On agreement	Related agreement price	1,930.35	0.04%	8,000	No	Execute according to the agreement	No	2019.04.19	
Bengang Group Co., Ltd.	Same controller	Purchase of goods and services	Property management fee	On agreement	Related agreement price		0.00%		No	Execute according to the agreement	No	2019.04.19	
Bengang Group Co., Ltd.	Controller	Purchase of goods and services	Labor cost	On agreement	Related agreement price	15,507.9	0.32%		No	Execute according to the agreement	No	2019.04.19	
Bengang Electronics and Gas Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	76.74	0.00%	500	No	Execute according to the agreement	Yes	2019.04.19	
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	500,154.15	9.48%	300,000	No	Execute according to the agreement	Yes	2019.04.19	
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	1,286.59	0.02%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Beiyang Steel &	Same controller	Sales of goods and	Energy & Power	On agreement	Related agree	21,662.54	0.41%		No	Execute according to	No	2019.04.19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Iron (Group) Co., Ltd.		services			ment price					the agreement			
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	10.44	0.00%	500	No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	36.79	0.00%	500	No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	89.25	0.00%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	980.32	0.02%	8,000	No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	2,137.3	0.04%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group)	Same controller	Sales of goods and services	Raw material & supplement	On agreement	Related agreement	641.3	0.01%		No	Execute according to the	Yes	2019.04.19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Machinery Manufacture Co., Ltd.			ntary materials & spare parts		price					agreement			
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	593.8	0.01%	10,000	No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	5,781	0.11%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	64,747.81	1.23%	100,000	No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	10,078.34	0.19%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Freight revenue	On agreement	Related agreement price	1,031.79	0.02%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Mining Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	502.82	0.01%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Thermal Power Develop	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	2,639.73	0.05%	8,000	No	Execute according to the agreement	No	2019.04.19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
ment Co., Ltd.													
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	2,749.21	0.05%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Same controller	Sales of goods and services	Freight revenue	On agreement	Related agreement price		0.00%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	827.49	0.02%	5,000	No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price		0.00%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	2,295.96	0.04%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	15.87	0.00%	300	No	Execute according to the agreement	No	2019.04.19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	133.05	0.00%	8,000	No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	93.84	0.00%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	532.33	0.01%	30,000	No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	25,018.15	0.47%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Freight revenue	On agreement	Related agreement price		0.00%		No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price		0.00%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Sales of goods and services	Energy & Power	On agreement	Related agreement price	232.43	0.00%	1,000	No	Execute according to the agreement	No	2019.04.19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
										nt			
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	796.46	0.02%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi New Career Development Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	40.25	0.00%	500	No	Execute according to the agreement	No	2019.04.19	
Dalian Boluole Steel Tube Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	404.87	0.01%	1,000	No	Execute according to the agreement	Yes	2019.04.19	
Liaoning Bengang Steel & Iron Trading Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price		0.00%		No	Execute according to the agreement	Yes	2019.04.19	
Benxi Steel & Iron (Group) General Hospital	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	5.09	0.00%	50	No	Execute according to the agreement	No	2019.04.19	
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	5.22	0.00%	500	No	Execute according to the agreement	No	2019.04.19	
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price		0.00%	5,000	No	Execute according to the agreement	No	2019.04.19	
Liaoning Hengtong	Same controll	Sales of goods	Raw material	On agreeme	Related	2,444.76	0.05%		No	Execute accordi	Yes	2019.04.19	

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Metallurgical Equipment Manufacture Co., Ltd.	er	and services	& supplementary materials & spare parts	nt	agreement price					ng to the agreement			
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	352.89	0.01%		No	Execute according to the agreement	Yes	2019.04.19	
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	On agreement	Related agreement price	46.59	0.00%		No	Execute according to the agreement	Yes	2019.04.19	
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	111.16	0.00%		No	Execute according to the agreement	Yes	2019.04.19	
Suzhou Bengang Industrial Co., Ltd.	Same controller	Sales of goods and services	Products	On agreement	Related agreement price	41,269.54	0.78%	50,000	No	Execute according to the agreement	Yes	2019.04.19	
Bengang Group Finance Co., Ltd.	Same controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	1.39	0.00%	50	No	Execute according to the agreement	No	2019.04.19	
Bengang Group Co., Ltd.	Controller	Sales of goods and services	Energy & Power	On agreement	Related agreement price	2.78	0.00%	500	No	Execute according to the agreement	No	2019.04.19	
Total				--	--	2,605,709.82	--	3,137,400	--	--	--	--	--
Details of any sales return of a large amount				Not applicable									

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
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)				Not applicable									
Reason for any significant difference between the transaction price and the Market price for reference (if applicable)				Not applicable									

2. Related transactions relevant to asset acquisition or sold

☐ Applicable ☒ Not applicable

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

3. Related transactions relevant to joint investments

☐ Applicable ☒ Not applicable

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

4. Credits and liabilities with related parties

☐ Applicable ☒ Not applicable

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

5. Other significant related transactions

☒ Applicable ☐ Not applicable

Related party	Related transaction content	Amount in current year (tax exclusive)	Amount in last year (tax exclusive)
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Purchase 2300 hot rolling mill production line	3,004,988,590.00	
Benxi Steel & Iron (Group) Co., Ltd.	Purchase 1780 hot rolling mill production line	684,727,905.00	

Notes:

On August 14, 2019, the company signed the "Asset Transfer Agreement" with Bengang Group Co., Ltd. and Benxi Beiyong Steel & Iron (Group) Co., Ltd. respectively, to acquire the related equipment assets of the 2300mm hot rolling mill production line held by Bengang Group and the related equipment assets of 1780mm hot rolling mill production line held by Beiyong Steel.

XVII. Major Contracts and Their Performance

1. Trusteeship, contracting and lease

(1) Trusteeship

☐ Applicable ☒ Not applicable

There was no trusteeship during the reporting period.

(2) Contracting

☐ Applicable ☒ Not applicable

There was no contracting during the reporting period.

(3) Lease

☒ Applicable ☐ Not applicable

Lessee	Lease capital category	Lease income of 2019	Lease income of 2018
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Warehouse and machinery	500,000.00	500,000.00
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Plants and machinery	122,500.03	490,000.00

Gains or losses from lease counted over 10% of total profit.

☐ Applicable ☒ Not applicable

During the reporting period, there were no lease projects that resulted in a profit or loss of more than 10% of the total profit of the company during the reporting period

2. Guarantee

☐ Applicable ☒ Not applicable

There was no guarantee during the reporting period.

3. Entrusting Others for Managing Cash Asset

(1) Entrusted Finance

☒ Applicable ☐ Not applicable

Unit: 10 thousand

Type	Source of funds for entrusted financing	Amount	Outstanding balance	Overdue amount not recovered
Bank financial product	Own temporarily idle funds	2,450	0	0
Bank financial product	Own temporarily idle funds	2,400	0	0
Bank financial product	Own temporarily idle funds	427.3	0	0
Total		5,277.3	0	0

(2) Entrusted Loans

☐ Applicable ☒ Not applicable

There was no entrusted loan during the reporting period.

4. Other Major Contracts

☐ Applicable ☒ Not applicable

There was no other major contract during the reporting period.

XVIII. Social Responsibilities**1. Performing other corporation social responsibilities**

During the reporting period, the company actively protected the legitimate rights and interests of creditors and all employees while pursuing the economic benefits of the company and protecting the interests of shareholders, in accordance with the spirit of corporate social responsibility, and actively treated suppliers, customers and consumers. Public welfare undertakings such as environmental protection and community building. In the business activities, consciously follow the principles of voluntariness, fairness, equal pay, honesty and credit, consciously abide by social morality, professional ethics, consciously accept the supervision of the government and the public, and actively fulfill the corporate social responsibility.

2. Performing corporation social responsibility of targeted poverty alleviation

In the annual report of the company, there has been no accurate poverty alleviation work, and there is no follow-up accurate poverty alleviation plan.

3. Environmental protection-related conditions

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

Yes

Name	Main pollutants and specific pollutants	Discharge modes	The number of discharge hatch	The distribution of discharge hatch	Emission concentration	The emission standard	Total emission	Approved total emission	Surpass the emission standard
Bengang Steel Plates Co., Ltd.	COD	Continuous	1	Energy integral factory sewage treatment plant.	Sewage 8-29	Sewage 50	171.54 tons	Unapproved by the government	None
Bengang Steel Plates Co., Ltd.	NH3-N	Continuous	1	Energy integral factory sewage treatment plant.	Sewage 1.1-4	Sewage 5	32.43 tons	Unapproved by the government	None
Bengang Steel Plates Co., Ltd.	Particulate Matter	Continuous and intermittent	178	Raw material dumper, transfer station, receiving ore tank, pre-batch; coke oven adding coal, pushing coke dry quenching; ironmaking tapping field, furnace roof, fuel, solvent, granulation, ore coke tank; sintering head,	Raw materials 7-25; coking 3-30; Ironmaking 5-48; Steelmaking 7-14; Special steel 7-15; Power generation 5-10; Cold	Raw materials 25; coking 30-50; ironmaking 25-50; steelmaking 20-50; special steel 20-50; power generation 10-30; cold rolling 20-30; hot rolling 20-	12828.10 tons	Unapproved by the government	None

				machine Tail; iron and steel water pretreatment, ferroalloy feeding, north-south infusion station, tundish, primary dust removal, secondary dust removal, refining dust removal; special steel electric furnace, refining furnace, electric slag furnace; power generation boiler desulfurization and denitrification; cold rolling acid regeneration, Pickling, drawing straightening, welding machine, smoothing, annealing, roasting; hot rolling heating furnace.	rolling; 6-18 hot rolling 6-15.	30.			
Bengang Steel Plates Co., Ltd.	SO ₂	Continuous and intermittent	64	Coke oven CDQ; Ironmaking sintering head; power generation boiler; cold rolling roasting, annealing; hot rolling furnace.	Coke oven CDQ 16-82; Sintering machine head 12-40; power generation boiler; cold rolling 10-70; cold rolling 45-141; hot rolling 51-98.	CDQ 100; Sintering head 200; power generation 100-200; cold rolling 150; hot rolling 150.	5499.83 tons	Unapproved by the government	None
Bengang Steel Plates Co., Ltd.	Oxides of nitrogen	Continuous and intermittent	57	Ironmaking sintering head; power generation boiler; cold rolling roasting, annealing; hot rolling furnace.	Sintering head 110-230; power generation boiler; cold rolling 69-172; hot rolling 105-188.	Sintering head 300; power generation 100-200; cold rolling 300; hot rolling 300.	12084.69 tons	Unapproved by the government	None

Construction and operation of pollution prevention facility:

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

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

1. Regarding of the "Environmental Impact Report Form of High-Grade High-Magnetic Induction Non-Oriented Silicon Steel Project of Bengang Steel Plates Co., Ltd." Benxi City Environmental Protection Bureau issued the environmental assessment approval: Ben-Huan-Jian-Biao-Zi [2019] No. 03, 2019-5-25;
2. Regarding of the "Environmental Impact Report Form of No. 8 Casting Machine Project of Bengang Steel Plates Co., Ltd., Ltd. Steelmaking Plant" Benxi City Environmental Protection Bureau issued the environmental assessment approval: Ben-Huan-Jian-Biao-Zi [2019] No. 04, 2019-6-18;
3. Regarding of the "Environmental Impact Report Form for the 1700 Hot Rolling Improvement Project of Bengang Steel Plates Co., Ltd. (Phase I)" Benxi City Environmental Protection Bureau issued the environmental assessment approval: Ben-Huan-Jian-Biao-Zi [2019] No. 05, 2019-7-24;
4. Regarding of the "Environmental Impact Report Form of the No. 7 Coke Oven Flue Gas Desulfurization and Denitrification Project of Bengang Steel Plates Co., Ltd. Coking Plant" Environmental Protection Bureau issued the environmental assessment approval: Ben-Huan-Jian-Biao-Zi [2019] No. 10, 2019-7-12;
5. Regarding the environmental impact report of the No. 5 blast furnace capacity replacement project of Bengang Steel Plates Co., Ltd., Liaoning Provincial Environmental Protection Bureau issued the environmental assessment approval: Liao-Huan-Han [2019] No. 171, 2019-11-27;
6. Regarding the environmental impact report of the Special Steel Electric Furnace Upgrading Project of Bengang Steel Plate Co., Ltd., Liaoning Provincial Environmental Protection Bureau issued the environmental assessment approval: Liao-Huan-Han [2019] No. 172, 2019-7-12;
7. Discharge permit, complete the discharge permit of the plate company energy plant on schedule.

Emergency plan for emergency environmental incidents

The company and its subordinate 13 units are revised the emergency plans for emergency environmental incidents, and carried out related work such as risk assessment and investigation of emergency resources in accordance with the "Law of the People's Republic of China on Incident Responses", "Notice on Printing and Distributing the Guidelines for Risk Assessment of Enterprises' Environmental Emergencies (Trial)", and "Emergency Preparedness for Environmental Incidents of Enterprises and Institutions" Existing laws and regulations such as the Administrative Measures (Trial).

Environmental self-monitoring project.

In 2019, the self-monitoring plan was carried out in accordance with the requirements of the pollutant discharge permit. The monitoring points of Bengang Steel pollution sources: 156 flue gas, 10 wastewater monitoring points, 5 noise points at the boundary of the plant, 27 atmospheric dustfall points, and newly added unorganized monitoring. The number of points is 50. From the plate factory to the mine, the monitoring is divided into weekly, monthly, seasonal, semi-annual and annual frequency monitoring. The main monitoring items of the automatic air quality monitoring station are PM10, PM2.5, sulfur dioxide and nitrogen dioxide. , O3, CO, one set of data per hour, a total of 52,560 monitoring data were obtained throughout the year; 27 steel dust points were distributed in the steel plant area, and 324 monitoring data were obtained; routine monitoring tasks for flue gas were completed, and monitoring was achieved throughout the year 936 data; 5 noise monitoring points at the boundary of the plant, 160 monitoring data; 10 wastewater monitoring points, 4,335 monitoring data; 172 temporary monitoring data, and a total of 5926 monitoring data reported by the monitoring station. Monthly, quarterly reports and separate monitoring reports for each mine are reported.

Other environmental information that should be disclosed

None

Other environmental protection related information

None

XIX. Other Major Issues

☐ Applicable ☒ Not applicable

There was no need for illustrating other major issue.

XX. Major Issues of Subsidiaries

☐ Applicable ☒ Not applicable

VI. Status of Share Capital Changes and Shareholders

I. Share Capital Changes

1. Share capital changes

Unit: Share

	Before the change		Increase/decrease(+, -)					After the Change	
	Quantity	Percentage	Issuing of new share	Bonus shares	Capitalization of common reserve fund	Others	Subtotal	Quantity	Percentage
I. Restricted Shares	739,371,532	19.08%				-	-		
2. State-own Legal-person Shareholding	184,842,883	4.77%				739,371,532	739,371,532	0	
3. Other domestic shareholdings	554,528,649	14.31%				184,842,883	184,842,883	0	
Including: Domestic legal person holding	554,528,649	14.31%				-	-		
II. Non-restricted Shares	3,136,000,000	80.92%				554,528,649	554,528,649	0	
1. Common shares in RMB	2,736,000,000	70.60%				739,371,532	739,371,532	3,875,371,532	100.00%
2. Foreign shares in domestic market	400,000,000	10.32%						400,000,000	10.32%
III. Total shares	3,875,371,532	100.00%						3,875,371,532	100.00%

Causation of share capital changes

√Applicable □Not applicable

The Company's private issuance of 739,371,532(RMB) common shares to Liaoning Traffic Investment Co., Ltd., Jianxin Fund Management Co., Ltd., Beixin Ruifeng Fund Management Co., Ltd., and Guoshou Security Fund Management Co., Ltd. has expired. The Company completed the lifting of sales restrictions on April 18, 2019.

Approval of share capital changes

□Applicable √Not applicable

Status of registration process of transferred shares

□Applicable √Not applicable

Progress of Share Repurchase

□ Applicable √ Not applicable

Implementation Progress of Reducing Holdings of Repurchase Shares by Centralized Bidding

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

2. Changes of Restricted Shares

√Applicable □ Not applicable

Unit: Share

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

II. Securities Issuance and Listing

1. Status of Security Issuance (Excluding Preferred Shares) in the Reporting Period

☐ Applicable ☒ Not applicable

2. Total Share and Shareholder Change and Asset and Liability Structure Change

☐ Applicable ☒ Not applicable

3. Employee Shareholding Status

☐ Applicable ☒ Not applicable

III. Shareholders and Actual Controller

1. Total Number of shareholders and shareholding

							In Shares
Total number of common shareholders at the end of the reporting period	52,294	Total shareholders at the end of the month from the date of disclosing the	52,784	The total number of preferred shareholders voting rights restored at the end of the reporting period (See Notes 8)	0	Total preferred shareholders at the end of the month from the date of disclosing the annual report (if any) (See Notes 8)	0

		annual report						
Shareholding of shareholders holding more than 5% or top 10 shareholders								
Name of the shareholder	Nature of shareholder	Holding Percentage (%)	Number of shares held at period-end	Changes in reporting period	Restricted shares held	Un-restricted shares held	Number of pledged or frozen shares	
							Status	Number
Benxi Steel & Iron (Group) Co., Ltd.	State-owned legal person	61.44%	2,381,105,094	25,695,831		2,381,105,094	Pledged	110,000,000
							Frozen	45,000,000
Liaoning Provincial Transportation Investment Group Co., Ltd.	State-owned legal person	4.77%	184,719,383			184,719,383		
CCB Principal Asset Management – ICBC – CR Trust – CR Trust · Xing Sheng No. 5 Collective Fund Trust Plan	Others	4.77%	184,842,883			184,842,883		
Bei Xin Rui Feng Fund – China Merchants Bank – Bei Xin Rui Feng Fund Feng Qing No. 229 Asset Management Plan	Others	4.77%	184,842,883			184,842,883		
China Life AMP Fund– ICBC – China Life AMP – Hua Xin Trust Targeted Additional Shares Issuance No. 10 Asset Management Plan	Others	4.77%	184,842,883			184,842,883		
Liang Zhongqing	Domestic natural person	0.65%	25,090,000	25,090,000		25,090,000		
Agricultural bank of China - China Securities 500 Trading Open Index Securities Investment Fund	Others	0.32%	12,590,111	8,532,301		12,590,111		
Liu Qiuying	Domestic natural person	0.31%	11,839,000	11,839,000		11,839,000		
Yi Honglu	Domestic natural person	0.24%	9,458,570	9,458,570		9,458,570		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.21%	8,157,311			8,157,311		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if any) (See Notes 3)		None						
Notes to relationship or ‘action in concert’ among the top 10 shareholders.		It is unknown to the Company whether there is any related connection or ‘Action in Concert’ as described by Rules of Information Disclosing Regarding Changing of Shareholding Status of Listed Companies existing among the above shareholders.						
Shareholding of top 10 unrestricted shareholders								
Name of the shareholder		Un-restricted shares held at the end of the reporting period	Category of shares					
			Category of shares		Quantity			
Benxi Steel & Iron (Group) Co., Ltd.		2,381,105,094	Common shares in RMB		2,381,105,094			
Liaoning Provincial Transportation Investment Group Co., Ltd.		184,719,383	Common shares in RMB		184,719,383			
CCB Principal Asset Management – ICBC – CR		184,842,883	Common shares in RMB		184,719,383			

Trust – CR Trust · Xing Sheng No. 5 Collective Fund Trust Plan			
Bei Xin Rui Feng Fund – China Merchants Bank – Bei Xin Rui Feng Fund Feng Qing No. 229 Asset Management Plan	184,842,883	Common shares in RMB	184,719,383
China Life AMP Fund– ICBC – China Life AMP – Hua Xin Trust Targeted Additional Shares Issuance No. 10 Asset Management Plan	184,842,883	Common shares in RMB	184,719,383
Liang Zhongqing	25,090,000	Common shares in RMB	25,090,000
Agricultural bank of China - China Securities 500 Trading Open Index Securities Investment Fund	12,590,111	Common shares in RMB	12,590,111
Liu Qiuying	11,839,000	Common shares in RMB	11,839,000
Yi Honglu	9,458,570	Common shares in RMB	9,458,570
VANGUARD EMERGING MARKETS STOCK INDEX FUND	8,157,311	Foreign shares in domestic exchange	8,157,311
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 2,142,105,094 shares of the Company’s stock through credit security account and holds 239,000,000 shares of the Company’s stock, totaling 2,381,105,094 shares. Liang Zhongqing holds 25,090,000 shares of the Company’s stock through credit security account. Liu Qiuying holds 11,839,000 shares of the Company’s stock through credit security account. Yi Honglu holds 9,458,570 shares of the Company’s stock through credit security account.		

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

☐ Yes ☒ No

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

2. Controlling Shareholder

Nature of Controlling Shareholders: Local state holding

Type of Controlling Shareholders: Legal person

Name of the Controlling shareholder	Legal representative / person in charge	Date of incorporation	Organization Code	Principal business activities
Benxi Steel & Iron (Group) Co., Ltd.	Yang Chengguang	July 10, 1996	91210500119726263U	Business scope: steel smelt, mine exploitation, panel rolling, oxygen manufacturing, pipe manufacturing, power generating, coal industry, special steel material manufacturing, heating, supply of the water, electricity, wind and gas, metal processing, electro mechanics builds, device manufacturing, architecture installation, railway, highway transportation, import and export trade, traveling industry, construction material, refractory material, measuring device instrument, goods and materials supply and marketing, development of real estate, scientific research, design, information service, property management, telecommunication, processing of waste iron, property leasing, exchange of steel material, and recycling of waste oils (to the extent of licensed to the subsidiary companies), property management; publishing of Bengang Daily; designing and making of presswork and

				advertisement, releasing, producing of TV advertisements in the country and abroad.
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	None			

Changes of controlling shareholders during the reporting period

☐ Applicable ☒ Not applicable

The controlling shareholder of the company has not changed during the reporting period.

3. Actual Controller

Actual controller nature: Local state owned assets management

Actual controller type: Legal person

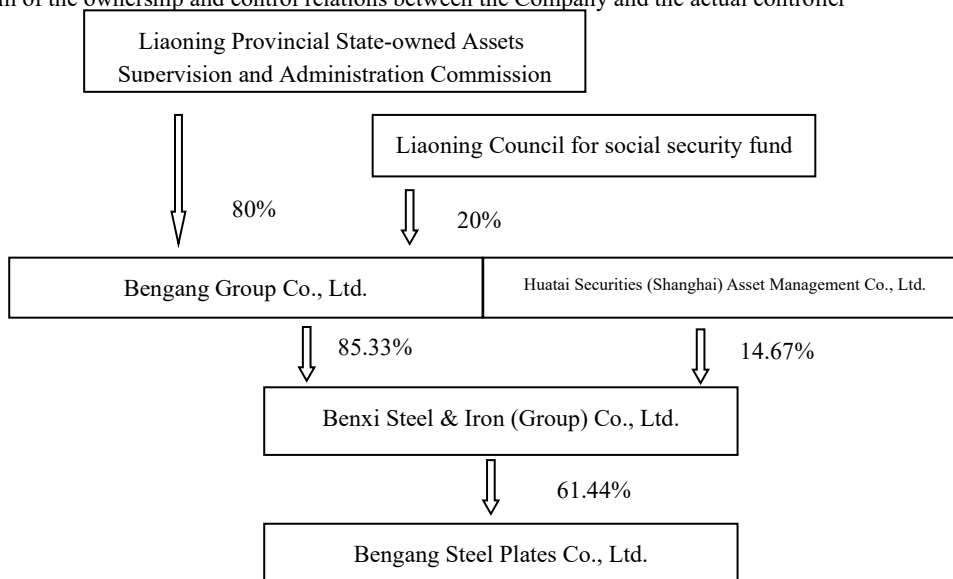
Name of the controlling shareholder	Legal representative / person in charge	Date of incorporation	Organization Code	Principal business activities
Liaoning Provincial State-owned Assets Supervision and Administration Commission	Unknown		Unknown	Unknown
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	The Company was not informed of the actual controller's control of the equity of other domestic and foreign listed companies during the reporting period.			

Change of actual controller during the reporting period

☐ Applicable ☒ Not applicable

There is no change of actual controller during the reporting period.

Block diagram of the ownership and control relations between the Company and the actual controller



Whether the actual controller is controlling the Company through trusteeship or other asset management service

☐ Applicable ☒ Not applicable

4. Shareholders holding More than 10% of the Shares

☐ Applicable ☒ Not applicable

5. Status of Share Reduction Limitation of Controlling Shareholders, Actual Controller, Restructuring Party and Other Commitment Subjects

☐ Applicable ☒ Not applicable

VII. Status of Preferred Shares

☐ Applicable ☒ Not applicable

There was no preferred stock in the company during the reporting period.

VIII. Status of Convertible Corporate Bonds

☐ Applicable ☒ Not applicable

There were no convertible corporate bonds in the reporting period.

IX. Status of Directors, Supervisors, Senior Executives and Employees

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

Name	Position	Office status	Sex	Age	Starting date of office term	Expiry date of office term	Shares held at the year-begin	Shares increased during the reporting period	Shares decreased during the reporting period	Other increase / decrease	Shares held at the year-end
Gao Lie	Director, Chairman	In office	Male	52	March 14, 2019	May 16, 2022					
Cao Aimin	Director, Vice Chairman	In office	Male	52	June 3, 2010	May 16, 2022					
Shen Qiang	Director, General Manager	In office	Male	51	May 16, 2019	May 16, 2022					
Hunag Xinghua	Director	In office	Male	56	May 24, 2018	May 16, 2022					
Zhong Tianli	Independent Director	In office	Female	63	May 20, 2014	May 20, 2022					
Zhao Xinan	Independent Director	In office	Male	59	May 21, 2015	May 21, 2021					
Zhang Suxun	Independent Director	In office	Female	64	May 16, 2019	May 16, 2022					
Han Mei	Supervisor, Chairman of Supervisory Committee	In office	Female	50	February 19, 2014	May 16, 2022					
Li Lin	Supervisor	In office	Male	51	February 19, 2014	May 16, 2022					
Li Xiaowei	Supervisor	In office	Male	44	March 14, 2019	May 16, 2022					
Zhao Xingtao	Supervisor	In office	Male	47	June 26, 2018	May 16, 2022					
Zhang Yanlong	Supervisor	In office	Male	42	January 26, 2014	May 16, 2022					
Bao Mingwei	Deputy General	In office	Male	56	December 28, 2012	May 16, 2022					

	Manager										
Wang Fengmin	Deputy General Manager	In office	Male	54	January 26, 2014	May 16, 2022					
Huo Gang	Deputy General Manager	In office	Female	46	March 14, 2019	May 16, 2022					
Zhao Zhonghua	Director of Finance	In office	Female	35	April 18, 2019	May 16, 2022					
Gao Desheng	Secretary of the Board	In office	Male	45	September 20, 2018	May 16, 2022					
Wang Shu	Director, Chairman	Leaving office	Male	48	December 27, 2016	March 14, 2019					
Jin Yongli	Independent Director	Leaving office	Male	61	May 17, 2013	May 16, 2019					
Liu Yansong	Supervisor	Leaving office	Male	48	August 09, 2018	June 26, 2019					
Hu Guangyuan	Deputy General Manager	Leaving office	Male	59	January 26, 2014	March 14, 2019					
Total	--	--	--	--	--	--					

II. Change in Directors, Supervisors and Senior Executives

√ Applicable ☐ Not applicable

Name	Position	Type of change	Date	Reason
Wang Shu	Director, Chairman	Leaving office	March 14, 2019	Voluntary turnover
Jin Yongli	Independent Director	Leaving office after expiry of term	May 16, 2019	Leaving office after expiry of term
Dong Liju	Supervisor, Chairman of Supervisory Committee	Leaving office	April 18, 2018	Voluntary turnover
Liu Yansong	Supervisor	Leaving office	June 26, 2019	Voluntary turnover
Gao Lie	General Manager	Appointments and dismissals	March 14, 2019	Job change
Sun Yanbin	Deputy General Manager	Dismissal	March 14, 2019	Job change

III. Posts holding

Work experience in the past five years of Directors, Supervisors and Senior Executives in current office

Profiles of the members of the Board:

Gao Lei, Male, 52, undergraduate, master of engineering, professor-level senior engineer. Once Chairman of Benxi Iron and Steel(Group)Mining Co.,Ltd; Manager of Mineral Resources Development Company; Assistant General Manager of Bengang Group Co., Ltd. and Manager of Mineral Resources Development Company; He is now Member of the Standing Committee of the company's party committee, Deputy General Manager of Bengang Group Co.,Ltd, chairman of Bengang Steel Plate Co.,Ltd.

Cao Aimin, Male, 52, undergraduate, professor-level senior accountant. Once Head of Capital Division of Finance Department; Head of Planning and Finance Division; and Chief Accountant. Director and Chief Accountant of Benxi Iron and Steel (Group) Co., Ltd., Ltd. He is now Member of the Standing Committee of the company's party committee, Director and Chief Accountant of Bengang Group Co.,Ltd., Vice Chairman of Bengang Steel Plates Co., Ltd.

Shen Qiang, Male, 51 years old, undergraduate, master of engineering, senior engineer. He has served as Secretary of the Board of Directors and Director of the Board of Directors of Bengang Group Corporation, Director of the Office, Director of the Secretary of Secretaries, Secretary of the Party Committee of Bengang Group Corporation, Chairman of the Board of Directors of the Real Estate Company, Secretary of the Party Committee; Director of Benxi Iron and Steel Company, Deputy Secretary of the Party Committee, Deputy General Manager, Board of Directors Secretary; Assistant General Manager of Bengang Group Corporation, Minister of Human Resources Department (Organization Department); current Director and General Manager of Bengang Steel Plate Co., Ltd.

Huang Xinghua, Male, 56, College degree, senior accountant. Once Deputy director of the planning and finance department of Benxi Iron and Steel (Group) Co.,Ltd; Director and Chief accountant of Benxi Iron and Steel(Group) Co.,Ltd; Director of the finance department of Bengang Group Co., Ltd. He is now the head of the finance department of Bengang Group Co., Ltd., Director of Benxi Iron and Steel (Group) Co., Ltd., Director of Bengang Steel Plate Co., Ltd.

Profiles of the Supervisory Committee:

Han Mei, Female, 50, undergraduate, senior accountant. Once she was the vice head of financial department of the Company; vice head of auditing department and head of administration department of the supervisory committee of Bengang Group; Provincial Government Liaison in Bengang Benxi Steel & Iron (Group) Co., Ltd. Director of Audit Dept. She now is Head of Audit Department, Director of Bengang Group Finance, and Chairman of Supervisory Committee of Bengang Steel Plates Co. Ltd.

Li Lin, Female, 51, postgraduate, engineer. Once she was the administrator of HR department of Bengang Group; Vice Chief Engineer of Transportation Department of the Company; Substitute Chairman of the Trade Union of Transportation Department of the Company, Secretary of Commission for Discipline Inspection of Transportation Department and Chairman of the Labour Union of Bengang Steel Plates Co. Ltd, Group leader of Discipline Inspection and Supervision group One Assigned by Discipline Inspection Commission of Bengang Group Co., Ltd.

She is now Party secretary of Railway company; Supervisor of Bengang Steel Plates Co. Ltd.

Li Xiaowei, Male, 44, undergraduate, economist. He was once senior officer of the audit department and Division chief of the operation audit department of Bengang Group Co., Ltd. He is now the deputy director of the Audit Department of Bengang Group Co., Ltd., the supervisor of the board of supervisors of Bengang Steel Plate Co., Ltd.

Zhang Yanlong, Male, 42, undergraduate, senior engineer. He once was the workshop manager of steel-making factory; Vice Chief of QC department of iron-making factory, Director of Steel-making plant, Manager of Manufacturing Department of Bengang Steel Plates Co., Ltd., Assistant of Director of Production Division of Steel-Making Plant; He is now Vice Director of Production Division of Steel-Making Plant and Supervisor of Bengang Steel Plates Co. Ltd.

Zhao Xingtao, Male, 48, undergraduate, master of engineering, senior engineer. He was once Deputy Director of Cold Rolling Plant of Bengang Steel Plate Co., Ltd. He is now Secretary of Party Committee and Chairman of Labor Union of Cold Rolling Plant of Bengang Steel Plate Co., Ltd, and supervisor of Bengang Steel Plate Co., Ltd.

Executives other than directors:

Bao Mingwei, Male, 56 years old, Undergraduate, senior engineer. He has successively served as Secretary of the Party Committee, Vice Director and Factory Director of the Hot Strip Mill of Benxi Steel Co., Ltd., Vice General Manager of Benxi Steel Co., Ltd. and Director of the Third Cold Rolling Mill. He is now Vice General Manager of Bengang Steel Plates Co. Ltd.

Wang Fengmin, Male, 54, postgraduate, professor-level senior engineer. He has been the deputy director, director and Secretary of the Party Committee of the ironmaking plant of Benxi Iron and Steel Co., Ltd., deputy general manager and manufacturing Minister of Bengang Steel Plate Co., Ltd. He is now Deputy General Manager of Bengang Steel Plate Co., Ltd.

Huo Gang, Male, 46, postgraduate, PHD of engineering, professor-level senior engineer. He has been the acting general manager of Bengang Puxiang Cold Rolling Plant, the Secretary and executive vice director of the Party Committee of Bengang No. 3 Cold Rolling Plant, the Secretary and director of the Party Committee of Bengang No. 3 Cold Rolling Plant, and the current director of Bengang Cold Rolling Plant, the general manager of Puxiang Cold Rolling Plant and the deputy general manager of Bengang Steel Plate Co., Ltd.

Zhao Zhonghua, Female, 35, graduate degree, master of management, accountant. She has successively been deputy director and director of the Finance Department of Bengang Steel Plate Co., Ltd., assistant director of the Finance Department of Bengang Group Co., Ltd., deputy manager of Bengang Group Finance Co., Ltd., and currently the CFO and finance minister of Bengang Steel Plate Co., Ltd.

Gao Desheng, Male, 45, undergraduate, master of management, senior economist. He has been the acting director of the Business Planning Department of the Operation Improvement Department of Bengang Group Co., Ltd., the director of the Ownership Management Department of the Operation Improvement Department of Bengang Group Co., Ltd., the director of the Ownership Management Department of the Operation Improvement Department of Bengang Group Co., Ltd., the vice-chairman of the First Supervisory Board, and now he is the director of the office

and Secretary of the board of Bengang Group Co., Ltd..

Posts holding in Shareholders

√ Applicable □ Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Starting date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Gao Lie	Bengang Group Co., Ltd.	Vice General Manager	March 1, 2014		Yes
Cao Aimin	Bengang Group Co., Ltd.	Director, Chief Accountant	November 1, 2010		Yes
Huang Xinghua	Bengang Group Co., Ltd.	Minister of Finance	August 1, 2017		Yes
Huang Xinghua	Benxi Iron and Steel (Group) Co., Ltd.	Director	April 1, 2018		No
Han Mei	Bengang Group Co., Ltd.	Director of Audit Department	February 1, 2016		Yes
Li Xiaowei	Bengang Group Co., Ltd.	Vice Director of Audit Department	January 1, 2018		Yes
Office taking in shareholder companies	None				

Posts holding in other companies

√Applicable □Not applicable

Names of the persons in office	Names of the other companies	Titles engaged in other companies	Starting date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Han Mei	Bengang Group Finance Co., Ltd.	Director	December, 1, 2016		No
Office taking in other companies	None				

Punishment by the securities regulatory authorities in last three years

□ Applicable √ Not applicable

IV. Remuneration to Directors, Supervisors and Senior Executives

Decision-making procedures, basis of recognition and actual payment of the remuneration to Directors, Supervisors and Senior Executives

Decision making procedures

1. The Remuneration and Assessment Committee will produce a plan or proposal, which will be implemented upon approval of the Board or the Shareholders' Meeting;
2. According to performance assessment criteria and procedures, the Remuneration and Assessment Committee undertakes assessment on the Directors and Senior Executives;
3. Remuneration amounts and ways of rewards will be proposed according to the assessment and remuneration policies for Directors, Supervisors and Senior Executives, and adopted by voting;
4. To be implemented upon approval of the Board.

Basis of recognition

Remuneration scheme for a particular position is recognized basing on the range of responsibilities, duties. Remunerations are distributed based on the assessment results and remuneration policies.

Actual payment of the remuneration

Remuneration is paid on monthly basis according to the remuneration allocation policies.

Remuneration of Directors, Supervisors and Senior Executives during the reporting period

Unit: RMB 10 thousand

Name	Position	Sex	Age	Office status	Total remuneration received from the shareholder	Whether receive remuneration in the Company's related parties
Gao Lie	Director, Chairman	Male	52	In office	8.4	Yes
Cao Aimin	Director, Vice Chairman	Male	52	In office		Yes
Shen Qiang	Director, General Manager	Male	51	In office	33.27	
Huang Xinghua	Director	Male	56	In office		Yes
Zhong Tianli	Independent Director	Female	63	In office	5	
Zhao Xinan	Independent Director	Male	59	In office	5	
Zhang Suxun	Independent Director	Female	64	In office	5	
Han Mei	Supervisor, supervisory board chairman	Female	50	In office		Yes
Li Lin	Supervisor	Female	51	In office	23.35	
Li Xiaowei	Supervisor	Male	44	In office		Yes
Zhao Xingtao	Supervisor	Male	47	In office	20.96	
Zhang Yanlong	Supervisor	Male	42	In office	25.18	
Bao Mingwei	Deputy General Manager	Male	56	In office	31.07	
Wang Fengmin	Deputy General Manager	Male	54	In office	30.86	
Huo Gang	Deputy General Manager	Male	46	In office	32.87	
Zhao Zhonghua	CFO	Female	35	In office	25.64	
Gao Desheng	Secretary of Board	Male	45	In office	24.76	

Wang Shu	Director, Chairman	Male	48	Leaving office		Yes
Jing Yongli	Independent Director	Male	61	Leaving office		
Liu Yansong	Supervisor	Male	48	Leaving office	27.73	
Hu Guangyuan	Vice General Manager	Male	59	Leaving office	3.14	
Total	--	--	--	--	302.23	--

Incentive equity to Directors, Supervisors and Senior Executives during the reporting period

☐ Applicable ☒ Not applicable

V. Staff Condition

1. Staff Population, Professional Structure and Education Level

Population of in-service staff in parent company	17,040
Population of in-service staff in main subsidiaries	542
Total population of in-service staff	17,582
Total population of staff receiving remuneration in the current period	17,582
Population of retired staff whose expense was borne by parent company and major subsidiary companies	22,996
Professional Composition	
Type of Professional Composition	Population
Production Staff	13,932
Sales Staff	197
Technician	1,463
Financial Staff	141
Administrative Staff	1,849
Total	17,582
Educational Degree	
Type of Educational Degree	Population
PhD.	15
Postgraduate	348
Undergraduate	3,690
Junior College	5,427
Technical secondary school	371
High School and Technical School	3,119
Middle School and others	4,612
Total	17,582

2. Remuneration Policies

In 2019, the Company will further strengthen the management of salary distribution, establish a "de-administrative" broadband salary system, open up channels for the functional development of business, technology and operational posts, and improve the salary standards of employees. We should implement total compensation contract, guide all units to allocate human resources rationally, optimize the distribution mechanism and improve labor productivity, and give full play to the role of salary incentives and constraints. Simplify the annual salary structure and establish an annual salary assessment system which is linked to the group's efficiency and employee's income. Promote and strengthen the management of ERP salary, and realize the direct connection between banks and enterprises and the closed-loop management of salary.

3. Training Plan

The company plans to complete 123 training projects and train 13,103 people throughout the year. Ensure that the training rate of the whole staff reaches 70%, and the implementation rate of the annual training plan reaches 85%.

4. Outsourcing

☐ Applicable ☒ Not applicable

X. Corporate Governance

I. Basic Situation of Corporate Governance

Since listed in the stock exchange, the Company has been following the laws, regulations and documents such as the *Company Law*, *Securities Law*, *Listed Company Governance Rules*, *Shareholders' Meeting Criteria of Listed Companies*, *Guide of Lifting the Quality of Listed Company*, and *Instructions for Articles of Association of Listed Companies*. The Company has been establishing and improving governance structure to protect the interests of the Company and the investors. The Shareholders' Meeting was working with clear responsibilities and decision-making procedures. Arrangements were made to enable convenient participating of the public investors. Online voting system was introduced for material decision making processes. During the reporting period, according to the relevant laws and regulations, and combining with the actual situation of the Company, 'Company policy' and 'Rules of Shareholders' General Meeting' was formulated.

Whether there exists any difference in compliance with corporate governance, PRC Company Law and relevant provisions of CSRC

☐ Yes ☒ No

There exists no difference in compliance with corporate governance, PRC Company Law and relevant provisions of CSRC

II. Explanation on Structural Independence of the Company on Business, Personnel, Assets, Organization and Finance from the Controlling Shareholder

The Company is separated from the controlling shareholder in aspects of business, personnel, assets, organization and finance, etc. and has its own independent and complete business operation.

(1) In business operation: The Company has its own production and business planning, financial affairs check and calculate, labor and personnel, raw material supplies and products selling business system independently and completely.

(2) In personnel: The Company and controlling shareholder are separate in such aspects as labor, personnel and salary management. Such senior executives as company's chairman, general manager, vice general manager, secretary of Board of Directors, etc. get salary from the Company, and hold the important position other than a director in shareholder department.

(3) In Asset: The Company is separated from the controlling shareholder's clearly in asset. The Company has its own independent purchase, production, and marketing system.

(4) In organization: The internal operations of the Company are independent; organization structure and working function are totally independent.

(5) In finance: The company has independent financial management department, the accounting and financial management system where are complete and operated independently, and has bank account

and pay taxes independently.

III. Competition Situations of the Industry

☐ Applicable ☒ Not applicable

IV. Annual General Meeting and Extraordinary Shareholders' Meetings in the Reporting Period

1. Annual General Meeting

Sessions	Type	Investor participation ratio	Meeting Date	Date of disclosure	Index of information disclosure
First Extraordinary General Meeting of 2019	Extraordinary General Meeting	61.37%	March 14, 2019	March 15, 2019	Announcement No.: 2019-008
Annual General Meeting of 2019	Annual General Meeting	61.36%	May 16, 2019	May 17, 2019	Announcement No.: 2019-029
Second Extraordinary General Meeting of 2019	Extraordinary General Meeting	61.83%	June 10, 2019	June 11, 2019	Announcement No.: 2019-038
Third Extraordinary General Meeting of 2019	Extraordinary General Meeting	76.24%	August 30, 2019	August 31, 2019	Announcement No.: 2019-057
Forth Extraordinary General Meeting of 2019	Extraordinary General Meeting	62.08%	November 14, 2019	November 15, 2019	Announcement No.: 2019-076

2. Request for Extraordinary General Meeting by Preferred Stockholders Whose Voting Rights Restore

☐ Applicable ☒ Not applicable

V. Duty fulfillment of Independent Directors in Reporting Period

1. The situation of independent directors attending the BOD and shareholders meeting

Attendance of independent directors							
Independent Directors	Number of Board meetings necessary to be attended during the	Number of spot attendances	Number of meetings attended by Communication	Number of attendances by representative	Number of absence	Failure to personally attend board meetings successively twice (Yes/No)	Number of general meetings to be attended

	reporting period						
Zhong Tianli	12	2	10	0	0	No	5
Zhao Xinan	12	2	10	0	0	No	5
Zhang Suxun	7	1	6	0	0	No	3
Jin Yongli	5	1	4	0	0	No	2

Illustration to failure to personally attend Board Meetings Twice Successively

2. Objection of Independent Directors on Relevant Issues

Objection of independent directors on some relevant issues

☐ Yes ☒ No

Independent directors proposed no objection against the relevant matters during the reporting period.

3. Other Notes to Duty Fulfillment of Independent Directors

Whether any independent director's advice to the Company was accepted

☒ Yes ☐ No

Illustration of acceptance of or failure to accept an independent director's advice to the Company

Independent directors have not made recommendations during the reporting period.

VI. Duty Fulfillment of the Special Committees under the Board during the reporting period

The Remuneration and Assessment Committee is responsible to inspect the assessment process of the executives in year 2018.

The Development and Strategy Committee is responsible to examine the Board of Directors' Work Report 2018 and the Proposal of Investment Structural Planning 2019 in advance and provide suggestions on the Company's long-term development basing on its researches.

The Auditing Committee is responsible to inspect the operation of internal auditing system, to verify the financial information disclosure, to examine the Financial Report 2018, and the Internal Control Introspective Evaluation Report, etc.

Nomination Committee provided opinions on the adjustment of executive positions.

VII. Duty Fulfillment of the Supervisory Committee

Whether the supervisory board made any objection against the supervision issue during the reporting period

☐ Yes ☒ No

The Supervisory Board made no objection against the supervision issue during the reporting period.

VIII. Appraisal and Incentive System for Senior Executives

The Company's performance assessment scheme for executives implements a combination of daily accountability and annual comprehensive assessment and evaluation. Senior Executives shall be punished if they fail to perform their duties properly, make mistakes or neglect their duty. The annual comprehensive assessment is conducted in the form of positive evaluation, horizontal evaluation and reverse democratic evaluation. The comprehensive evaluation results are an important basis for selecting and appointing senior management personnel, cultivating education, management supervision and incentives.

IX. Internal Control

1. Significant defects of the internal control found in the internal control self-assessment report in the reporting period

√Yes □ No

Significant Defects of The Internal Control Found In The Report Period
No significant defects of the internal control were found during the reporting period

2. Self-Evaluation Report on Internal Control

Disclosing date of internal control auditing report full text	April 24, 2020	
Index of the internal control auditing report full text	http://www.cninfo.com.cn	
Proportion of total assets of subsidiaries belong to the scope of self-evaluation report in the total assets of the Company’s consolidated financial statements	94.00%	
Proportion of operation income of subsidiaries belong to the scope of self-evaluation report in the operation income of the Company’s consolidated financial statements	77.00%	
Standards of Defects Evaluation		
Category	Financial Report	Non-financial Report
Qualitative criteria	1. Material deficiencies: The frauds made by the directors, or supervisors, or senior management personnel that leads to significant losses and adverse effects to the company. 2. Significant deficiencies: Not in accordance with generally accepted	1. Material deficiencies : Major errors caused by decision-making procedure; the important business lacks

	<p>accounting standards selection and application of accounting policies; ; Not established anti-fraud procedures and control measures; Not established the corresponding control mechanism or not implemented the corresponding compensatory control on the accounting treatment of non-conventional or special deals; there are one or more defects in the process control of the final financial report and which leads to cannot reasonably guaranteeing the financial report compiled to achieve the goal of being true and accurate.</p> <p>3. General deficiencies: the internal control deficiencies except those constitute the material deficiencies and the significant deficiencies.</p> <p>institutional control or has a systematic failure while lacking effective compensatory control; serious drain of senior and middle level management personnel and senior technical staff; the results of internal control evaluation, especially the significant deficiencies have not been corrected; other circumstances that have big negative impact on the company.</p> <p>2. Significant deficiencies : General errors caused by decision-making procedure; there are defects in the important business regulations and system serious drain of business personnel in key posts; the results of internal control evaluation, especially the important deficiencies have not been corrected; other circumstances that have comparably big negative impact on the company.</p> <p>3. General deficiencies: low-efficiency on the decision-making process; existed defects in the ordinary business institution or system; serious drain of business personnel in general posts; general</p>
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		deficiencies that have not been corrected.
Quantitative criteria	<p>1. Material deficiencies: 1) misstatement $\geq 5\%$ of the total profits; 2) misstatement $\geq 3\%$ of the total assets; 3) misstatement $\geq 1\%$ of the total operating income; 4) misstatement $\geq 1\%$ of the total amount of the owner's equity. 5) 3% of the total profits \leq misstatement $< 5\%$ of the total profits; 2. Significant deficiencies: 1) 0.5% of the total assets \leq misstatement $< 3\%$ of the total assets; 2) 0.5% of the total operating income \leq misstatement $< 1\%$ of the total operating income; 3) 0.5% of the total amount of the owner's equity \leq misstatement $< 1\%$ of the total amount of the owner's equity. 3. General deficiencies: 1) misstatement $< 3\%$ of the total profits; 2) misstatement $< 0.5\%$ of the total assets; 3) misstatement $< 0.5\%$ of the total operating income; 4) misstatement $< 0.5\%$ of the total amount of the owner's equity.</p>	<p>1. Material deficiencies: 1) misstatement $\geq 5\%$ of the total profits; 2) misstatement $\geq 3\%$ of the total assets; 3) misstatement $\geq 1\%$ of the total operating income. 4) misstatement $\geq 1\%$ of the total amount of the owner's equity. 5) 3% of the total profits \leq misstatement $< 5\%$ of the total profits; 2. Significant deficiencies: 1) 0.5% of the total assets \leq misstatement $< 3\%$ of the total assets; 2) 0.5% of the total operating income \leq misstatement $< 1\%$ of the total operating income; 3) 0.5% of the total amount of the owner's equity \leq misstatement $< 1\%$ of the total amount of the owner's equity. 3. General deficiencies: 1) misstatement $< 3\%$ of the total profits; 2) misstatement $< 0.5\%$ of the total assets; 3) misstatement $< 0.5\%$ of the total operating income;</p>
Number of major defects in financial reporting(a)		0
Number of major defects in non-financial reporting (a)		0
Number of important defects in financial		0

reporting(a)	
Number of important defects in non-financial reporting(a)	0

X. Internal Control Audit Report

☒ Applicable ☐ Not applicable

Review opinions in the internal control audit report	
We acknowledge that internal control of Bengang Bancai is effective in all material respects and is compliance with 'Fundamental Rules of Enterprise Internal Control' up to December 31, 2019.	
Internal Control Audit Report Status	Disclosure
Disclosure date of audit report of internal control (full-text)	April 24, 2020
Index of audit report of internal control (full-text)	http://www.cninfo.com.cn
Internal audit report's opinion	Standard unqualified opinion
Whether there is significant defect in non-financial report	No

Whether the accountants' firm issued a qualified auditor's report of internal control

☐ Yes ☒ No

Whether the internal control audit report issued by the accountants' firm agree with the self-assessment report of the Board of Directors

☒ Yes ☐ No

XI. Relevant Information about Corporate Bonds

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

No.

XII. Financial Report

Auditors' Report

PCPAR [2020] No. ZB 10666

To All Shareholders of Bengang Steel Plates Co., Ltd.:

Auditor's Opinion

We have audited the accompanying financial statements of Bengang Steel Plates Co., Ltd. (hereinafter referred to as "the Company") which comprise the consolidated statement of financial position and statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income and statement of comprehensive income, the consolidated statement of changes in equity and statement of changes in equity, the consolidated statement of cash flows and statement of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2019, and the consolidated results of operations and results of operations and the consolidated cash flows and cash flows of the Company for the year then ended in accordance with the requirements of Accounting standards for Business Enterprises.

Basis for Opinion

We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with China Code of Ethics for Certified Public Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters are matters that we consider to be the most important for the audit of the current financial statements based on professional judgment. The response to these matters is based on the overall audit of the financial statements and the formation of audit opinions. We do not express a separate opinion on these matters. We have identified the following items as key audit matters that need to be disclosed in the audit report.

Key Audit Matters	Audit Procedure
1. Provision for Bad Debts	

<p>Please refer to the Note (10) Bad debt provision for accounts receivable under “3. Significant accounting policies and accounting estimates” and Note (3) Accounts receivable under “5. Notes to consolidated financial statements”.</p> <p>As at December 31, 2019, the carrying amount of Accounts receivable is RMB 422,027,232.44 and the bad debt is RMB 186,330,996.78.</p> <p>The management determines the estimated recoverable amount of accounts receivable based on the assessment of the credit status, financial status and actual repayment status of relevant customers.</p> <p>The management determines the estimated recoverable amount of accounts receivable based on significant accounting estimation and judgement. And impact amount is significant, we determine that the recoverability of accounts receivable is a key audit matter.</p>	<p>The audit process implemented for recoverability of Accounts receivable includes mainly:</p> <ol style="list-style-type: none"> 1. Understand, evaluate and test management's aging analysis of receivables and determine internal control related to bad debt provision for accounts receivable; 2. Review the management's consideration and objective evidence for the impairment test of accounts receivable and pay close attention to whether the management has fully identified the items that have been impaired; 3. Sample the accounts receivable tested for impairment individually, and review on the assumption and reasonableness of future cash flows estimation made by the management; 4. For accounts receivable tested for impairment by portfolio, evaluate the reasonableness of the bad debt provision proportion; 5. Perform confirmation procedure, and check the confirmation results with the amount recorded by the management; 6. Check the amount received after the reporting period and evaluate the reasonableness of provision for bad debts made by the management.
<p>2. Impairment of Inventory</p>	
<p>Please refer to the Note (11) Inventory under “3. Significant accounting policies and accounting estimates” and (7) Inventory under “5. Notes to consolidated financial statements”.</p> <p>As at December 31, 2019, the carrying amount of inventory in consolidated statement is RMB 7,770,641,202.02, impairment of inventory is RMB 70,243,516.41, the book value of inventory is RMB 7,700,397,686.61. Inventory is measured at the lower of cost and net realizable value. The sufficiency of impairment for inventory will exert a great impact on the financial statement.</p> <p>The net realizable value of finished products held for direct selling in the daily business activity shall be calculated by deducting the estimated sale expense and</p>	<p>The procedures carried out for the impairment of inventory include:</p> <ol style="list-style-type: none"> 1. Test and evaluate the effectiveness of internal control in relation to the impairment of inventory; 2. Supervise stock taking and check the quantity and status of inventory, especially slow-moving and aged inventory; 3. Obtain the calculation of the impairment of inventory. Check any changes of the accrual of inventory impairment in the current period and analyse the sufficiency of impairment; 4. For products with open market selling price, we inquired the open market price independently and compared with the estimated selling price. For products without open market selling price, we compare the estimated price of the products with the latest actual selling price or selling price after the reporting period. 5. Evaluate the estimated sales expenses

<p>relevant taxes from the estimated sale price of inventories.</p> <p>It involves significant judgement when the management determines the estimated selling price of the finished products based on status.</p> <p>As at December 31, 2019, the carrying amount of inventory was significant and involves the estimation of net realizable value. Therefore, we identified it as a key audit matter.</p>	<p>and related taxes and fees made by the management and compare with the historical data of similar products and compare with the actual costs occurred after the balance sheet date.</p>
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Other information

The management of the Company is responsible for the other information. The other information comprises information of the Company's annual report for the period of 2019 but excludes the financial statements and our auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit if there appears to be a material misstatement.

Based on the work we have performed, if we determine that there is a material misstatement of other information, we should report that fact. In this regard, we have nothing to report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for supervising the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Chinese Certified Public Accountants Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Chinese Certified Public Accountants Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Bengang Steel Plate's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Bengang Steel Plates to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within Bengang Steel Plates to express an opinion on the financial statements. We are responsible for guiding, supervising and executing the group audit and assume full responsibility for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide a statement to those charged with governance on compliance with the ethical requirements associated with independence and communicate with those charged with governance all relationships and other matters that may reasonably be considered to affect our independence, and related precautions (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in

extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO CHINA SHULUN PAN CERTIFIED
PUBLIC ACCOUNTANTS LLP

Certified Public Accountants of China
(Engagement Partner)

Certified Public Accountants of China

Shanghai, the People's Republic of China

22 April 2019

This auditor's report and the accompanying notes to the financial statement are English translation of the Chinese auditors' report. In case of doubt as to the presentation of these documents, the Chinese version shall prevail.

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019
(Expressed in Renminbi unless otherwise indicated)

Asset	Notes 5	20191231	20181231
Current assets			
Cash at bank and on hand	(1)	18,415,844,397.77	16,567,471,755.77
Settlement provisions			
Capital lent			
Financial assets held for trading			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	(2)		3,580,145,843.38
Accounts receivable	(3)	235,696,265.66	639,482,481.45
Accounts receivable financing	(4)	2,429,542,461.88	
Prepayments	(5)	1,291,047,458.11	1,321,537,514.78
Premium receivable			
Reinsurance accounts receivable			
Receivable deposit for reinsurance contract			
Other receivables	(6)	172,807,036.77	202,763,964.98
Redemptory financial assets for sale			
Inventories	(7)	7,700,397,685.61	10,677,747,112.40
Assets held for sale			
Non-current assets due within one year			
Other current assets	(8)	312,904,824.09	292,119,771.13
Total current assets		30,558,240,129.89	33,281,268,443.89
Non-current assets			
Loan and advances issued			
Debt Investments			
Available-for-sale financial assets	(9)		1,041,824,829.00
Other debt investments			
Held-to-maturity investment			
Long-term receivables			
Long-term equity investments	(10)	2,642,998.70	2,455,681.55
Other equity instrument investments	(11)	1,041,824,829.00	
Other non-current financial assets			
Investment property			
Fixed assets	(12)	26,123,375,492.40	23,924,504,539.97
Construction in progress	(13)	1,833,853,572.58	836,594,457.82
Productive biological assets			
Oil and gas assets			

Asset	Notes 5	20191231	20181231
Intangible assets	(14)	271,500,023.34	278,062,441.04
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	(15)	191,485,595.49	191,452,547.21
Other non-current assets	(16)	708,502,552.50	76,341,975.35
Total non-current assets		30,173,185,064.01	26,351,236,471.94
Total assets		60,731,425,193.90	59,632,504,915.83

The notes to the financial statements attached form part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2019
(Expressed in Renminbi unless otherwise indicated)

Liabilities and equities	Notes 5	20191231	20181231
Current Liabilities			
Short-term loans	(17)	13,151,478,000.00	11,938,490,375.85
Loan from central bank			
Loan from other banks			
Financial liability held for trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	(18)	11,828,514,676.95	10,013,192,014.02
Accounts payable	(19)	4,527,513,030.27	5,522,042,811.65
Advance from customers	(20)	4,429,821,526.79	3,331,854,098.42
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receipt from vicariously traded securities			
Receipt from vicariously underwriting securities			
Employee benefits payable	(21)	23,698,174.56	51,466,231.72
Current tax liabilities	(22)	284,825,814.80	515,752,369.68
Other payables	(23)	662,701,744.97	862,511,178.96
Handling charges and commission payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	(24)	234,474,657.99	350,965,576.32
Other current liabilities			
Total current liabilities		35,143,027,626.33	32,586,274,656.62
Non-current liabilities			
Provision for insurance contract			
Long-term loans	(25)	4,849,675,910.73	7,083,640,094.16
Bonds payable			
Including: Preferred stock			

Liabilities and equities	Notes 5	20191231	20181231
Perpetual bond			
Long-term payables	(26)	516,939,408.14	13,686,705.92
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	(27)	208,955,407.30	289,499,002.97
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		5,575,570,726.17	7,386,825,803.05
Total liabilities		40,718,598,352.50	39,973,100,459.67
Shareholders' equity:			
Share capital	(28)	3,875,371,532.00	3,875,371,532.00
Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Capital reserves	(29)	12,343,209,847.29	12,343,209,847.29
Less: treasury shares			
Other comprehensive income			
Special reserves	(30)	212,687.41	683,937.71
Surplus reserves	(31)	961,105,529.85	961,105,529.85
General risk reserve			
Undistributed profits	(32)	2,307,765,664.62	1,945,887,269.82
Total equity attributable to equity holders of the parent company		19,487,665,261.17	19,126,258,116.67
Non-controlling interests		525,161,580.23	533,146,339.49
Total shareholder's equity		20,012,826,841.40	19,659,404,456.16
Total of liabilities and owners' equity		60,731,425,193.90	59,632,504,915.83

The notes to the financial statements attached form part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

(Expressed in Renminbi unless otherwise indicated)

Assets	Notes 14	20191231	20181231
Current assets			
Cash at bank and on hand		16,982,227,928.89	15,536,305,375.00
Financial assets held for trading			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	(1)		3,356,020,598.89
Accounts receivable	(2)	388,997,108.46	409,553,059.27
Accounts receivable financing	(3)	2,193,319,842.60	
Prepayments		1,184,632,345.13	1,309,194,738.97
Other receivables	(4)	266,663,235.81	235,037,391.46

Assets	Notes 14	20191231	20181231
Inventories		6,114,582,832.33	8,681,362,081.72
Assets held for sale			
Non-current assets due within one year			
Other current assets		191,249,460.42	193,989,096.20
Total current assets		27,321,672,753.64	29,721,462,341.51
Non-current assets			
Debt investments			
Available-for-sale financial assets			1,041,624,829.00
Other debt investments			
Held-to-maturity investment			
Long-term receivables			
Long-term equity investments	(5)	2,016,281,902.16	2,016,281,902.16
Other equity instrument investments		1,041,624,829.00	
Other non-current financial assets			
Investment property			
Fixed assets		24,447,763,305.12	22,035,187,328.57
Construction in progress		1,813,889,136.42	825,553,510.15
Productive biological assets			
Oil and gas assets			
Intangible assets		145,470,040.68	148,776,177.96
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		93,555,276.54	96,220,003.00
Other non-current assets		696,351,867.38	76,341,975.35
Total non-current assets		30,254,936,357.30	26,239,985,726.19
Total assets		57,576,609,110.94	55,961,448,067.70

The notes to the financial statements attached form part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2019
(Expressed in Renminbi unless otherwise indicated)

Liabilities and shareholders' equities	Notes 14	20191231	20181231
Current liabilities			
Short-term loans		11,851,478,000.00	10,624,270,375.85

Liabilities and shareholders' equities	Notes 14	20191231	20181231
Financial liability held for trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable		10,225,969,445.22	9,213,748,427.22
Accounts payable		4,909,389,629.86	5,940,816,426.48
Prepayments		5,597,707,687.22	3,189,143,565.45
Employee benefits payable		21,872,906.71	49,378,095.47
Current tax liabilities		274,181,048.14	507,003,883.57
Other payables		384,125,032.59	538,051,513.13
Liabilities held for sale			
Non-current liabilities due within one year		234,474,657.99	350,965,576.32
Other current liabilities			
Total current liabilities		33,499,198,407.73	30,413,377,863.49
Non-current liabilities			
Long term loans		4,849,675,910.73	7,083,640,094.16
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Long-term payables		516,939,408.14	13,686,705.92
Long-term employee benefits payable			
Estimated liabilities			
Deferred income		208,955,407.30	289,499,002.97
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		5,575,570,726.17	7,386,825,803.05
Total liabilities		39,074,769,133.90	37,800,203,666.54
Shareholder's equity:			
Share capital		3,875,371,532.00	3,875,371,532.00
Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Capital reserves		11,923,058,165.17	11,923,058,165.17
Less: Treasury shares			
Other comprehensive income			
Special reserves		53,330.99	525,218.48
Surplus reserves		961,105,529.85	961,105,529.85
Undistributed Profits		1,742,251,419.03	1,401,183,955.66
Total shareholder's equity		18,501,839,977.04	18,161,244,401.16

Liabilities and shareholders' equities	Notes 14	20191231	20181231
Total liabilities and shareholder's equity		57,576,609,110.94	55,961,448,067.70

The notes to the financial statements attached form part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019
(Expressed in Renminbi unless otherwise indicated)

Items	Notes 5	2019	2018
1. Total operating income		52,741,353,582.28	50,181,869,721.54
Including: Operating income	(33)	52,741,353,582.28	50,181,869,721.54
Interest income			
Premium earned			
Income from handling charges and commission			
2. Total operating cost		52,124,252,623.88	49,034,254,641.50
Including: Operating cost	(33)	49,211,414,645.62	45,243,735,204.31
Interest expense			
Expenditure for handling charges and commission			
Surrender value			
Net expenditure for compensation			
Net provision for insurance contract appropriated			
Bonus payment for policy			
Reinsurance premium			
Tax and surcharges	(34)	271,580,080.03	356,418,784.11
Selling and distribution expenses	(35)	1,096,688,903.70	1,135,004,470.47
General and administrative expenses	(36)	831,945,841.56	916,341,137.85
Research and development expenses	(37)	30,780,463.74	6,399,884.30
Financial expenses	(38)	681,842,689.23	1,376,355,160.46
Including: Interest expense		948,799,627.90	1,278,508,985.59
Interest income		333,750,262.79	200,356,927.95
Add: Other income	(39)	83,916,607.12	86,085,297.03
Income on investment ("-" for loss)	(40)	1,058,377.90	5,212,886.01
Including: Income from associates and joint ventures		452,582.71	171,488.75
Income from derecognition of financial assets measured at amortized cost			
Exchange gains ("-" for loss)			
Net exposure hedge income ("-" for loss)			
Gains from change of fair value ("-" for loss)			
Credit impairment loss ("-" for loss)	(41)	-6,541,900.62	
Asset impairment loss ("-" for loss)	(42)	-43,256,982.72	-37,147,168.61
Assets disposal gains ("-" for loss)	(43)	3,441,646.67	213,401.13
3. Operational profit ("-" for loss)		655,718,706.75	1,201,979,495.60
Add: Non-operating income	(44)	10,306,462.87	8,384,120.14
Less: Non-operating expenses	(45)	90,209,742.22	156,235,959.72
4. Total profit ("-" for loss)		575,815,427.40	1,054,127,656.02
Less: Income tax expenses	(46)	18,954,938.42	17,949,597.66
5. Net profit ("-" for loss)		556,860,488.98	1,036,178,058.36
1. Classification by continuing operating			
1. Net profit from continuing operation ("-" for loss)		556,860,488.98	1,036,178,058.36
2. Net profit from discontinued operation ("-" for loss)			
2. Classification by ownership			
1. Net profit attributable to the owners of parent company ("-" for loss)		555,646,971.40	1,036,493,236.07
2. Net profit attributable to non-controlling shareholders ("-" for loss)		1,213,517.58	-315,177.71
6. Other comprehensive income			

Items	Notes 5	2019	2018
Other comprehensive income attributable to owners of the parent company after tax			
1. Other comprehensive income items that will not be reclassified into gains/losses			
1) Re-measurement of defined benefit plans of changes in net debt or net assets			
2) Other comprehensive income under the equity method cannot be reclassified into profit or loss			
3) Changes in fair value of investments in other equity instruments			
4) Changes in fair value of company's credit risk			
2. Other comprehensive income that will be reclassified into profit or loss.			
1) Other comprehensive income under the equity method investee can be reclassified into profit or loss			
2) Changes in fair value of other debt investments			
3) Gains and losses from changes in fair value available for sale financial assets			
4) Amount of financial assets reclassified into other comprehensive income			
5) Held-to-maturity investments reclassified to gains and losses of available for sale financial assets			
6) Credit impairment provision of other debt investments			
7) The effective portion of cash flow hedges and losses			
8) Translation differences in foreign currency financial statements			
9) Other			
Other comprehensive income attributable to non-controlling shareholders' equity after tax			
7. Total comprehensive income		556,860,488.98	1,036,178,058.36
Total comprehensive income attributable to the owner of the parent company		555,646,971.40	1,036,493,236.07
Total comprehensive income attributable to non-controlling shareholders		1,213,517.58	-315,177.71
8. Earnings per share			
1) Basic earnings per share		0.143	0.272
2) Diluted earnings per share		0.143	0.272

The notes to the financial statements attached form part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019
(Expressed in Renminbi unless otherwise indicated)

Items	Notes 14	2019	2018
1. Total operating income	(6)	52,605,113,207.02	50,425,079,247.74
Less: Operating cost	(6)	49,734,189,460.60	46,181,928,781.43
Tax and surcharges		219,994,347.76	315,916,612.32
Selling and distribution expenses		640,211,381.70	649,990,454.92
General and administrative expenses		775,147,352.42	865,648,309.29
Research and development expenses		30,780,463.74	6,399,884.30
Financial expenses		654,332,095.34	1,322,508,429.72
Including: Interest expense		889,827,373.77	1,214,448,750.09
Interest income		302,622,279.00	189,652,832.19
Add: Other income		83,594,522.47	85,795,297.03
Income on investment ("-" for loss)	(7)	27,594,915.42	5,041,397.26
Including: Income from associates and joint ventures			
Income from derecognition of financial assets measured at amortized cost			
Net exposure hedge income ("-" for loss)			
Gains from change of fair value ("-" for loss)			
Credit impairment loss ("-" for loss)		-4,408,068.83	

Items	Notes 14	2019	2018
Assets impairment loss (“-” for loss)		-43,256,982.72	-40,515,739.88
Assets disposal gains (“-” for loss)		3,488,648.92	213,401.13
2. Operational profit (“-” for loss)		617,471,140.72	1,133,221,131.30
Add: Non-operating income		10,128,386.99	7,861,687.83
Less: Non-operating expenses		90,098,761.28	155,512,092.92
3. Total profit (“-” for loss)		537,500,766.43	985,570,726.21
Less: Income tax expenses		2,664,726.46	3,969,918.33
4. Net profit (“-” for loss)		534,836,039.97	981,600,807.88
1. Net profit from continuing operation (“-” for loss)		534,836,039.97	981,600,807.88
2. Net profit from discontinued operation (“-” for loss)			
5. Other comprehensive income			
1. Other comprehensive income items that will not be reclassified into gains/losses			
1) Re-measurement of defined benefit plans of changes			
2) Other comprehensive income under the equity method cannot be reclassified into profit or loss			
3) Changes in fair value of investments in other equity instruments			
4) Changes in fair value of company's credit risk			
2. Other comprehensive income that will be reclassified into profit or loss.			
1) Other comprehensive income under the equity method investee can be reclassified into profit or loss			
2) Changes in fair value of other debt investments			
3) Gains and losses from changes in fair value available for sale financial assets			
4) Amount of financial assets reclassified into other comprehensive income			
5) Held-to-maturity investments reclassified to gains and losses of available for sale financial assets			
6) Credit impairment provision of other debt investments			
7) The effective portion of cash flow hedges and losses			
8) Translation differences in foreign currency financial statements			
9) Other			
6. Total comprehensive income		534,836,039.97	981,600,807.88
7. Earnings per share			
1) Basic earnings per share			
2) Diluted earnings per share			

The notes to the financial statements attached form part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019
(Expressed in Renminbi unless otherwise indicated)

Items	Notes 5	2019	2018
1. Cash flow from operating activities			
Cash received from sale of goods or rendering of services		47,399,776,780.22	42,328,152,309.09
Net increase of customers' deposit and interbank deposit			
Net increase of loan from central bank			
Net increase of loans from other financial institutions			

Items	Notes 5	2019	2018
Cash received for premium of original insurance contract			
Net cash received for reinsurance business			
Net increase of deposit and investment of the insured			
Cash from receiving interest, handling charge and commission			
Net increase of loans from borrowing funds			
Net increase of fund for repurchase business			
Net cash received from traded securities			
Tax rebate received		364,095,520.25	302,924,880.47
Other cash received relating to operating activities	(48)	377,085,656.22	257,881,680.20
Subtotal of cash inflows from operating activities		48,140,957,956.69	42,888,958,869.76
Cash paid for goods and services		37,675,995,353.53	36,193,580,135.37
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			
Net increase in capital lent			
Cash for payment of interest, handling charge and commission			
Cash for payment of policy bonus			
Cash paid to and on behalf of employees		2,109,471,410.71	1,979,770,272.66
Cash paid for all types of taxes		1,054,705,726.35	736,309,593.47
Other cash paid relating to operating activities	(48)	322,961,424.94	359,361,026.33
Subtotal of cash outflows from operating activities		41,163,133,915.53	39,269,021,027.83
Net cash flows from operating activities		6,977,824,041.16	3,619,937,841.93
2. Cash flows from investing activities			
Cash received from disposal of investments		52,773,000.00	679,000,000.00
Cash received from return on investments		871,060.75	5,483,213.49
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		340,766.32	
Net cash received from disposal of subsidiary and other operating units			
Other cash paid relating to investing activities			
Subtotal of cash inflows from investing activities		53,984,827.07	684,483,213.49
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		4,546,086,687.86	588,988,848.56
Cash paid for acquisition of investments		52,773,000.00	173,000,000.00
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		4,598,859,687.86	761,988,848.56
Net cash flows from investing activities		-4,544,874,860.79	-77,505,635.07
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		15,913,409,000.00	30,454,154,238.01
Other proceeds relating to financing activities	(48)	1,571,269,971.97	641,108,215.57
Subtotal of cash inflows from financing activities		17,484,678,971.97	35,061,062,441.77
Cash repayments of borrowings		17,121,821,388.69	37,598,204,701.96
Cash payments for distribution of dividends, profit or interest expenses		1,172,008,803.59	1,546,758,168.22
Including: Cash paid to non-controlling shareholders as dividend and profit by subsidiaries		9,198,305.14	
Other cash payments relating to financing activities	(48)	10,343,406.67	66,626,597.64
Subtotal of cash outflows from financing activities		18,304,173,598.95	39,211,589,467.82
Net cash flows from financing activities		-819,494,626.98	-4,150,527,026.05

Items	Notes 5	2019	2018
4. Effect of foreign exchange rate changes on cash and cash equivalents		75,411,813.22	43,066,662.23
5. Net increase in cash and cash equivalents		1,688,866,366.61	-565,028,156.96
Add: Cash and cash equivalents at the beginning of the period		11,752,548,621.97	12,317,576,778.93
6. Cash and cash equivalents at the ending of the period		13,441,414,988.58	11,752,548,621.97

The notes to the financial statements attached form part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

(Expressed in Renminbi unless otherwise indicated)

Items	Notes 14	2019	2018
1. Cash flow from operating activities			
Cash received from sale of goods or rendering of services		45,925,314,655.54	42,632,583,197.28
Tax rebate received		318,311,209.48	118,774,962.17
Other cash received relating to operating activities		289,883,909.31	231,198,417.23
Subtotal of cash inflows from operating activities		46,533,509,774.33	42,982,556,576.68
Cash paid for goods and services		35,992,848,593.70	37,353,692,318.60
Cash paid to and on behalf of employees		1,975,902,597.93	1,859,006,850.63
Cash paid for all types of taxes		897,467,468.84	624,727,175.93
Other cash paid relating to operating activities		231,467,233.26	283,003,821.64
Subtotal of cash outflows from operating activities		39,097,685,893.73	40,120,430,166.80
Net cash flows from operating activities		7,435,823,880.60	2,862,126,409.88
2. Cash flows from investing activities			
Cash received from disposal of investments			650,000,000.00
Cash received from return on investments		27,594,915.42	5,041,397.26
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 received relating to investing activities			
Subtotal of cash inflows from investing activities		27,594,915.42	655,041,397.26
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		4,500,165,073.02	583,816,993.15
Cash paid for acquisition of investments			409,300,000.00
Net cash paid for acquisition of subsidiary and other operating unit			
Other cash paid relating to investing activities			
Subtotal of cash outflows paid for investing activities		4,500,165,073.02	993,116,993.15
Net cash flows from investing activities		-4,472,570,157.60	-338,075,595.89
3. Cash flows from financing activities			
Proceeds from investment			3,965,799,988.19
Cash received from borrowings		14,603,409,000.00	28,965,014,238.01

Items	Notes 14	2019	2018
Other cash received relating to financing activities		1,484,945,138.77	641,108,215.57
Subtotal of cash inflows from financing activities		16,088,354,138.77	33,571,922,441.77
Cash repayments of borrowings		15,794,901,388.69	36,001,575,301.96
Cash payments for distribution of dividends, profit or interest		1,101,521,395.66	1,479,949,919.63
Other cash payments relating to financing activities		8,731,273.67	1,958,720.83
Subtotal of cash outflows from financing activities		16,905,154,058.02	37,483,483,942.42
Net cash flows from financing activities		-816,799,919.25	-3,911,561,500.65
4. Effect of foreign exchange rate changes on cash and cash equivalents		75,337,651.52	43,049,979.65
5. Net increase in cash and cash equivalents		2,221,791,455.27	-1,344,460,707.01
Add: Cash and cash equivalents at the beginning of the period		10,807,824,843.20	12,152,285,550.21
6. Ending balance of cash and cash equivalents		13,029,616,298.47	10,807,824,843.20

The notes to the financial statements attached form part of these financial statements.

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019
(Expressed in Renminbi unless otherwise indicated)

Items	2019													
	Owner's equity attributable to parent company											Subtotal	Non-controlling interest	Total of owner's equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit			
Preference shares		Perpetual bond	Others											
1. Ending balance of last year	3,875,371,532.00				12,343,209,847.29			683,937.71	961,105,529.85		1,945,887,269.82	19,126,258,116.67	533,146,339.49	19,659,404,456.16
Add: Change of accounting policies														
Correction of errors for last period														
Business consolidation under common control														
Others														
2. Beginning balance of current year	3,875,371,532.00				12,343,209,847.29			683,937.71	961,105,529.85		1,945,887,269.82	19,126,258,116.67	533,146,339.49	19,659,404,456.16
3. Changes in current year ("-" for decrease)								-471,250.30			361,878,394.80	361,407,144.50	-7,984,759.26	353,422,385.24
1) Total comprehensive income											555,646,971.40	555,646,971.40	1,213,517.58	556,860,488.98
2) Capital increase and decrease by shareholders														
(1) Common share invested by shareholders														
(2) Capital input by the holder of other equity instruments														
(3) Share-based payment attributable to owners' equity														
(4) Others														
3) Profit distribution											-193,768,576.60	-193,768,576.60	-9,198,305.14	-202,966,881.74
(1) Appropriation to surplus reserves														
(2) Appropriation to general risk reserve														
(3) Profit distribution to shareholders											-193,768,576.60	-193,768,576.60	-9,198,305.14	-202,966,881.74
(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) Net changes of defined contribution plans transferred into Retained Earnings														
(5) Other comprehensive income transferred into Retained Earnings														
(6) Others														

Items	2019													
	Owner's equity attributable to parent company												Non-controlling interest	Total of owner's equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Subtotal		
		Preference shares	Perpetual bond	Others										
5) Special reserves								-471,250.30				-471,250.30	28.30	-471,222.00
(1) Provision of special reserves								47,843,133.40				47,843,133.40	28.30	47,843,161.70
(2) Use of special reserves								48,314,383.70				48,314,383.70		48,314,383.70
6) Others														
4. Ending balance of current year	3,875,371,532.00				12,343,209,847.29			212,687.41	961,105,529.85		2,307,765,664.62	19,487,665,261.17	525,161,580.23	20,012,826,841.40

The notes to the financial statements attached form part of these financial statements

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
For the year ended 31 December 2019
(Expressed in Renminbi unless otherwise indicated)

Items	2018													
	Owner's equity attributable to parent company												Non-controlling interest	Total of owner's equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Subtotal		
		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	14,315,588,729.00	533,475,744.19	14,849,064,473.19
Add: Change of accounting policies														
Correction of errors for last 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	14,315,588,729.00	533,475,744.19	14,849,064,473.19
3. Changes in current year ("+" for increase)	739,371,532.00				3,228,364,305.24			208,890.96			842,724,659.47	4,810,669,387.67	-329,404.70	4,810,339,982.97
1) Total comprehensive income											1,036,493,236.07	1,036,493,236.07	-315,177.71	1,036,178,058.36
2) Capital increase and decrease by shareholders	739,371,532.00				3,228,364,305.24							3,967,735,837.24		3,967,735,837.24
(1) Common share invested by shareholders	739,371,532.00				3,228,364,305.24							3,967,735,837.24		3,967,735,837.24

Items	2018													
	Owner's equity attributable to parent company												Non-controlling interest	Total of owner's equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Subtotal		
Preference shares		Perpetual bond	Others											
(2) Capital input by the holder of other equity instruments														
(3) Share-based payment attributable to owners' equity														
(4) Others														
3) Profit distribution											-193,768,576.60	-193,768,576.60		-193,768,576.60
(1) Appropriation to surplus reserves														
(2) Appropriation to general risk reserve														
(3) Profit distribution to shareholders											-193,768,576.60	-193,768,576.60		-193,768,576.60
(4) Others														
4) Transfers within shareholders' equity														
(1) Capital reserves transferred into paid-in capital (or stock)														
(2) Surplus reserves transferred into paid-in capital (or stock)														
(3) Surplus reserves to recover loss														
(4) Net changes of defined contribution plans transferred into Retained Earnings														
(5) Others														
5) Special reserves								208,890.96				208,890.96	-14,226.99	194,663.97
(1) Provision of special reserves								46,823,964.39				46,823,964.39		46,823,964.39
(2) Use of special reserves								46,615,073.43				46,615,073.43	14,226.99	46,629,300.42
6) Others														
4. Ending balance of current year	3,875,371,532.00				12,343,209,847.29			683,937.71	961,105,529.85		1,945,887,269.82	19,126,258,116.67	533,146,339.49	19,659,404,456.16

The notes to the financial statements attached form part of these financial statements

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019
(Expressed in Renminbi unless otherwise indicated)

Items	2019										
	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	3,875,371,532.00				11,923,058,165.17			525,218.48	961,105,529.85	1,401,183,955.66	18,161,244,401.16
Add: Change of accounting policies											
Correction of errors for last period											
Others											
2. Beginning balance of current year	3,875,371,532.00				11,923,058,165.17			525,218.48	961,105,529.85	1,401,183,955.66	18,161,244,401.16
3. Changes in current year ("—" for decrease)								-471,887.49		341,067,463.37	340,595,575.88
1) Total comprehensive income										534,836,039.97	534,836,039.97
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 shareholders' equity											
(4) Others											
3) Profit distribution										-193,768,576.60	-193,768,576.60
(1) Appropriation of 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) Net changes of defined contribution plans transferred into Retained Earnings											
(5) Other comprehensive income transferred into retained earnings											
(6) Others											
5) Special reserves								-471,887.49			-471,887.49
(1) Provision of special reserves								45,445,975.41			45,445,975.41

Items	2019										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensi ve income	Special reserves	Surplus reserves	Undistributed profits	Total shareholder's equity
		Preferenc e shares	Perpetual bond	Others							
(2) Use of special reserves							45,917,862.90				45,917,862.90
6) Others											
4. Ending balance of current year	3,875,371,532.00				11,923,058,165.17			53,330.99	961,105,529.85	1,742,251,419.03	18,501,839,977.04

The notes to the financial statements attached form part of these financial statements

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
STATEMENT OF CHANGES IN EQUITY (Continued)
For the year ended 31 December 2019
(Expressed in Renminbi unless otherwise indicated)

Items	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 last 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 increase)	739,371,532.00				3,228,364,305.24			248,490.52		787,832,231.28	4,755,816,559.04
1) Total comprehensive income										981,600,807.88	981,600,807.88
2) Capital increase and decrease by shareholders	739,371,532.00				3,228,364,305.24						3,967,735,837.24
(1) Common share invested by 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 shareholders' equity											
(4) Others											
3) Profit distribution										-193,768,576.60	-193,768,576.60
(1) Appropriation of surplus reserves											
(2) Profit distribution to shareholders										-193,768,576.60	-193,768,576.60

Items	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							
(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) Net changes of defined contribution plans transferred into Retained Earnings											
(5) Others											
5) Special reserves								248,490.52			248,490.52
(1) Provision of special reserves								40,685,554.06			40,685,554.06
(2) Use of special reserves								40,437,063.54			40,437,063.54
6) Others											
4. Ending balance of current year	3,875,371,532.00				11,923,058,165.17			525,218.48	961,105,529.85	1,401,183,955.66	18,161,244,401.16

The notes to the financial statements attached form part of these financial statements

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Bengang Steel Plates Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019

(Expressed in Renminbi unless otherwise indicated)

1. Basic Information of the Company

(1) Company profile

Bengang Steel Plates Co., Ltd. (hereinafter referred to as “Bengang Steel Plates” or “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 HKD 2.38 each in Shenzhen Stock Exchange on 10 June 1997. On 3 November 1997, the Company issued another 120,000,000 A-shares (Renminbi common Shares) at RMB 5.40 each, and listed in Shenzhen Stock Exchange since 15 January 1998. The capital shares were totaled to 1,136,000,000 shares.

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

According to the approval document “Zheng-Jian-Gong-Si-Zi [2006] No. 126” by China Securities Regulatory Commission on 30 June 2006, the Company was approved to place 2 billion Renminbi common shares particularly to Bengang Group and the proceeds would be used to purchase the related assets of the Group. On the same day, Bengang Group received circular Zheng-Jian-Gong-Si-Zi [2006] No. 127 issued by China Securities Regulatory Committee, and were exempted for the liability of undertaking the purchase offer. The liability was caused by subscribing of the 2 billion new shares and the total shareholding was thus increased to 2.5752 billion shares (accounting for 82.12% of the total capital shares of the Company). On 28 August 2006, as approved by China Securities Depository & Clearing Corporation Ltd. Shenzhen Office, the registration and conditional placing procedures of the 2 billion new shares were completed. On 28 September 2006, the privately placed shares were approved by Shenzhen Stock Exchange to be placed in the stock market. The placing price was RMB4.6733 per share.

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

As at 31 December 2019, the capital shares were totaled to 3,875,371,532 shares.

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

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

The Company's legal representative: Gao Lie.

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

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

The financial statements have been approved for reporting by the board of directors of the Company on 22 April 2020.

(2) Consolidation scope

As at 31 December 2019, 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 Plates Liaoyang Pellet Co., Ltd.
Dalian Benruitong Automobile Material Technology Co., Ltd.
Changchun Bengang Steel & Iron Sales Co., Ltd.
Harbin Bengang Economic and Trading Co., Ltd.
Nanjing Bengang Materials Sales Co., Ltd.
Wuxi Bengang Steel & Iron Sales Co., Ltd.
Xiamen Bengang Steel & Iron Sales Co., Ltd.
Yantai Bengang Steel & Iron Sales Co., Ltd.
Tianjin Bengang Steel & Iron Trading Co., Ltd.
Bengang Posco Cold-rolled Sheet Co., Ltd.
Benxi Bengang Steel Sales Co., Ltd.
Shenyang Bengang Metallurgical Science and Technology Co., Ltd.
Chongqing Liaoben Steel & Iron Trading Co., Ltd.

The scope of the consolidated financial statements in this period has not changed compared with the previous period.

2. 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.

3. Significant accounting policies and accounting estimates

Notes for specific accounting policies and accounting estimates:

The following disclosed content covers the specific accounting policies and accounting estimates that are adopted by the Company based on the actual production and operation characteristics. Please see Note (10) Financial instruments, (11) Inventory, (15) Fixed assets, (18) Intangible assets, (23) Revenue under “3. Significant accounting policies and accounting estimates” for details.

(1) Statement of compliance with China Accounting Standards for Business Enterprises

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

(2) Accounting year

The Accounting year is from 1 January to 31 December.

(3) Operating period

The operating period is twelve months.

(4) Functional currency

The Company’s functional currency is RMB.

(5) The accounting treatment for Business combination under/not under common control

Business combination under common control

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

Business combination not under common control

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

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

(6) Consolidation of Financial Statements**1. Scope of consolidation**

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

2. Procedure of consolidation

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

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

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

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

(1) Increasing new subsidiaries and businesses

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

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

If it is now under common control, the Company shall not adjust the beginning balance in the consolidated statement of financial position when preparing consolidated statement of financial position. The revenue, expenses and profits of the subsidiaries from the acquisition

date to the end of the reporting period are included in the parent company's consolidated statement of comprehensive income. The cash flow of the subsidiaries from the acquisition date to the end of the reporting period is included in the Company's consolidated statement of cash flows.

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

(2) Disposing subsidiaries or businesses

1. General treatment

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

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

2. Disposing subsidiaries by multiple transactions

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

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

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

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

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

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

(4) Disposing portion of equity investments in subsidiaries without losing control

When the Company disposes of a portion of the long-term equity investments in a subsidiary without loss of control, the difference between the amount of the consideration received and the corresponding portion of the net assets of the subsidiary calculated continuously from the acquisition date or the combination date related to the disposal of the long-term equity investments shall be adjusted to the capital reserve (capital

premium or share premium) in the consolidated financial statements. If the balance of the capital reserve is not sufficient, any excess shall be adjusted against retained earnings.

(7) Classification of joint venture arrangements and accounting treatment

Joint venture arrangements are divided into joint operations and joint ventures.

When the Company is a joint venture party of a joint venture arrangement and have the assets related to the arrangement and assumes the liabilities related to the arrangement, it is a joint operation.

The Company confirms the following items related to the share of interest in the joint operation and performs accounting treatment in accordance with the relevant enterprise accounting standards:

- a. Confirm the assets held by the company separately, and confirm the assets held jointly by the Company's share;
- b. Recognize the liabilities assumed by the Company separately and the liabilities jointly assumed by the company's share;
- c. Recognize the income generated by the sale of the Company's share of common operating output;
- d. Recognize the revenue generated from the sale of joint operations based on the Company's share;
- e. Confirm the expenses incurred separately and the expenses incurred in the joint operation according to the Company's share.

For the accounting policy of the Company's investment in joint ventures, please refer to Note (13) Long-term Equity Investment under "3. Significant accounting policies and accounting estimates"

(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.

2. Translation of foreign currency financial statements

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

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

(10) Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments

1. Classification of financial instruments

Accounting Policies Adopted After January 1, 2019

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

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

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

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

The Company may make an election at initial recognition for non-trading equity instrument investments whether it is designated as a financial asset (equity instrument) that is measured at fair value through other comprehensive income. At the initial recognition, in order to eliminate or significantly reduce accounting mismatches, financial assets can be designated as financial

assets measured at fair value through profit or loss. According to the above conditions, the company does not have such designated financial assets.

The Company shall classify financial liabilities as financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss at initial measurement. In the initial recognition, in order to eliminate or significantly reduce accounting mismatches, financial assets can be designated as financial assets measured at fair value and their changes included in the current profit and loss. According to the above conditions, the Company does not have such designated financial assets.

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

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

Accounting Policies Applicable Before January 1, 2019

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

Accounting Policies Adopted After January 1, 2019

(1) Financial assets measured at amortised cost

Financial assets measured at amortized cost include notes receivables, accounts receivables, other receivables, long-term receivables, debt investments, etc. At initial recognition, the Company shall measure a financial asset at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset. The Company shall

measure account receivables at their transaction price if the account receivables do not contain a significant financing component and accounts receivables that the company has decided not to consider for a financing component of no more than one year.

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

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

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

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

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

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

When the financial assets are derecognized, the accumulated gain or loss previously. recognised

in other comprehensive income is transferred from other comprehensive income and recognised in retained earnings.

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

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

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

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

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

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

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

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

(6) Financial liabilities measured at amortised cost

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

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

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

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

Accounting Policies Applicable Before January 1, 2019

(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. Recognition and measurement of financial assets transfer

Where the Company has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall 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. Termination of recognition 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 part or all of the contractual stipulations of the existing financial liability, it shall terminate 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 Company shall include into the profits and losses of the current period the difference 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 of the financial assets (liabilities)

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

6. Impairment provision of the financial assets (excluding accounts receivables)

Accounting Policies Adopted After January 1, 2019

The Company considers all reasonable and relevant information, including forward-looking information, to recognize the expected credit loss on financial assets measured at amortized cost, and financial assets measured at fair value through other comprehensive income (debt instruments) on the individual or portfolio basis. The measurement of expected credit loss depends on whether there is a significant increase in credit risk of financial assets since the initial recognition.

If the credit risk of the financial instrument has increased significantly since the initial confirmation, the Company shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. The increase or reversal amount of loss allowance thus formed shall be included in the current profits and losses as impairment losses or gains.

Generally, the Company believes that the credit risk of the financial instrument has significantly increased over 30 days after the due date, unless there is solid evidence that the credit risk of the financial instrument has not

increased significantly since initial recognition.

If the credit risk of a financial instrument at the reporting date is relatively low, the Company considers that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If there is objective evidence indicating that a certain financial asset has been impaired, the Company shall recognise provision for impairment of the financial asset individually.

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

For those accounts receivable, lease receivables, long-term receivables formed by the company through the sale of goods or rendering of services, notes receivable, accounts receivable financing, and other receivables which contains significant financing component, the Company chooses to use the general financial asset impairment method, that is, according to whether the credit risk has increased significantly or not since the initial recognition to measure the expected credit loss at an amount equal to 12-month expected credit losses (stage one) or at an amount equal to the lifetime expected credit losses (stage two and stage three).

Accounting Policies Applicable before January 1, 2019

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 available-for-sale 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 "significant" decrease of fair value of available-for-sale equity instruments: the book value the equity investment is lower than 50% of the fair value;

The criteria for "non-temporary" decrease of fair value of available-for-sale equity instruments: available-for-sale equity instruments have been subject to material un-normal factors or the book value has been lower than the purchase price for over one year (including one year).

(2) Bad debt provision for accounts receivable

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

The recognition standard for the individually significant receivables:

Accounts receivable over RMB10 million or other receivables over RMB 5 million.

The provision method for bad debts for the individually significant receivables:

The impairment test shall be assessed individually for each individually significant receivable. If there is evidence indicating that the receivables have been impaired, the difference between the present value of the future cash flows and the book value of receivables shall be recognized as bad debts provision and shall be recorded into the profits and losses at the current period. Receivables that are assessed not to be impaired

individually are subsequently assessed for impairment in portfolios.

② The provision for bad debts for the receivables in portfolio

The provision method for bad debts for the receivables in portfolio	
Criteria for portfolio	
Portfolio	Individual insignificant receivables and receivables that are individually assessed not to be impaired
Provision method for bad debts for portfolio	
Portfolio	Aging analysis method

Aging analysis method for bad debts provision

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

③ Individually insignificant receivables of which bad debts are provisioned individually

Reasons for individual provision of bad debts

Individually insignificant receivables are individually assessed to be impaired.

The provision method for bad debts

The difference between the present value of the future cash flows and the book value of receivables shall be recognized as bad debts provision and shall be recorded into the profits and losses at the current period.

(3) 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) Inventory

1. Inventory classification

Inventories include material in transit, raw material, turnover materials, finished goods, work in process, issue commodity, materials for consigned processing, etc.

2. Valuation method for inventory dispatched

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

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

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

taxes from the estimated sale price of inventories; The net realizable value of inventories for further processing in the daily business activity shall be calculated by deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of inventories; The net realizable value of inventories held for the execution of sales contracts or labor contracts shall be calculated on the ground of the contract price. If the Company holds more inventories than the quantities subscribed in the sales contract, the net realizable value of the excessive part of the inventories shall be calculated on the ground of the general sales price.

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

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

The net realizable value of inventory at the year-end is based on the market price at the balance sheet date. Specifically, if the inventory held for the execution of the sales contract or labor contract, and the sales contract order quantity is equal to the quantity of inventory held by the enterprise, the contract price of the finished product or commodity is used as the basis for calculating the net realizable value; The quantity of inventory is more than the quantity ordered by the sales contract, and the net realizable value of the excess inventory is based on the general sales price of the finished product or commodity; if the quantity of inventory held by the enterprise is less than the quantity ordered by the sales contract, the actual Contract-related inventory uses the price specified in the sales contract as the basis for calculating the net realizable value.

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.

(12) Assets hold for sales

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

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

relevant regulations that the assets can be sold have been approved by relevant authorities or regulatory authorities of the Company.

(13) Long-term equity investment

1. Criteria of joint control and significant influence

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

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

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

(1) Long-term equity investment from business acquisition

For a business combination under common control, if the consideration of the combination is satisfied by paying cash, transfer of non-cash assets or assumption of liabilities and issue of equity securities, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. When an investor becomes capable of exercising control over an investee under common control due to additional investment or other reasons, the initial investment cost shall be the absorbing party's share of the carrying amount of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The difference between the initial investment cost and the carrying amount of the previously-held equity investment, together with the additional investment cost for new shares at combination date, shall be adjusted to the capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

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

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

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

which is actually paid.

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

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

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

3. Subsequent measurement and profit or loss recognition

(1) Cost method

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

(2) Equity method

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

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

The investor shall recognize its share of the investee's net profits or losses after making appropriate adjustments according to the Company's accounting principles and operating period based on the fair values of the investee's identifiable net assets at the acquisition date. During the holding period, if the investee makes consolidated financial statements, the Company shall calculate its share based on the investee's net profit, other

comprehensive income and the amount of other owners' equity attribute to the investee in the consolidated financial statements.

The unrealized profits or losses resulting from transactions between the investor and its associate or joint venture shall be eliminated in proportion to the investor's equity interest in the investee, based on which investment income or losses shall be recognized. Any losses resulting from transactions between the investor and investee which are attributable to asset impairment shall be recognized in full. If the transaction of investment or sale of assets among the Company and associate and joint venture and the assets is a business, it shall apply the treatment mentioned in Note 3 (5) "The accounting treatment for Business combination under/now under common control" and Note 3 (6) "Consolidation of Financial Statements".

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

(3) Disposal of long-term equity investment

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

When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. Those owner's equity recognized other than the change of net profits or loss, other comprehensive income, profit distribution of the invested entity shall be transferred proportionally into profit or loss of current period, other comprehensive income arising from the re-measurement of defined benefit plan is excluded.

When an investor can no longer exercise joint control of or significant influence over an investee due to partial disposal of equity investment or other reasons, the remaining equity investment shall be accounted for in accordance with financial instruments recognition and measurement standard. The difference between the fair value and the carrying amount at the date of the loss of joint control or significant influence shall be charged to profit or loss for the current period. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. Those owner's equity recognized other than the change of net profits or loss, other comprehensive income, profit distribution of the invested entity shall be transferred into profit or loss of current period in full when the Company cease to adopt the equity method.

When the Company can no longer exercise control over an investee due to partial disposal of equity investment or due to decrease of shareholding ratio because of additional investment by other investors, and with the

retained interest, still has joint control of, or significant influence over, the investee, when preparing the individual financial statements, the investor shall change to the equity method and adjust the remaining equity investment as if the equity method had been applied from the date of the first acquisition. If the investor cannot exercise joint control of or significant influence over the investee after partial disposal of equity investment, the remaining equity investment shall be accounted for in accordance with financial instruments recognition and measurement standards, 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 investments accounted for in accordance with financial instruments recognition and measurement standard after disposal, other comprehensive income and other owner's interests previously recognized shall be transferred to profit or loss in full.

(14) Investment property

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

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

(15) Fixed assets

1. Recognition of Fixed assets

The term "fixed assets" refers to the tangible assets held for the sake of producing commodities, rendering labor service, renting or business management and of which useful life is in excess of one fiscal year. No fixed asset may be recognized unless it simultaneously meets the conditions as follows:

- (1) The economic benefits pertinent to the fixed asset are likely to flow into the enterprise; and
- (2) The cost of the fixed asset can be measured reliably.

2. Fixed assets depreciation

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

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

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

Category	Depreciation method	Depreciation Period	Residual Value Rate (%)	Depreciation Rate (%)
Plants and Buildings	straight line method	8-40 years	0.00	2.50-12.50
Machinery	straight line method	4-18 years	3.00	5.39-24.25
Transportation and other equipment	straight line method	5-18 years	3.00	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.

(16) 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.

(17) Borrowing costs**1. Principle of the recognition of capitalized borrowing costs**

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

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

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

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

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

2. The capitalization period of borrowing costs

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

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

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

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

3. The suspension of capitalization of borrowing costs

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

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

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

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

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

(18) Intangible Assets

1. Measurement of Intangible Assets

(1) Initial measurement is based on cost upon acquisition

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

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

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

(2) Subsequent Measurement

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

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

be amortized.

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

Item	Estimated useful life	Criteria
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.

3. Determination of intangible assets with uncertain useful lives

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

4. Classification criteria for internal research phase and development phase

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

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

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

(19) Impairment of long-term assets

For long-term assets such as long-term equity investments, Investment property under the cost model, fixed assets, construction in progress, intangible assets with limited useful lives etc., the Company shall perform impairment tests at the period end if there is clear indication of impairment. If the recoverable amounts of long-term assets are less than their carrying amounts, the carrying amounts of the assets shall be written down to their recoverable amounts. The write-downs are recognized as impairment losses and charged to current profit and loss. The recoverable amounts of long-term assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. The Company shall estimate its recoverable amount on an individual basis. Where it is difficult to do so, it shall determine the recoverable amount of the assets on the basis of the asset group to which the asset belongs. The term "assets group" refers to a minimum combination of assets by which the cash flows could be generated independently

The goodwill, intangible assets with uncertain useful life and intangible assets not meeting the

expected condition for use the 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.

(20) Long-term deferred expense

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

The long-term deferred expense shall be amortized over its beneficiary period evenly

(21) Employee benefits

1. Accounting treatment for short employee benefit

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

Payments made by an enterprise of social security contributions for employees, payments of

housing funds, and union running costs employee education costs provided in accordance with relevant requirements shall, in the accounting period in which employees provide services, be calculated according to prescribed bases and percentages in determining the amount of employee benefits.

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

2. Accounting treatment of post-employment benefits

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

In addition to basic pension fund, the company has also established an enterprise annuity payment system (supplementary pension fund) / enterprise annuity plan in accordance with the relevant policies of the national enterprise annuity system. The company pays a local social insurance institution's contribution / annuity plan according to a certain percentage of the total wages of employees, and the corresponding expenditure is included in the current profit and loss or related asset costs.

3. Accounting treatment of termination benefits

The Company shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or when the Company recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

(22) Estimated liabilities

1. Recognition criteria of estimated liabilities

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

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

2. Measurement of estimated liabilities

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

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

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

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

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

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

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

(23) Revenue

(1) The general principle of revenue recognition and measurement

The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.

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.

The relevant costs incurred or to be incurred can be measured reliably.

(2) The specific criteria of revenue recognition and measurement

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

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

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

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

- (1) Interest income shall be calculated based on the duration of which the Company's cash is used by others and the actual interest rate; or
- (2) Royalty revenue shall be calculated based on the period and method of charging as stipulated in the relevant contract or agreement.

(24) Government Subsidies**1. Types**

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

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 government subsidies related to incomes refers to government subsidies other than those related to assets.

The standard of the Company recognizing the government subsidies related to assets is: an entity qualifying for them should purchase, construct or otherwise acquire long-term assets.

The standard of the Company recognizing the government subsidies related to income is: In addition to government subsidies related to assets, government subsidies that have been clearly targeted for subsidies.

2. Recognition

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

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

3. Accounting treatment

Government subsidies related to assets shall be recognized by deducting the subsidies at the caring amount of the assets or recognized as deferred income. Subsidies that recognized as deferred income shall be recognized in profit or loss on a systematic basis over the periods during the useful lives of the relevant assets (Subsidies related to daily activities should be recorded in Other Income. Subsidies that unrelated to daily activities should be recorded in Non-operating Income).

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

The policy discount loans obtained by the company are divided into the following two situations and are separately accounted for:

(a) The government allocates discounted funds to the loan bank, and the loan bank provides loans to the company at a policy preferential interest rate. The preferential interest rate is used to calculate the relevant borrowing costs.

(b) If the government directly allocates the discounted funds to the company, the company will offset the relevant borrowing costs with the corresponding discounts, directly accounted for the current profit or loss or recognized as deferred income.

(25) Deferred tax assets and deferred tax liabilities

An enterprise shall recognize the deferred income tax assets arising from a deductible temporary difference to the extent of the amount of the taxable income which it is most likely to be obtained 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.

(26) 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.

(27) 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.

(28) Major accounting estimates and judgments

When preparing financial statements, the Company's management needs to use estimates and assumptions, which will affect the application of accounting policies and the amount of assets, liabilities, income and expenses. Actual conditions may differ from these estimates. The management of the company continuously evaluates the judgment of key assumptions and uncertainties involved in the estimation, and the impact of changes in accounting estimates will be recognized in the current and future periods.

The main uncertainties in the estimated amount are as follows:

(1) Measurement of expected credit losses

The company calculates the expected credit loss through the default risk exposure and the expected credit loss rate, and determines the expected credit loss rate based on the default probability and the default loss rate. When determining the expected credit loss rate, the company uses internal historical credit loss experience and other data, and adjusts the historical data in combination with current conditions and forward-looking information. When considering forward-looking information, the indicators used by the Company include the risk of economic downturn, the expected increase in unemployment rate, changes in the external market environment, technological environment and customer conditions. The Company regularly monitors and reviews assumptions related to the calculation of expected credit losses.

(2) Inventory Impairment

As mentioned in note (11) Inventory under “3 Significant accounting policies and accounting estimates”, the Company regularly estimates the net realizable value of the inventory, and recognizes the difference in inventory cost higher than the net realizable value. When estimating the net realizable value of inventory, the Company considers the purpose of holding the inventory and uses the available information as the basis for estimation, including the market price of the inventory and the Company's past operating costs. The actual selling price, completion cost, sales expenses and taxes of the inventory may change according to changes in market sales conditions, production technology, or the actual use of the inventory. Therefore, the amount of inventory depreciation reserve may change according to the above reasons. Adjustments to the inventory impairment will affect the current profit and loss.

(3) Impairment of other assets except inventory and financial assets

As mentioned in note (19) Long-term Asset Impairment under “3 Significant accounting policies and accounting estimates”, the company performs an impairment assessment on assets other than inventory and financial assets on the balance sheet date to determine whether the recoverable amount of the asset has fallen to a lower level than its book value. If the situation shows that the book value of the long-term assets may not be fully recovered, the relevant assets will be deemed to be impaired and the impairment loss will be recognized accordingly.

The recoverable amount is the higher of the net value of the fair value of the asset (or asset group) minus the disposal expenses and the present value of the asset (or asset group) 's expected future cash flow. Because the Company can not reliably obtain the public market price of assets (or asset groups), and can not reliably and accurately estimate the fair value of assets. Therefore, the Company regards the present value of the expected future cash flow as the recoverable amount. When estimating the present value of future cash flows, it is necessary to make a significant judgment on the output, selling price, related operating costs of the products produced by the asset (or asset group), and the discount rate used in calculating the present value. The Company will use all available relevant information when estimating the recoverable amount, including the prediction of output, selling price and related operating costs based on reasonable and supportable assumptions.

(4) Depreciation and amortization of assets such as fixed assets and intangible assets

As described in note (15) Fixed Assets and note (18) Intangible Assets under “3 Significant accounting policies and accounting estimates”, the company shall accrue depreciation for the fixed assets and amortization for intangible assets within the useful life after considering their residual value. The company regularly reviews the useful life of related assets to determine the amount of depreciation and amortization expenses to be included in each reporting period. The useful life of assets is determined by the company based on past experience with similar assets and in combination with anticipated technological changes. If the previous estimates change significantly, the depreciation and amortization expenses will be adjusted in the future.

(5) Deferred tax assets

When it is estimated that sufficient taxable income can be obtained in the future to use the unrecovered tax losses and deductible temporary differences, the relevant deferred tax assets are calculated and confirmed on the basis of the applicable income tax rate during the period when the asset is expected to be recovered and the amount of taxable income is limited to deductible tax losses and deductible temporary differences likely to be obtained by the Company. The Company needs to use judgment to estimate the time and amount of future taxable income, and make reasonable estimates and judgments on the future applicable income tax rate according to the current tax policy and other related policies to determine the deferred tax assets that should be recognized. If the time and amount of profits actually generated in the future period or the actual applicable income tax rate are different from the management's estimate, the difference will have an impact on the amount of deferred tax assets.

(29) Change of significant accounting policy and accounting estimate**1. Change of major accounting policy during this reporting period**

- (2) Implementation of “Notice of the Ministry of Finance on the revision of the format for the issuance of the financial statements of the general enterprise for the year 2019” and

“Notice on the revision of the format for the issuance of the consolidated financial statements for the year 2019”

Ministry of Finance issued “Notice of the Ministry of Finance on the revision of the format for the issuance of the financial statements of the general enterprise for the year 2019” (Cai-Kuai 2019 No.6) on 30 April 2019, and “Notice on the revision of the format for the issuance of the consolidated financial statements for the year 2019” (Cai-Kuai 2019 No.16) which revised the format of financial statement for the general enterprise.

The following accounting policy changes have been approved by the company's board of directors and board of supervisors.

The major impact of the implementation of the above regulations are as follows:

Change of accounting policy content and reason	Affected items and amount	
	Consolidated Financial statement	Parent company financial statement
In the balance sheet, “Notes receivable and accounts receivable” splits into “Notes receivables” and “Accounts receivables”; “Notes payable and accounts payable” splits into “Notes payable” and “Accounts payable”; the comparative data is adjusted accordingly.	<p>“Notes receivable and accounts receivable” splits into “Notes receivables” and “Accounts receivables”, the ending balance of last year of “Notes receivables” is RMB 3,580,145,843.38, and the ending balance of last year of “Accounts receivables” is RMB 639,482,481.45;</p> <p>“Notes payable and accounts payable” splits into “Notes payable” and “Accounts payable”, the ending balance of last year of “Notes payable” is RMB 10,013,192,014.02, the ending balance of last year of “Accounts payable” is RMB 5,522,042,811.65.</p>	<p>“Notes receivable and accounts receivable” splits into “Notes receivable” and “Accounts receivable”, the ending balance of last year of “Notes receivables” is RMB 3,356,020,598.89, the ending balance of last year of “Accounts receivables” is RMB 409,553,059.27;</p> <p>“Notes payable and accounts payable” splits into “Notes payable” and “Accounts payable”; the ending balance of last year of “Notes payable” is RMB 9,213,748,427.22, the ending balance of last year of “Accounts payable” is RMB 5,940,816,426.48.</p>

- (5) Implementation of “Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments”, “Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets”, “Accounting Standards for Business Enterprises No.24-Hedging Accounting”, and “Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments” (2017 revision).

Ministry of Finance revised “Accounting Standards for Business Enterprises No.22-

Recognition and Measurement of Financial Instruments”, “Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets”, “Accounting Standards for Business Enterprises No.24-Hedging Accounting”, and “Accounting Standards for Business Enterprises No.37 - Presentation of Financial Instruments” in 2017, which stipulates financial instruments that have not been derecognised on the date of initial implementation, they shall be adjusted retrospectively, if the previous recognition and measurement are inconsistent with the requirements of the revised standard. No adjustment is required, if the previous comparative financial statements are inconsistent with the requirements of the revised standard. Adjustment is required for retained earnings and other comprehensive income at the beginning of the year due to cumulative impact of retroactive adjustments.

The following accounting policy changes have been approved by the company's board of directors and board of supervisors.

Based on adjusted ending balance of previous year in accordance with “Cai-Kuai 2019 No.6” and “Cai-Kuai 2019 No.16”, the major impact of the implementation of the above standards are as follows:

Change of accounting policy content and reason	Affected items and amount	
	Consolidated	Parent company
(1) Non-tradable available-for-sale equity instrument investments are designated as "financial assets measured at fair value through other comprehensive income"	The beginning balance of available-for-sale financial assets decrease by RMB 1,041,824,829.00.	The beginning balance of available-for-sale financial assets decrease by RMB 1,041,824,829.00.
	The beginning balance of other equity instrument investment: increase by RMB 1,041,824,829.00.	The beginning balance of other equity instrument investment: increase by RMB 1,041,824,829.00.
Reclassify part of “Accounts receivables” to “Financial assets at fair value through other comprehensive income (debt instruments)”	Notes Receivable: decrease by RMB 3,580,145,843.38 at the beginning of the year. Accounts receivable financing: increases RMB 3,580,145,843.38 at the beginning of the year.	Notes Receivable: decreases by RMB 3,356,020,598.89 at the beginning of the year. Accounts receivable financing: increases RMB 3,356,020,598.89 at the beginning of the year.

Based on adjusted ending balance of previous year according to Cai-Kuai 2019 No. 6 and Cai-Kuai No.16, the financial assets and liabilities recognised and measured before and after the amendment are compared as follows:

Consolidated:

Old Financial Instrument Standards			New Financial Instrument Standards		
Items	Measurement Method	Book value	Items	Measurement Method	Book value
Cash at bank and on hand	Amortized cost	16,567,471,755.77	Cash at bank and on hand	Amortized cost	16,567,471,755.77
Financial assets at fair value through profit or loss	Fair value through profit or loss		Financial assets held for trading	Fair value through profit or loss	
Derivative financial assets	Fair value through profit or loss		Derivative financial assets	Fair value through profit or loss	
Notes receivable	Amortized cost	3,580,145,843.38	Notes receivable	Amortized cost	
			Accounts Receivable financing	Fair value through other comprehensive income	3,580,145,843.38
Accounts receivable	Amortized cost	639,482,481.45	Accounts receivable	Amortized cost	639,482,481.45
			Receivables financing	Fair value through other comprehensive income	
Other receivables	Amortized cost	202,763,964.98	Other receivable	Amortized cost	202,763,964.98
Held to maturity investments (Including other current assets)	Amortized cost		Debt investment (Including other current assets)	Amortized cost	
Available for sale financial assets (Including other current	Fair value through other comprehensive income (Debt		Debt investment (Including other current assets)	Amortized cost	

Old Financial Instrument Standards			New Financial Instrument Standards		
assets)	instruments)		Other debt investment (Including other current assets)	Fair value through other comprehensive income	
	Fair value through other comprehensive income (Equity instruments)		Financial assets held for trading	Fair value through profit or loss	
			Other non-current financial assets		
			Other equity instruments investment	Fair value through other comprehensive income	
	Cost (Equity instruments)	1,041,824,829.00	Financial assets held for trading	Fair value through profit or loss	
			Other non-current financial assets		
			Other equity instruments investment	Fair value through other comprehensive income	1,041,824,829.00
Long-term account receivable	Amortized cost		Long-term account receivable	Amortized cost	
Financial liabilities at fair value through profit or loss	Fair value through profit or loss		Financial liabilities held for trading	Fair value through profit or loss	
Derivative financial liabilities	Fair value through profit or loss		Derivative financial liabilities	Fair value through profit or loss	

Parent company

Old Financial Instrument Standards			New Financial Instrument Standards		
Items	Measurement Method	Book value	Items	Measurement Method	Book value
Cash at bank and on hand	Amortized cost	15,536,305,375.00	Cash at bank and on hand	Amortized cost	15,536,305,375.00
Financial assets at fair value through profit or loss	Fair value through profit or loss		Financial assets held for trading	Fair value through profit or loss	
Derivative financial assets	Fair value through profit or loss		Derivative financial assets	Fair value through profit or loss	
Notes receivable	Amortized cost	3,356,020,598.89	Notes receivable	Amortized cost	
			Accounts receivable financing	Fair value through other comprehensive income	3,356,020,598.89
Accounts receivable	Amortized cost	409,553,059.27	Accounts receivable	Amortized cost	409,553,059.27
			Accounts receivable financing	Fair value through other comprehensive income	
Other receivables	Amortized cost	235,037,391.46	Other receivables	Amortized cost	235,037,391.46
Held to maturity investments (Including other current assets)	Amortized cost		Debt investment (Including other current assets)	Amortized cost	
Available for sale financial assets	Fair value through other		Debt investment (Including other	Amortized cost	

Old Financial Instrument Standards			New Financial Instrument Standards		
(Including other current assets)	comprehensive income (Debt instruments)		current assets)		
			Other debt investment (Including other current assets)	Fair value through other comprehensive income	
	Fair value through other comprehensive income (Equity instruments)		Financial assets held for trading	Fair value through profit or loss	
			Other non-current financial assets		
			Other equity instruments investment	Fair value through other comprehensive income	
	Cost (Equity instruments)	1,041,624,829.00	Financial assets held for trading	Fair value through profit or loss	
			Other non-current financial assets		
			Other equity instruments investment	Fair value through other comprehensive income	1,041,624,829.00
Long-term account receivable	Amortized cost		Long-term account receivable	Amortized cost	
Financial liabilities at fair value through profit or loss	Fair value through profit or loss		Financial liabilities held for trading	Fair value through profit or loss	
Derivative financial liabilities	Fair value through profit or loss		Derivative financial liabilities	Fair value through profit or loss	

(6) Implementation of “Accounting Standards for Business Enterprises No. 7-Non-Monetary Assets Exchange” (2019 Revision)

Ministry of Finance issued “Accounting Standards for Business Enterprises No. 7-Non-Monetary Assets Exchange” (Revised 2019) (Caikuai [2019] No. 8) on May 9, 2019, and came into effect on June 10, 2019. For non-monetary assets exchange occurred from January 1, 2019 to the effective date, the adjustment shall be made accordingly. For non-monetary asset exchanges occurred before January 1, 2019, retrospective adjustments are not required. The implementation of the above standards by the company has no significant impact for the reporting period.

(7) Implementation of “Accounting Standards for Business Enterprises No. 12-Debt Restructuring” (2019 Revision)

Ministry of Finance issued “Accounting Standards for Business Enterprises No. 12-Debt Restructuring” 2019 Revision) (Caikuai [2019] No. 9) on June 17, 2019, and came into effect on June 17, 2019. For debt restructuring occurred from January 1, 2019 to the effective date, the adjustment shall be made accordingly. For debt restructuring occurred before January 1, 2019, retrospective adjustments are not required. The implementation of the above standards by the company has no significant impact for the reporting period.

2. Change of accounting estimate during this reporting period

None.

3. The first implementation of the new financial instruments standard adjustment to the financial statements at the beginning of the year

Consolidated Statement of Financial Position

Items	20181231	20190101	Adjusted amount		
			Reclassify	Remeasure	Total
Current assets:					
Cash at bank and on hand	16,567,471,755.77	16,567,471,755.77			
Settlement provisions					
Capital lent					
Financial assets held for trading	Not Applicable				
Financial assets at fair value through profit or loss		Not Applicable			
Derivative financial assets					
Notes receivable	3,580,145,843.38		-3,580,145,843.38		-3,580,145,843.38
Accounts receivable	639,482,481.45	639,482,481.45			
Accounts receivable financing	Not Applicable	3,580,145,843.38	3,580,145,843.38		3,580,145,843.38
Prepayments	1,321,537,514.78	1,321,537,514.78			
Premium receivable					
Reinsurance accounts receivable					
Receivable deposit for reinsurance contract					
Other receivables	202,763,964.98	202,763,964.98			
Redemptory financial assets for sale					
Inventories	10,677,747,112.40	10,677,747,112.40			
Assets held for sale					
Non-current assets due within one year					
Other current assets	292,119,771.13	292,119,771.13			
Total current assets	33,281,268,443.89	33,281,268,443.89			

Items	20181231	20190101	Adjusted amount		
			Reclassify	Remeasure	Total
Non-current assets:					
Loan and advances issued					
Debt investment	Not Applicable				
Available-for-sale financial assets	1,041,824,829.00	Not Applicable	-1,041,824,829.00		-1,041,824,829.00
Other debt investments	Not Applicable				
Held-to-maturity investments		Not Applicable			
Long-term receivables					
Long-term equity investments	2,455,681.55	2,455,681.55			
Other equity instrument investments	Not Applicable	1,041,824,829.00	1,041,824,829.00		1,041,824,829.00
Other non-current financial assets	Not Applicable				
Investment property					
Fixed assets	23,924,504,539.97	23,924,504,539.97			
Construction in progress	836,594,457.82	836,594,457.82			
Productive biological assets					
Oil and gas assets					
Intangible assets	278,062,441.04	278,062,441.04			
Development expenditure					
Goodwill					
Long-term deferred expenses					
Deferred tax assets	191,452,547.21	191,452,547.21			
Other non-current assets	76,341,975.35	76,341,975.35			
Total non-current assets	26,351,236,471.94	26,351,236,471.94			
Total assets	59,632,504,915.83	59,632,504,915.83			
Current liabilities:					
Short-term loans	11,938,490,375.85	11,938,490,375.85			

Items	20181231	20190101	Adjusted amount		
			Reclassify	Remeasure	Total
Loan from central bank					
Loan from other banks					
Financial liability held for trading	Not Applicable				
Financial liabilities at fair value through profit or loss		Not Applicable			
Derivative financial liabilities					
Notes payable	10,013,192,014.02	10,013,192,014.02			
Accounts payable	5,522,042,811.65	5,522,042,811.65			
Advance from customers	3,331,854,098.42	3,331,854,098.42			
Financial assets sold for repurchase					
Deposits from customers and interbank					
Receipt from vicariously traded securities					
Receipt from vicariously underwriting securities					
Employee benefits payable	51,466,231.72	51,466,231.72			
Current tax liabilities	515,752,369.68	515,752,369.68			
Other payables	862,511,178.96	862,511,178.96			
Handling charges and commission payable					
Reinsurance accounts payable					
Liabilities held for sale					
Non-current liabilities due within one year	350,965,576.32	350,965,576.32			
Other current liabilities					
Total current liabilities	32,586,274,656.62	32,586,274,656.62			
Non-current liabilities:					
Non-current liabilities					
Provision for insurance contract	7,083,640,094.16	7,083,640,094.16			
Long-term loans					

Items	20181231	20190101	Adjusted amount		
			Reclassify	Remeasure	Total
Bonds payable					
Including: Preferred stock					
Perpetual bond	13,686,705.92	13,686,705.92			
Long-term payables					
Long-term employee benefits payable					
Estimated liabilities	289,499,002.97	289,499,002.97			
Deferred income					
Deferred tax liabilities					
Other non-current liabilities	7,386,825,803.05	7,386,825,803.05			
Total liabilities	39,973,100,459.67	39,973,100,459.67			
Shareholders' equity:					
Share capital	3,875,371,532.00	3,875,371,532.00			
Other equity instruments					
Including: Preferred stock					
Perpetual bond					
Capital reserves	12,343,209,847.29	12,343,209,847.29			
Less: treasury shares					
Other comprehensive income					
Special reserves	683,937.71	683,937.71			
Surplus reserves	961,105,529.85	961,105,529.85			
General risk reserve					
Undistributed profits	1,945,887,269.82	1,945,887,269.82			
Total equity attributable to equity holders of the parent company	19,126,258,116.67	19,126,258,116.67			
Non-controlling interests	533,146,339.49	533,146,339.49			

Items	20181231	20190101	Adjusted amount		
			Reclassify	Remeasure	Total
Total shareholder's equity	19,659,404,456.16	19,659,404,456.16			
Total liabilities and shareholder's equity	59,632,504,915.83	59,632,504,915.83			

Statement of Financial Position for parent company

Items	20181231	20190101	Adjusted amount		
			Reclassify	Remeasure	Total
Current assets:					
Cash at bank and on hand	15,536,305,375.00	15,536,305,375.00			
Financial assets held for trading	Not Applicable				
Financial assets at fair value through profit or loss		Not Applicable			
Derivative financial assets					
Notes receivable	3,356,020,598.89		-3,356,020,598.89		-3,356,020,598.89
Accounts receivable	409,553,059.27	409,553,059.27			
Accounts receivable financing	Not Applicable	3,356,020,598.89	3,356,020,598.89		3,356,020,598.89
Prepayments	1,309,194,738.97	1,309,194,738.97			
Other receivables	235,037,391.46	235,037,391.46			
Inventories	8,681,362,081.72	8,681,362,081.72			
Assets held for sale					
Non-current assets due within one year					
Other current assets	193,989,096.20	193,989,096.20			
Total current assets	29,721,462,341.51	29,721,462,341.51			
Non-current assets					
Debt investments	Not Applicable				

Items	20181231	20190101	Adjusted amount		
			Reclassify	Remeasure	Total
Available-for-sale financial assets	1,041,624,829.00	Not Applicable	-1,041,624,829.00		-1,041,624,829.00
Other debt investments	Not Applicable				
Held-to-maturity investment		Not Applicable			
Long-term receivables					
Long-term equity investments	2,016,281,902.16	2,016,281,902.16			
Other equity instrument investments	Not Applicable	1,041,624,829.00	1,041,624,829.00		1,041,624,829.00
Other non-current financial assets	Not Applicable				
Investment property					
Fixed assets	22,035,187,328.57	22,035,187,328.57			
Construction in progress	825,553,510.15	825,553,510.15			
Productive biological assets					
Oil and gas assets					
Intangible assets	148,776,177.96	148,776,177.96			
Development expenditure					
Goodwill					
Long-term deferred expenses					
Deferred tax assets	96,220,003.00	96,220,003.00			
Other non-current assets	76,341,975.35	76,341,975.35			
Total non-current assets	26,239,985,726.19	26,239,985,726.19			
Total assets	55,961,448,067.70	55,961,448,067.70			
Current liabilities					
Short-term loans	10,624,270,375.85	10,624,270,375.85			
Financial liability held for trading	Not Applicable				
Financial liabilities at fair value through profit or loss		Not Applicable			
Derivative financial liabilities					

Items	20181231	20190101	Adjusted amount		
			Reclassify	Remeasure	Total
Notes payable	9,213,748,427.22	9,213,748,427.22			
Accounts payable	5,940,816,426.48	5,940,816,426.48			
Prepayments	3,189,143,565.45	3,189,143,565.45			
Employee benefits payable	49,378,095.47	49,378,095.47			
Current tax liabilities	507,003,883.57	507,003,883.57			
Other payables	538,051,513.13	538,051,513.13			
Liabilities held for sale					
Non-current liabilities due within one year	350,965,576.32	350,965,576.32			
Other current liabilities					
Total current liabilities	30,413,377,863.49	30,413,377,863.49			
Non-current liabilities					
Long term loans	7,083,640,094.16	7,083,640,094.16			
Bonds payable					
Including: Preferred stock					
Perpetual bond					
Long-term payables	13,686,705.92	13,686,705.92			
Long-term employee benefits payable					
Estimated liabilities					
Deferred income	289,499,002.97	289,499,002.97			
Deferred tax liabilities					
Other non-current liabilities					
Total non-current liabilities	7,386,825,803.05	7,386,825,803.05			
Total liabilities	37,800,203,666.54	37,800,203,666.54			
Shareholder's equity:					
Share capital	3,875,371,532.00	3,875,371,532.00			

Items	20181231	20190101	Adjusted amount		
			Reclassify	Remeasure	Total
Other equity instruments					
Including: Preferred stock					
Perpetual bond					
Capital reserves	11,923,058,165.17	11,923,058,165.17			
Less: Treasury shares					
Other comprehensive income					
Special reserves	525,218.48	525,218.48			
Surplus reserves	961,105,529.85	961,105,529.85			
Undistributed Profits	1,401,183,955.66	1,401,183,955.66			
Total shareholder's equity	18,161,244,401.16	18,161,244,401.16			
Total liabilities and shareholder's equity	55,961,448,067.70	55,961,448,067.70			

4. Taxes

(1) Major type of taxes and corresponding tax rates

Tax	Taxation Method	Tax Rate
Value-added Tax (VAT)	The balance of output VAT calculated based on product sales and taxable services revenue in accordance with the tax laws after subtracting the deductible input VAT of the period	6%, 9%, 13% (April to December in 2019) 6%, 10%, 16% (Jan to March in 2019)
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%

5. Notes to the consolidated financial statements

(1) Cash at bank and on hand

Items	20191231	20181231
Cash on hand	5,588.98	4,839.95
Cash at bank	13,441,409,399.60	11,752,543,782.02
Other monetary funds	4,974,429,409.19	4,814,923,133.80
Total	18,415,844,397.77	16,567,471,755.77
Total amount deposited abroad		

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

Items	20191231	20181231
Margin for bank acceptance bill	4,803,950,250.12	3,794,647,133.80
Margin for letter of credit	166,527,026.07	105,000,000.00
Time deposit or notice deposit for guarantee		915,276,000.00
Loan deposit	3,330,000.00	
Other	622,133.00	
Total	4,974,429,409.19	4,814,923,133.80

(2) Notes receivable

Notes receivable disclosed by category

Items	20191231	20181231
Bank acceptance bill		3,540,317,759.10
Commercial acceptance bill		39,828,084.28
Total		3,580,145,843.38

(3) Accounts receivable**1. Accounts receivable disclosed by aging analysis**

Items	20191231	20181231
Within 1 year	187,728,755.63	563,409,367.97
1-2 years	31,659,160.02	56,752,847.90
2-3 years	24,710,744.49	27,697,384.96
Over 3 years	177,928,572.30	173,335,183.49
Sub-total	422,027,232.44	821,194,784.32
Less: Provision for bad debts	186,330,966.78	181,712,302.87
Total:	235,696,265.66	639,482,481.45

2. Accounts receivable disclosed by bad debt accrual method

20191231					
Items	Carrying amount		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Bad debts ratio (%)	
Provision for bad debts individually	47,762,337.18	11.32	47,762,337.18	100.00	
Provision for bad debts based on portfolio	374,264,895.26	88.68	138,568,629.60	37.01	235,696,265.66
Include:					
Portfolio 1: Aging portfolio	374,264,895.26	88.68	138,568,629.60	37.01	235,696,265.66
Total	422,027,232.44	100.00	186,330,966.78		235,696,265.66
20181231					
Items	Carrying amount		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Bad debts ratio (%)	
Individually significant and tested for impairment individually	47,762,337.18	5.82	47,762,337.18	100.00	
Provision for bad debts based on credit risk	773,432,447.14	94.18	133,949,965.69	17.32	639,482,481.45
Individually not significant but tested for impairment individually					
Total	821,194,784.32	100.00	181,712,302.87		639,482,481.45

Accounts receivables tested for impairment individually:

20191231				
Company	Carrying amount	Provision for bad debts	Bad debts ratio (%)	Reason
Benxi Nanfen Xinhe Metallurgical Furnace Material Co., Ltd	47,762,337.18	47,762,337.18	100.00	Halt operation
Total	47,762,337.18	47,762,337.18		

Provision for bad debts based on ageing portfolio:

20191231			
Items	Account Receivable	Provision for bad debts	Bad debt ratio (%)
Within 1 year	187,728,755.63	1,877,287.56	1.00
1-2 year	31,659,160.02	1,582,958.01	5.00
2-3 year	24,710,744.49	4,942,148.91	20.00
Over 3 year	130,166,235.12	130,166,235.12	100.00
Total	374,264,895.26	138,568,629.60	

3. Information of provision, reversal or write-off of bad debts of current period

The amount of provision for bad debts in the current period is RMB 4,618,663.91

4. No accounts receivable has been written off this year.**5. Top five debtors at the year-end**

20191231			
Company	Amount	Percentage of total Accounts receivable (%)	Provision for bad debts
The first	62,933,318.72	14.91	5,743,870.05
The second	58,923,447.74	13.96	589,234.48
The third	47,762,337.18	11.32	47,762,337.18
The fourth	15,212,648.64	3.60	152,126.49
The fifth	14,353,834.99	3.40	143,538.35

Company	20191231		
	Amount	Percentage of total Accounts receivable (%)	Provision for bad debts
Total	199,185,587.27	47.19	54,391,106.55

6. Accounts receivable derecognized due to the transfer of financial assets

None

7. The amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

None

(4) Accounts receivable financing

1. Details of accounts receivable financing

Item	Ending balance
Notes Receivable	2,117,763,147.67
Including: Bank acceptance bill	2,108,970,139.40
Commercial acceptance bill	8,793,008.27
Accounts receivable	311,779,314.21
Total	2,429,542,461.88

Note: Accounts receivable financing reflects notes receivable and accounts receivable that are measured at fair value through other comprehensive income.

2. Provision for financing impairment of receivables

None

3. The pledged acceptance bill at the year-end

Item	The pledged acceptance bill at the year-end
Bank acceptance bill	373,576,250.73
Commercial acceptance bill	
Total	373,576,250.73

4. The amount of Notes receivable endorsed over or discounted but not yet matured at the year-end

Item	Amount confirmed at the end of the period	Amount not confirmed at the end of the period
Bank acceptance bill	14,384,469,276.19	26,900,000.00
Commercial acceptance bill		
Total	14,384,469,276.19	26,900,000.00

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

(5) Prepayments

1. Prepayments disclosed by aging

Aging	20191231		20181231	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	1,284,678,069.97	99.51	1,318,136,339.11	99.74
1-2 years	6,279,487.94	0.49	2,494,489.34	0.19
2-3 years	53,900.20		901,900.77	0.07
Over 3 years	36,000.00		4,785.56	
Total	1,291,047,458.11	100.00	1,321,537,514.78	100.00

Notes: As of December 31, 2019, there were no outstanding prepayments of over 1 year.

2. Top five prepaid companies at the year-end

Name of the company	Amount	Percentage (%)
The First	937,622,380.11	72.62
The Second	54,329,421.50	4.21
The Third	35,596,284.07	2.76
The Fourth	30,241,736.77	2.34
The Fifth	22,579,517.94	1.75
Total	1,080,369,340.39	83.68

(6) Other receivables

Items	20191231	20181231
Interest receivables	20,504,422.47	11,608,705.43
Dividend receivables		

Other receivables	152,302,614.30	191,155,259.55
Total	172,807,036.77	202,763,964.98

1 . Interest receivable**(1) Interest receivable disclosed by category**

Items	20191231	20181231
Deposit interest	20,504,422.47	11,608,705.43
Subtotal	20,504,422.47	11,608,705.43
Less: provision for bad debts		
Total	20,504,422.47	11,608,705.43

(3) The company has no significant provision for overdue interest and bad debts.

2 . Other receivables**(1) Other receivables disclosed by aging**

Items	20191231	20181231
Within 1 year	15,306,496.22	4,278,962.95
1-2 years	3,479,413.70	36,261,746.59
2-3 years	65,222,052.19	59,217,830.48
Over 3 years	219,169,978.96	256,099,387.50
Sub-total	66,867,364.66	64,944,127.95
Less: Provision for bad debts	152,302,614.30	191,155,259.55
Total:	152,302,614.30	191,155,259.55

(2) Information of provision for bad debts

	Stage one		Stage two		Stage three		Total
	12-month expected credit losses	lifetime expected losses	expected credit losses	lifetime expected credit losses	expected credit losses	lifetime expected credit losses	
Provision for bad debts							
	credit losses	(credit impairment has not occurred)		(credit impairment has already occurred)			
Beginning balance			18,482,164.52		46,461,963.43		64,944,127.95
Provision, transfer in, transfer back, transfer out during			-8,988,054.83		10,911,291.54		1,923,236.71

	Stage one		Stage two		Stage three		Total
	12-month expected credit losses	lifetime expected losses	expected credit losses	lifetime expected credit losses	expected credit losses	lifetime expected credit losses	
Provision for bad debts							
Write-back during the current period							
Write-off during the current period							
Other changes							
Ending balance			9,494,109.69		57,373,254.97		66,867,364.66

Changes in the book value of other receivables are as follows:

Book value	Stage one		Stage two		Stage three		Total
	12-month expected credit losses	lifetime expected credit losses	expected credit losses	lifetime expected credit losses	expected credit losses	lifetime expected credit losses	
Beginning balance	155,305,039.72		54,332,384.35		46,461,963.43		256,099,387.50
Increase					10,911,291.54		10,911,291.54
Decrease	17,793,063.61		30,047,636.47				47,840,700.08
Other changes							
Ending balance	137,511,976.11		24,284,747.88		57,373,254.97		219,169,978.96

(4) Other receivables disclosed by nature

Nature	Ending balance	Beginning balance
Accounts	209,700,618.22	203,695,979.62
Others	9,469,360.74	52,403,407.88
Total	219,169,978.96	256,099,387.50

(5) Top five debtors at the year-end

Company	Nature	Amount	Aging	Percentage of total other receivables (%)	Provision for bad debts
The First	Accounts	5,840,229.02	within 1 year	2.66	
The Second	Accounts	5,718,029.34	1-2 year	2.61	1,143,605.87
The Third	Accounts	5,329,737.80	within 1 year	2.43	
The Fourth	Accounts	4,325,705.39	within 1 year	1.97	
The Fifth	Accounts	2,701,719.84	within 1 year to over 3 year	1.23	2,465,166.01
Total		23,915,421.39		10.90	3,608,771.88

(6) There is no other receivables relates to any government subsidies at the year-end

(7) There is no other receivables derecognized due to the transfer of financial assets at the year-end

(8) There is no transfer of other receivables and continued involvement in the amount of assets and liabilities formed at the year-end.

(7) Inventories**1. Inventories disclosed by category**

Items	20191231			20181231		
	Carrying amount	Impairment	Book value	Carrying amount	Impairment	Book value
Raw material and main material	3,737,655,945.87	26,986,533.69	3,710,669,412.18	5,509,216,101.37	26,986,533.69	5,482,229,567.68
Work in process and self-made semi-finished product	1,302,249,713.48	25,995,508.16	1,276,254,205.32	1,365,365,191.33	29,012,489.61	1,336,352,701.72
Finished products	2,730,735,542.67	17,261,474.56	2,713,474,068.11	3,888,124,260.41	28,959,417.41	3,859,164,843.00
Total	7,770,641,202.02	70,243,516.41	7,700,397,685.61	10,762,705,553.11	84,958,440.71	10,677,747,112.40

2. Impairment of inventory

Category	20181231	Increase		Decrease		20191231
		Provision	Others	Write-back or write-off	Others	
Raw material and main material	26,986,533.69					26,986,533.69
Work in process and self-made semi-finished	29,012,489.61	25,995,508.16		29,012,489.61		25,995,508.16

product				
Finished products	28,959,417.41	17,261,474.56	28,959,417.41	17,261,474.56
Total	84,958,440.71	43,256,982.72	57,971,907.02	70,243,516.41

(8) Other current assets

Items	20191231	20181231
Prepaid enterprise income tax	182,484,616.27	189,634,393.98
Input tax to be deducted	130,420,207.82	102,485,377.15
Total	312,904,824.09	292,119,771.13

(9) Available-for-sale financial assets

		20181231		
Items		Carrying amount	Impairment	Book value
Available-for-sale instruments	debt			
Available-for-sale instruments	equity	1,056,239,522.00	14,414,693.00	1,041,824,829.00
Including: Measured at fair value				
	Measured at cost	1,056,239,522.00	14,414,693.00	1,041,824,829.00
Total		1,056,239,522.00	14,414,693.00	1,041,824,829.00

(10) Long-term equity investment

Investees	20181231	Add Invest ment	Reduce Investme nt	Investment Gains and Losses Recognized under the Equity Method	Increase/decrease					20191231	Total Impairme nt Ending Balance
					Other Comprehen sive Income Adjustment	Other Equity Changes	Declaration of Cash Dividends or Profit	Provision	Others		
1. Joint Venture											
Subtotal											
2. Associated Enterprise											
Zhejiang Bengang Jingrui Steel Processing Co., Ltd..	2,455,681.55			452,582.71			-265,265.56			2,642,998.70	
Subtotal	2,455,681.55			452,582.71			-265,265.56			2,642,998.70	
Total	2,455,681.55			452,582.71			-265,265.56			2,642,998.70	

(11) Other equity instrument investments

Item	20191231
Equity of Suzhou Bengang Industrial Co., Ltd.	3,888,980.00
Equity of Zhonggang Shanghai Steel Processing Co., Ltd.	
Equity of Northeast Special Steel Group Co., Ltd.	1,037,735,849.00
Equity of Guangzhou Benpu Automobile Panel Sales Co., Ltd.	200,000.00
Total	1,041,824,829.00

Notes:

“Other equity instrument investment” items reflects the ending balance of non-trading equity instrument investments designated as measured at fair value through other comprehensive income.

The company holds 15% equity of Zhonggang Shanghai Steel Processing Co., Ltd.

10% equity of Northeast Special Steel Group Co., Ltd. held by the company has been pledged to Bank of Dalian, Shenyang branch.

(12) Fixed assets**1. Fixed assets and Disposal of fixed assets**

Items	20191231	20181231
Fixed assets	26,123,375,492.40	23,924,504,539.97
Disposal of fixed assets		
Total	26,123,375,492.40	23,924,504,539.97

2. Details of fixed assets

Items	Buildings	Machinery	Transportation equipment and others	Total
1. Total original value				
20181231	12,174,491,765.86	43,551,735,976.27	902,527,777.12	56,628,755,519.25
Increase in current period	217,299,421.01	4,497,726,033.17	8,830,647.72	4,723,856,101.90
Including: Purchase		3,767,753,948.48	8,591,886.65	3,776,345,835.13

Items	Buildings	Machinery	Transportation equipment and others	Total
Transferred from construction in progress	217,299,421.01	729,972,084.69	238,761.07	947,510,266.77
Merging				
Others				
Decrease in current period	70,007,968.08	423,837,878.16	3,073,643.53	496,919,489.77
Including: Disposal	70,007,968.08	423,837,878.16	3,073,643.53	496,919,489.77
Others				
20191231	12,321,783,218.79	47,625,624,131.28	908,284,781.31	60,855,692,131.38
2.Total accumulated depreciation				
20181231	5,576,027,013.36	26,526,053,819.79	560,595,347.69	32,662,676,180.84
Increase in current period	297,511,396.37	2,088,488,982.35	46,266,176.08	2,432,266,554.80
Including: Provision	297,511,396.37	2,088,488,982.35	46,266,176.08	2,432,266,554.80
Others				
Decrease in current period	30,378,347.06	370,955,253.72	2,515,243.95	403,848,844.73
Including: Disposal	30,378,347.06	370,955,253.72	2,515,243.95	403,848,844.73
Others				
20191231	5,843,160,062.67	28,243,587,548.42	604,346,279.82	34,691,093,890.91
3. Total impairment				
20181231	38,948,079.36	2,626,719.08		41,574,798.44
Increase in current period				
Including: Provision				
Others				
Decrease in current period	352,050.37			352,050.37
Including: Disposal	352,050.37			352,050.37
Others				
20191231	38,596,028.99	2,626,719.08		41,222,748.07
4. Total net book value of Fixed assets				
20191231 book value	6,440,027,127.13	19,379,409,863.78	303,938,501.49	26,123,375,492.40
20181231 book value	6,559,516,673.14	17,023,055,437.40	341,932,429.43	23,924,504,539.97

3. Fixed assets idled temporarily

Items	Original value	Accumulated depreciation	Impairment	Book value	Notes
Buildings	93,833,538.80	58,818,849.47	35,014,689.33		
Machinery	1,224,688.89	1,149,022.46	75,666.43		
Transportation and others	1,042,125.89	1,042,125.89			
Total	96,100,353.58	61,009,997.82	35,090,355.76		

4. Fixed assets leased in through financial leasing

As of the end of this reporting period, the original value of the fixed assets leased in through financial leasing was RMB 516,939,408.14, all of which were leased from the related party Liaoning Hengyi Financial Leasing Co., Ltd. For details, please refer to note (5) 2. Related leases under note 10.

5. Fixed assets leased out through financial leasing

Item	Ending balance
Buildings	24,696,730.67
Machinery	375,387.16
Total	25,072,117.83

6. Fixed assets without property rights certificates at the year-end

Items	Book value	Reason
Buildings	1,070,014,263.61	To be handled

(13) Construction in progress

1. Construction in progress and Construction materials

Items	20191231	20181231
Construction in progress	1,820,264,689.19	831,693,471.71
Project materials	13,588,883.39	4,900,986.11
Total	1,833,853,572.58	836,594,457.82

2. Details of construction in progress

Items	20191231			20181231		
	Carrying amount	Total impairment	Total net book value of Fixed assets	Carrying amount	Total impairment	Total net book value of Fixed assets
Blast Furnace Overhaul of No. 5	491,069,345.30		491,069,345.30	79,221,161.00		79,221,161.00
Special Steel Rolling Mill Renovation Project	126,479,522.35		126,479,522.35	19,247,154.89		19,247,154.89
Energy Saving and Environmental Protection Reconstruction of No.1 Converter Project	148,803,402.52		148,803,402.52	81,652,336.52		81,652,336.52
New No. 8 single-flow slab casting machine project	100,460,943.24		100,460,943.24	20,079,392.09		20,079,392.09
Renovation Project of Power Plant Three				67,436,716.24		67,436,716.24
Transformation of No. 2 Casting Machine in Steel Plant	81,419,913.88		81,419,913.88	67,751,518.71		67,751,518.71
CCPP power generation project	85,320,752.59		85,320,752.59	24,961,721.54		24,961,721.54
Environmental Protection Reform of Converter No. 4-6	69,541,903.74		69,541,903.74	6,858,749.61		6,858,749.61
Special Steel Electric Furnace Capacity Replacement Project	62,311,284.01		62,311,284.01	438,638.96		438,638.96
360 square meters sintering machine	60,930,506.79		60,930,506.79	39,870,921.39		39,870,921.39
360 square meter sintering machine waste heat	55,089,094.50		55,089,094.50	44,777,158.00		44,777,158.00

Items	20191231			20181231		
	Carrying amount	Total impairment	Total net book value of Fixed assets	Carrying amount	Total impairment	Total net book value of Fixed assets
utilization						
Dry dust removal of No. 7 blast furnace and energy-saving transformation of TRT power generation	40,993,916.95		40,993,916.95	22,973,276.80		22,973,276.80
1700 hot rolling perfect transformation	39,806,201.09		39,806,201.09	25,521,831.89		25,521,831.89
Coking plant gas deamination and sulfur ammonia maintenance project				34,300,566.05		34,300,566.05
Oxygen Generator Nitrogen Increase Energy Saving Reconstruction of No.5 and No.7	34,339,392.96		34,339,392.96	21,715,145.18		21,715,145.18
No. 6 blast furnace environmental protection overhaul project	30,937,257.41		30,937,257.41	22,895,777.14		22,895,777.14
Reconstruction of two dust collectors in the second granulated product of iron making plant	29,954,354.78		29,954,354.78			
Power plant 4-5 # coke oven CDQ waste heat steam utilization project				27,607,246.17		27,607,246.17
Coke Oven Gas Project for Liao Coal Chemical Co., Ltd.	21,840,791.70		21,840,791.70	19,829,530.02		19,829,530.02

Items	20191231			20181231		
	Carrying amount	Total impairment	Total net book value of Fixed assets	Carrying amount	Total impairment	Total net book value of Fixed assets
The overall improvement of the manufacturing management of Benxi Steel	20,685,421.72		20,685,421.72			
Coke oven wastewater advanced treatment of No. 8 and 9	20,335,268.74		20,335,268.74	12,091,429.51		12,091,429.51
Other	299,945,414.92		299,945,414.92	192,463,200.00		192,463,200.00
Total	1,820,264,689.19		1,820,264,689.19	831,693,471.71		831,693,471.71

3. The change of major construction in progress

Project	Budget (in 10 thousand yuan)	20181231	Increase	Transfer to FA	Other decrease	20191231	Input of Budget (%)	Progress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capitalization rate	Source of fund
Blast Furnace Overhaul of No. 5	150,000.00	79,221,161.00	415,584,248.93	3,736,064.63		491,069,345.30	37%	40%	18,382,460.19	18,382,460.19	4.35	Self-raised fund & Loan
Special Steel Rolling Mill Renovation Project	59,607.00	19,247,154.89	107,232,367.46			126,479,522.35	24%	20%	1,981,926.71	1,981,926.71	4.35	Self-raised fund & Loan
Energy Saving and Environmental Protection Reconstruction of No.1 Converter Project	21,800.00	81,652,336.52	67,151,066.00			148,803,402.52	77%	70%	948,818.10	948,818.10	4.35	Self-raised fund & Loan
New No. 8 single-flow slab casting machine project	64,341.00	20,079,392.09	80,381,551.15			100,460,943.24	18%	30%				Self-raised fund

Project	Budget (in 10 thousand yuan)	20181231	Increase	Transfer to FA	Other decrease	20191231	Input of Budget (%)	Progress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capitalization rate	Source of fund
High-strength steel reconstruction project	613,498.00		104,084,214.65	104,084,214.65			96%	100%	857,867,059.71	1,965,637.92	4.35	Self-raised fund & Loan
Renovation Project of Power Plant Three	59,399.00	67,436,716.24	2,426,241.32	69,862,957.56			100%	100%	34,827,795.34			Self-raised fund & Loan
Transformation of No. 2 Casting Machine in Steel Plant	10,090.00	67,751,518.71	13,668,395.17			81,419,913.88	91%	85%	129,125.70	129,125.70	4.35	Self-raised fund & Loan
CCPP power generation project	106,000.00	24,961,721.54	60,359,031.05			85,320,752.59	9%	5%	2,527,166.75	2,527,166.75	4.35	Self-raised fund & Loan
Environmental Protection Reform of Converter No. 4-6	27,000.00	6,858,749.61	62,683,154.13			69,541,903.74	29%	30%	1,251,613.04	1,251,613.04	4.35	Self-raised fund & Loan
Special Steel Electric	161,761.00	438,638.96	62,908,002.69	1,035,357.64		62,311,284.01	4%	10%				Self-raised

Project	Budget (in 10 thousand yuan)	20181231	Increase	Transfer to FA	Other decrease	20191231	Input of Budget (%)	Progress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capitalization rate	Source of fund
Furnace Capacity Replacement Project												fund
360 square meters sintering machine	128,403.20	39,870,921.39	21,059,585.40			60,930,506.79	98%	90%				Self-raised fund
Total		407,518,310.95	997,537,857.95	178,718,594.48		1,226,337,574.42			917,915,965.54	27,186,748.41		

4. There is no impairment of construction in progress during the current period.**5. Construction materials**

Items	20191231			20181231		
	Carrying amount	Impairment	Book Value	Carrying amount	Impairment	Book Value
Construction materials	13,588,883.39		13,588,883.39	4,900,986.11		4,900,986.11
Total	13,588,883.39		13,588,883.39	4,900,986.11		4,900,986.11

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

Items	Land use right	Software	Total
1. Total of original value			
20181231	327,028,797.84	310,401.55	327,339,199.39
Increase			
Including: Purchase			
Internal Research and Development			
Merger			
Other			
Decrease			
Including: Disposal			
Invalid and terminated confirmation			
Other			
20191231	327,028,797.84	310,401.55	327,339,199.39
2. Total of Accumulated Amortization			
20181231	49,176,692.14	100,066.21	49,276,758.35
Increase	6,540,575.84	21,841.86	6,562,417.70
Including: Provision	6,540,575.84	21,841.86	6,562,417.70
Other			
Decrease			
Including: Disposal			
Invalid and terminated confirmation			
Other			
20191231	55,717,267.98	121,908.07	55,839,176.05
3. Total of Impairment			
20181231			
Increase			
Including: Provision			
Other			
Decrease			
Including: Disposal			

Invalid and terminated confirmation			
Other			
20191231			
4. Total of Net value			
20191231	271,311,529.86	188,493.48	271,500,023.34
20181231	277,852,105.70	210,335.34	278,062,441.04
2. Land use right without Certificate of Land use right at the year-end			
None.			

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

Items	20191231		20181231	
	Deductible temporary differences	Deferred tax asset	Deductible temporary differences	Deferred tax asset
Impairment of assets	378,651,125.80	94,662,781.44	384,689,582.05	96,172,395.52
Internal unrealized profit	53,312,397.14	13,328,099.29	47,141,747.73	11,785,436.93
Depreciation of fixed assets	333,978,859.03	83,494,714.76	333,978,859.03	83,494,714.76
Total	765,942,381.97	191,485,595.49	765,810,188.81	191,452,547.21

2. Unrecognized deferred tax assets

Items	20191231	20181231
Impairment of assets	428,163.12	2,914,780.92
Deductible losses	653,832,187.01	1,112,718,371.26
Total	654,260,350.13	1,115,633,152.18

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

Items	Ending balance	Beginning balance	Notes
Year 2019			
Year 2020	19,216,380.38	1,085,478,921.77	
Year 2021	10,981,383.41	11,436,302.83	
Year 2022	589,299,581.01	1,000,766.72	
Year 2023	16,327,268.19	14,802,379.94	
Year 2024	18,007,574.02		
Total	653,832,187.01	1,112,718,371.26	

(16) Other non-current assets

Items	20191231			20181231		
	Carrying amount	Impairment	Book value	Carrying amount	Impairment	Book value
Prepaid long-term assets	708,502,552.50		708,502,552.50	76,341,975.35		76,341,975.35
Total	708,502,552.50		708,502,552.50	76,341,975.35		76,341,975.35

Notes: The prepaid long-term assets at the end of the period are prepaid for equipment and construction funds, of which RMB584,197,184.92 was the financial lease deposit paid to Liaoning Hengyi Financial Leasing Co., Ltd.

(17) Short-term loans**1. Short-term loan disclosed by type**

Items	20191231	20181231
Pledge loans		48,262,375.85
Mortgage loans		
Guaranteed loans	12,731,478,000.00	10,361,008,000.00
Credit loans	420,000,000.00	1,529,220,000.00
Total	13,151,478,000.00	11,938,490,375.85

2. There is no short-term loans that were overdue at the end of the reporting period

(18) Notes payable

Items	20191231	20181231
Bank acceptance bill	8,897,442,732.91	8,738,192,014.02
Commercial acceptance bill	1,174,963,839.77	
Domestic letter of credit	1,756,108,104.27	1,275,000,000.00
Total	11,828,514,676.95	10,013,192,014.02

At the end of the reporting period, there is no notes payable due and unpaid.

(19) Accounts payable**(1) Accounts payable disclosed by category**

Items	20191231	20181231
Accounts payable for goods	3,481,176,373.75	4,483,900,163.08
Accounts payable for labor	56,959,052.87	30,829,506.69
Accounts payable for project and equipment	581,909,120.17	424,097,390.68
Repair expense	407,468,483.48	583,215,751.20
Total	4,527,513,030.27	5,522,042,811.65

(2) Significant accounts payable aging over one year

Items	Ending balance	Of which: more than one year
Company 1	53,069,440.77	48,559,440.77
Company 2	85,247,745.96	27,685,592.96
Company 3	19,379,163.99	19,379,163.99
Company 4	17,471,800.00	17,065,300.00
Company 5	14,200,000.00	14,200,000.00

Company 6	33,934,563.93	13,755,825.94
Company 7	15,810,625.07	12,040,944.48
Total	239,113,339.72	152,686,268.14

Other notes: The above significant accounts payable aged over one year have not yet reached the settlement conditions.

(21) Advance from customers

1. Advance from customers disclosed by category

Items	20191231	20181231
Advance for goods	4,429,821,526.79	3,331,854,098.42
Total	4,429,821,526.79	3,331,854,098.42

2. There is no significant advance from customers aging over one year.

(21) Employee benefits payable

1. Employee benefits payable

Items	20181231	Increase	Decrease	20191231
Short-term employee benefits	47,824,468.42	1,890,861,747.38	1,916,477,772.86	22,208,442.94
Post-employment benefits - defined contribution plans	174,373.43	241,547,065.06	241,659,126.17	62,312.32
Termination benefits	3,467,389.87		2,039,970.57	1,427,419.30
Other benefits due within one year				
Total	51,466,231.72	2,132,408,812.44	2,160,176,869.60	23,698,174.56

2. Short-term employee benefits

Items	20181231	Increase	Decrease	20191231
(1) Salary, bonus, allowance and subsidy	38,282,721.78	1,451,326,143.53	1,476,634,529.37	12,974,335.94
(2) Employee welfare		143,410,249.20	143,410,249.20	
(3) Social Insurance	652,400.36	145,473,463.83	145,369,247.85	756,616.34
Including: Medical insurance	1,598.15	110,280,855.51	110,175,803.36	106,650.30
Work injury insurance	650,802.21	35,169,171.68	35,170,007.85	649,966.04
Maternity insurance		23,436.64	23,436.64	
(4) Housing	6,854,689.00	110,891,606.00	110,890,694.00	6,855,601.00
(5) Union funds and staff education fee	2,034,657.28	39,760,284.82	40,173,052.44	1,621,889.66
(6) Short-term compensated absences				
(7) Short-term profit - sharing scheme				
Total	47,824,468.42	1,890,861,747.38	1,916,477,772.86	22,208,442.94

3. Defined contribution plans

Items	20181231	Increase	Decrease	20191231
Basic pension fund	68,338.82	234,813,385.46	234,821,301.18	60,423.10
Unemployment insurance	106,034.61	6,733,679.60	6,837,824.99	1,889.22
Total	174,373.43	241,547,065.06	241,659,126.17	62,312.32

(22) Current tax liabilities

Items	20191231	20181231
Value-added tax	246,921,117.21	442,980,368.02
Corporate income tax	6,565,792.19	2,769,293.58
City maintenance and construction tax	11,416,274.65	32,813,368.49
House property tax	3,445,290.84	3,004,878.95
Educational surcharges	8,146,826.78	23,450,632.11
Land holding tax	1,128,141.09	1,054,197.31
Environmental tax	5,264,008.42	7,340,495.80
Others	2,253,951.42	2,339,135.42
Total	285,141,402.60	515,752,369.68

(23) Other payables

Items	20191231	20181231
Interest payables	10,818,986.30	9,658,681.99
Dividends payables		
Other payables	651,882,758.67	852,852,496.97
Total	662,701,744.97	862,511,178.96

1. Interests payable

Items	20191231	20181231
Loan interests	10,818,986.30	9,658,681.99
Total	10,818,986.30	9,658,681.99

No due and unpaid interest during the reporting period.

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

Items	20191231	20181231
Deposit	1,933,435.69	6,876,696.99

Margin	86,166,961.89	129,911,043.84
Accounts	454,536,559.31	568,285,473.68
Others	109,245,801.78	147,779,282.46
Total	651,882,758.67	852,852,496.97

(2) Significant other payables ageing over one year

None

(24) Non-current liabilities due within one year

Items	20191231	20181231
Long-term loans due within one year	234,474,657.99	350,965,576.32
Bond payables due within one year		
Long-term payables due within one year		
Total	234,474,657.99	350,965,576.32

Notes: RMB 200,806,517.99 of long-term due within one year is guaranteed loans, and RMB 33,668,140.00 is credit loans.

(25) Long-term loans**Long-term loans disclosed by category**

Categories	20191231	20181231
Pledged loans	622,600,000.00	
Mortgage loan		
Guaranteed loans	1,106,159,800.73	3,931,317,094.16
Credit loans	3,120,916,110.00	3,152,323,000.00
Total	4,849,675,910.73	7,083,640,094.16

(26) Long-term payables

Items	20191231	20181231
Long-term payables	516,939,408.14	13,686,705.92
Special payables		
Total	516,939,408.14	13,686,705.92

Long-term payables

Items	20191231	20181231
Financing lease payments	516,939,408.14	13,686,705.92

Items	20191231	20181231
Other		
Total	516,939,408.14	13,686,705.92

Notes: At the end of the reporting period, the amount of unrealized financing expenses due to finance lease payments was RMB 427,091,325.39.

The minimum financial lease payment to be paid after the balance sheet date:

The company needs to pay interest on time, and the principal is paid in one lump-sum after the lease contract expires. The lease contracts that have not yet been executed are due for more than 3 years.

(27) Deferred income

Items	20181231	Increase	Decrease	20191231	Reason
Government subsidy	289,499,002.97	3,035,520.00	83,579,115.67	208,955,407.30	
Total	289,499,002.97	3,035,520.00	83,579,115.67	208,955,407.30	

Projects of government subsidies:

Items	20181231	Increase	Transfer to non-operating income	Other decrease	20191231	Related to assets or income
“Steel for high-strength pipelines under low-temperature and high-pressure service conditions” Project national support funds		188,000.00	67,000.00		121,000.00	Assets
2018 Municipal Skill Master Workstation Fee		240,000.00	52,960.66		187,039.34	Assets
Special funds for MES projects	1,720,000.00		1,720,000.00			Assets
Advanced Treatment Project of Carbon Fiber Wastewater in Dongfeng Plant Area of Plate Coking Plant	9,500,000.00				9,500,000.00	Assets
Desulfurization and Denitrification Project of Coal-fired Boiler in High-pressure Workshop of Bengang Power Plant	4,800,000.00		600,000.00		4,200,000.00	Assets
Bengang Group Co., Ltd. Automotive Panel Engineering Laboratory Project Construction	1,000,000.00				1,000,000.00	Assets
Construction Project of Bengang Automotive Sheet Engineering Laboratory		1,000,000.00			1,000,000.00	Assets
Research and development of high-strength steel for the third generation of automobiles	2,900,000.00				2,900,000.00	Assets
7 sets of 130 tons combustion boiler flue gas desulfurization project in power plant	19,200,000.00		4,800,000.00		14,400,000.00	Assets
Power plant three power plant cogeneration reform project	8,000,000.00		2,000,000.00		6,000,000.00	Assets
Industrial enterprise energy management center construction demonstration project	6,960,000.00		2,320,000.00		4,640,000.00	Assets
Environment Protection Project Special Fund	1,160,000.00		1,160,000.00			Assets
Environmental Pollution Control Project	3,620,000.00		3,620,000.00			Assets

Items	20181231	Increase	Transfer to non-operating income	Other decrease	20191231	Related to assets or income
Environmental governance projects and comprehensive prevention and control projects for regional river basin environmental protection	340,000.00		340,000.00			Assets
Research and development of anti-oxidation hot forming steel PHS1500A		250,000.00			250,000.00	Assets
Automatic air quality monitoring system	175,000.00		70,000.00		105,000.00	Assets
Cold-rolled high-strength steel reconstruction project	200,000,000.00		50,000,000.00		150,000,000.00	Assets
Iron Smelter 360 Sintering Machine Flue Gas Desulfurization Project	200,000.00		200,000.00			Assets
Energy saving and environmental protection project for sintering machine in ironworks	2,320,000.00		1,160,000.00		1,160,000.00	Assets
Waste heat utilization project and desulfurization transformation project of sintering machine in ironworks	4,204,000.00		4,204,000.00			Assets
Liaoning Artisan Subsidy	100,002.97				100,002.97	Assets
Construction of professional technology innovation platform for automobile steel industry		1,000,000.00			1,000,000.00	Assets
Research on the Influence Mechanism and Control of Rare Earth Oxide Sulfide on Automobile Steel Plasticity		357,520.00	173,155.01		184,364.99	Assets
Introduce special funds for overseas advanced and applicable technologies	6,884,000.00		2,884,000.00		4,000,000.00	Assets
Production line of high-grade electro-galvanized sheet for automobile	16,416,000.00		8,208,000.00		8,208,000.00	Assets
Total	289,499,002.97	3,035,520.00	83,579,115.67		208,955,407.30	

(28) Share capital

Items	20181231	Increase/decrease (+, -)				20191231
		Issuing of new share	Bonus shares	Transferred from reserves	Others	Subtotal
Capital shares	3,875,371,532.00					3,875,371,532.00

(29) Capital reserves

Items	20181231	Increase	Decrease	20191231
Capital premium over par value	12,227,292,378.47			12,227,292,378.47
Other capital reserves	115,917,468.82			115,917,468.82
Total	12,343,209,847.29			12,343,209,847.29

(30) Special Reserves

Items	20181231	Increase	Decrease	20191231
Safety production cost	683,937.71	47,843,133.40	48,314,383.70	212,687.41
Total	683,937.71	47,843,133.40	48,314,383.70	212,687.41

(31) Surplus Reserves

Items	20181231	Increase	Decrease	20191231
Statutory surplus reserves	961,105,529.85			961,105,529.85
Total	961,105,529.85			961,105,529.85

(32) Undistributed Profits

Items	2019	2018
Before adjustments: undistributed profits at last year-end	1,945,887,269.82	1,103,162,610.35
Adjustments of the beginning distributed profits (increase + / decrease -)		
After adjustments: undistributed profit at this year-beginning	1,945,887,269.82	1,103,162,610.35
Add: undistributed profit belonging to parent company	555,646,971.40	1,036,493,236.07
Less: Statutory surplus reserves		
Discretionary reserves		
General risk reserves		
Common shares dividend payable	193,768,576.60	193,768,576.60
Common shares dividend transferred to paid-in capital		
Ending balance of undistributed profits	2,307,765,664.62	1,945,887,269.82

(33) Operating income and operating cost

Items	2019		2018	
	Revenue	Cost	Revenue	Cost
Principal business	46,805,252,792.90	43,900,514,006.74	46,228,334,211.43	41,947,082,227.94

Other business	5,936,100,789.38	5,310,900,638.88	3,953,535,510.11	3,296,652,976.37
Total	52,741,353,582.28	49,211,414,645.62	50,181,869,721.54	45,243,735,204.31

Details for operating income:

Item	2019	2018
Principal business	46,805,252,792.90	46,228,334,211.43
Including: Domestic	40,057,267,689.01	34,730,790,131.14
Abroad	6,747,985,103.89	11,497,544,080.29
Other business	5,936,100,789.38	3,953,535,510.11
Including: Domestic	5,936,100,789.38	3,953,535,510.11
Abroad		
Total	52,741,353,582.28	50,181,869,721.54

(34) Tax and surcharges

Items	2019	2018
City maintenance and construction tax	74,291,089.29	125,302,026.98
Educational surcharge	53,346,630.36	89,864,959.52
Housing property tax	77,359,590.55	73,097,772.24
Land use right tax	13,076,581.16	9,230,553.37
Environmental tax	22,681,208.92	28,286,566.21
Stamp duty	29,816,392.95	30,364,975.91
Others	1,008,586.80	271,929.88
Total	271,580,080.03	356,418,784.11

(35) Selling and distribution expenses

Items	2019	2018
Freight	912,729,271.74	891,366,784.34
Port surcharges	70,973,850.23	116,922,773.17
Import and export agency fee	63,097,328.89	76,022,775.79
Salary and benefits	25,965,599.95	23,868,787.71
Package fee	7,564,585.54	6,967,672.28
Others	16,358,267.35	19,855,677.18
Total	1,096,688,903.70	1,135,004,470.47

(36) General and administrative expenses

Items	2019	2018
Salary and benefits	374,106,639.18	354,229,795.80
Repair expense	230,168,663.91	338,321,930.18
Land use right fee	59,957,197.92	54,691,428.60
Depreciation	44,362,834.97	51,749,401.30
Heating fee	28,855,893.31	30,017,619.41
Water resources fee	27,515,155.10	18,264,847.73
Sewage charges	11,345,616.35	6,999,787.23
Others	55,633,840.82	62,066,327.60
Total	831,945,841.56	916,341,137.85

(37) Research and development expenses

Items	2019	2018
Depreciation, materials and compensation, etc.	30,780,463.74	6,399,884.30
Total	30,780,463.74	6,399,884.30

(38) Financial expenses

Items	2019	2018
Interest expenditure	948,799,627.90	1,278,508,985.59
Less: Interest income	333,750,262.79	200,356,927.95
Exchange loss	44,724,851.35	288,851,132.98
Others	22,068,472.77	9,351,969.84
Total	681,842,689.23	1,376,355,160.46

(39) Other income

Item	2019	2018
Government subsidy	83,914,522.47	86,085,297.03
Other	2,084.65	
Total	83,916,607.12	86,085,297.03

Government subsidies included in other income:

Items	2019	2018	Related to assets or income
Transferred from Deferred income	83,579,115.67	83,386,000.00	Assets
Service support	240,000.00		Income

Items	2019	2018	Related to assets or income
Technical support	80,000.00		Income
Education-integrated enterprises reduce education fees and local education fees	15,406.80		Income
Liaoning artisan subsidies		179,997.03	Income
Coal-fired boiler demolition subsidy		1,815,000.00	Income
Investment promotion tax incentive policy of Baoshan district		290,000.00	Income
Xiyuan source resource management committee compensation		414,300.00	Income
Total	83,914,522.47	86,085,297.03	

Notes: For details of government subsidy transferred from deferred income, please refer to notes 5. (27).

(40) Income on investment

Items	2019	2018
Income on disposal of long-term equity investment by equity method	452,582.71	171,488.75
Income on bank short-term financial products	605,795.19	5,041,397.26
Other		
Total	1,058,377.90	5,212,886.01

(41) Credit impairment losses

Items	2019
Loss from bad debts of note receivable	
Loss from bad debts of account receivable	4,618,663.91
Loss from bad debts of receivable financing	
Loss from bad debts of other receivables	1,923,236.71
Loss from bad debts of debt investment	
Loss from bad debts of other debt investment	
Loss from bad debts of long-term receivables	
Total	6,541,900.62

Note: loss is disclosed as positive number

(42) Assets impairment loss

Items	2019	2018
Bad debts		-78,006,708.98
Inventory devaluation	43,256,982.72	80,063,521.83
Impairment of fixed assets		35,090,355.76
Total	43,256,982.72	37,147,168.61

Note: loss is disclosed as positive number

(43) Asset disposal income

Items	2019	2018	The amount recognized in non-recurring profit
Disposal gains or losses arising from disposal of fixed assets not held for sale	3,441,646.67	213,401.13	3,441,646.67
Total	3,441,646.67	213,401.13	3,441,646.67

(44) Non-operating income

Items	2019	2018	The amount recognized in non-recurring profit
Non-current assets scrapped gains	9,476,065.29	5,633,553.43	9,476,065.29
Others	779,757.58	2,750,566.71	779,757.58
Debt restructuring gain	50,640.00		50,640.00
Total	10,306,462.87	8,384,120.14	10,306,462.87

(45) Non-operating expense

Items	2019	2018	The amount recognized in non-recurring profit
Donations		1,419,374.81	
Non-current assets scrapped loss	90,209,742.22	154,256,584.91	90,209,742.22
Others		560,000.00	
Total	90,209,742.22	156,235,959.72	90,209,742.22

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

Items	2019	2018
Income tax payable for the current year	18,987,986.70	8,783,683.51
Adjustment of deferred income tax	-33,048.28	9,165,914.15
Total	18,954,938.42	17,949,597.66

2. Accounting profit and income tax expense adjustment process

Items	2019
Total profit	575,815,427.40
Income tax expense calculate according to the official or applicable tax rate	143,953,856.87
Effect of different tax rates applied by subsidiaries	
Effect of adjustment of the income tax expense of prior period	-2,521,005.73
Effect of non-taxable income	-113,145.69
Effect of undeductible costs, expenses or losses	308,701.59
Effect of use of deductible losses of unrecognized deferred tax asset of prior period	-120,996,749.60
Effect of deductible temporary differences or deductible losses of unrecognized deferred tax asset of current period	-1,676,719.02
Changes in the balance of deferred income tax assets and liabilities at the beginning of the period due to the additional deductible expenses and tax rate adjustments required by the tax law	
Income tax expenses	18,954,938.42

(47) Earning per share**1. Basic earnings per share**

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the common stock shareholders of the parent company by the weighted average number of common stocks issued by the company:

Items	2019	2018
Consolidated net profit attributable to ordinary shareholders of parent company	555,646,971.40	1,036,493,236.07
The weighted average number of common shares issued by the company	3,875,371,532.00	3,813,757,237.67
Basic earnings per share	0.143	0.272
Including: basic earnings per share for continuing operations	0.143	0.272

Items	2019	2018
Basic earnings per share discontinued		

2. Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit attributable to the common shareholders of the parent company (diluted) by the weighted average number of ordinary shares issued by the company (diluted):

Items	2019	2018
Consolidated net profit attributable to ordinary shareholders of parent company (diluted)	555,646,971.40	1,036,493,236.07
The weighted average number of common shares issued by the company (diluted)	3,875,371,532.00	3,813,757,237.67
Diluted earnings per share	0.143	0.272
Including: diluted earnings per share for continuing operations	0.143	0.272
Diluted earnings per share discontinued		

(48) Notes of statement of cash flows

1. Cash received related to other operating activities

Items	2019	2018
Withdraw of current accounts, advance for another	80,209,527.36	46,433,149.15
Interest income	289,867,473.89	207,196,743.02
Special subsidy income	3,378,441.11	2,509,300.00
Non-operating income	9,799.92	452,241.66
Others	3,620,413.94	1,290,246.37
Total	377,085,656.22	257,881,680.20

2. Cash paid related to other operating activities

Items	2019	2018
Current accounts, advance for another	67,238,789.58	94,760,382.17
Sales expenses	139,977,333.30	141,536,246.92
Administrative expenses	77,588,717.78	82,458,953.65
Bank charges	14,562,642.52	9,351,969.84

Items	2019	2018
Others	23,593,941.76	31,253,473.75
Total	322,961,424.94	359,361,026.33

3. Cash received related to other financing activities

Items	2019	2018
Margin for bill, letter of guarantee and letter of credit	1,571,269,971.97	641,108,215.57
Total	1,571,269,971.97	641,108,215.57

4. Cash paid related to other financing activities

Items	2019	2018
Margin for bill, letter of guarantee and letter of credit	1,612,133.00	64,667,876.81
Others	8,731,273.67	1,958,720.83
Total	10,343,406.67	66,626,597.64

(49) Supplementary details of statement of cash flows**1. Supplementary details for statement of cash flows**

Items	2019	2018
1. A reconciliation of net profit to cash flows from operating activities:		
Net profit	556,860,488.98	1,036,178,058.36
Add: Credit impairment loss	6,541,900.62	
Impairment of assets	43,256,982.72	37,147,168.61
Depreciation of fixed assets	2,432,266,554.80	2,346,173,478.53
Amortization of intangible assets	6,562,417.70	6,506,866.92
Amortization of long-term deferred expenses		
Losses proceeds from disposal of fixed assets, intangible assets and other long-term assets (Earnings marked“—”)	-3,441,646.67	213,401.13
Scrapped losses from fixed assets (Earnings marked“—”)	80,733,676.93	148,623,031.48
Loss from changes in fair value (Earnings marked“—”)		
Financial expenses (Earnings marked“—”)	1,009,666,817.96	1,771,705,297.79
Investment losses (Earnings marked“—”)	-1,058,377.90	-5,212,886.01
Deferred tax assets reduction (Addition marked“—”)	-33,048.28	9,165,914.15
Deferred tax liabilities increased (Reduction marked“—”)		
Reduction of inventory (Addition marked“—”)	2,992,064,351.09	504,208,177.15
Operating receivable items reduction (Addition marked“—”)	1,617,190,398.59	491,783,316.75
Operating payable items increase (Less marked“—”)	-1,762,786,475.38	-2,726,553,982.93

Items	2019	2018
Others		
Net cash flows generated from operating activities	6,977,824,041.16	3,619,937,841.93
2. Payments of investing and financing activities not involving cash:		
Liabilities transferred to capital		
Convertible cooperate bonds due within one year		
Fixed assets financed by leasing		
3. The net increase in cash and cash equivalents:		
Ending balance of cash	13,441,414,988.58	11,752,548,621.97
Less: Beginning balance of cash	11,752,548,621.97	12,317,576,778.93
Add: Ending balance of cash equivalents		
Less: Opening balance of cash equivalents		
The net increase in cash and cash equivalents	1,688,866,366.61	-565,028,156.96

2. The structure of cash and cash equivalents

Items	20191231	20181231
1. Cash	13,441,414,988.58	11,752,548,621.97
Including: Cash on hand	5,588.98	4,839.95
Bank deposits available on demand	13,441,409,399.60	11,752,543,782.02
Other monetary funds available on demand		
Central bank deposits available on demand		
Balances with other financial institutions		
Loans to other financial institutions		
2. Cash equivalents		
Including: Investment of securities due within 3 months		
3. Ending balance of cash and cash equivalents	13,441,414,988.58	11,752,548,621.97
Including: Cash and cash equivalents limited to use by the parent company of other subsidiary in the group		

(50) Assets of which ownership or right to use are restricted

Items	Ending balance	Reason
Cash at bank and on hand	4,974,429,409.19	Deposit for notes and letter of credit
Accounts receivable financing	373,576,250.73	Pledged for acceptance bill and short term loan
Other equity instrument investments	1,037,735,849.00	Pledged for loans
Total	6,385,741,508.92	

(51) Foreign currency monetary items

1. Foreign currency monetary items

Items	Ending balance in foreign currency	Exchange rate at the year-end	Ending balance translated to RMB
Cash at bank and on hand			101,235,909.15
Including: USD	12,887,888.55	6.9762	89,908,488.12
EUR	1,420,049.00	7.8155	11,098,396.09
HKD	255,665.26	0.8958	229,024.94
Short-term loans			1,325,478,000.00
Including: USD	190,000,000.00	6.9762	1,325,478,000.00
Non-current liabilities due within one year			116,264,657.99
Including: USD	4,700,000.00	6.9762	32,788,140.00
EUR	10,490,841.04	7.8155	81,991,168.15
JPY	23,176,000.00	0.0641	1,485,349.84
Long-term loans			493,925,910.73
Including: USD	16,550,000.00	6.9762	115,456,110.00
EUR	47,095,176.49	7.8155	368,072,351.85
JPY	162,232,000.00	0.0641	10,397,448.88

2. The Company has no overseas operating entities.

(52) Government subsidies

1. Government subsidies related to assets

Item	Amount	Items listed on the balance sheet	The amount included in the current profit or loss or offsetting the loss of related costs		Items included in the current profit or loss or offsetting the loss of related costs
			20191231	20181231	
Cold-rolled high-strength steel reconstruction project	250,000,000.00	Deferred income	50,000,000.00	50,000,000.00	Other income
Production line of high-grade electro-galvanized sheet for automobile	41,040,000.00	Deferred income	8,208,000.00	8,208,000.00	Other income
7 130t Boilers Flue Gas Desulfurization Renovation Project of Power Plant	24,000,000.00	Deferred income	4,800,000.00	4,800,000.00	Other income
Waste heat utilization project and desulfurization transformation project of sintering machine in ironworks	21,020,000.00	Deferred income	4,204,000.00	4,204,000.00	Other income
Environmental Pollution	26,170,000.00	Deferred income	3,620,000.00	3,620,000.00	Other income

Item	Amount	Items listed on the balance sheet	The amount included in the current profit or loss or offsetting the loss of related costs		Items included in the current profit or loss or offsetting the loss of related costs
			20191231	20181231	
Control Project					
Introduce special funds for overseas advanced and applicable technologies	14,420,000.00	Deferred income	2,884,000.00	2,884,000.00	Other income
Industrial enterprise energy management center construction demonstration project	11,600,000.00	Deferred income	2,320,000.00	2,320,000.00	Other income
Power plant three power plant cogeneration reform project	10,000,000.00	Deferred income	2,000,000.00	2,000,000.00	Other income
MES PROJECT SPECIAL FUND	8,600,000.00	Deferred income	1,720,000.00	1,720,000.00	Other income
Special funds for environmental protection	5,800,000.00	Deferred income	1,160,000.00	1,160,000.00	Other income
Energy saving and environmental protection project for sintering machine in	5,800,000.00	Deferred income	1,160,000.00	1,160,000.00	Other income

Item	Amount	Items listed on the balance sheet	The amount included in the current profit or loss or offsetting the loss of related costs		Items included in the current profit or loss or offsetting the loss of related costs
			20191231	20181231	
ironworks					
Desulfurization and Denitrification Project of Coal-fired Boiler in High-pressure Workshop of Bengang Power Plant	6,000,000.00	Deferred income	600,000.00	600,000.00	Other income
Environmental governance projects and comprehensive prevention and control projects for regional river basin environmental protection	2,400,000.00	Deferred income	340,000.00	340,000.00	Other income
Iron Smelter 360 Sintering Machine Flue Gas Desulfurization Project	1,000,000.00	Deferred income	200,000.00	200,000.00	Other income
Research on the Influence Mechanism and Control of Rare Earth Oxide Sulfide on	357,520.00	Deferred income	173,155.01		Other income

Item	Amount	Items listed on the balance sheet	The amount included in the current profit or loss or offsetting the loss of related costs		Items included in the current profit or loss or offsetting the loss of related costs
			20191231	20181231	
Automobile Steel Plasticity					
Automatic air quality monitoring system	350,000.00	Deferred income	70,000.00	70,000.00	Other income
“Steel for high-strength pipelines under low-temperature and high-pressure service conditions” Project national support funds	188,000.00	Deferred income	67,000.00		Other income
2018 Municipal Skill Master Workstation Fee	240,000.00	Deferred income	52,960.66		Other income
Treatment and Salt Extraction Project of Desulfurization Waste Liquid of Coke Plant	500,000.00	Deferred income		100,000.00	Other income
Total			83,579,115.67	83,386,000.00	

2. Government subsidies related to income

Items	Amount	The amount included in the current profit or loss or offsetting the loss of related costs		Items included in the current profit or loss or offsetting the loss of related costs
		20191231	20181231	
Service support	240,000.00	240,000.00		Other income
Technical Support	80,000.00	80,000.00		Other income
Education-integrated enterprises reduce education fees and local education fees	15,406.80	15,406.80		Other income
Liaoning artisan subsidies	179,997.03		179,997.03	Other income
Xihu Resources Management Committee Compensation	414,300.00		414,300.00	Other income
Subsidies for dismantling coal-fired boilers	1,815,000.00		1,815,000.00	Other income
Baoshan District Investment Promotion Tax Incentive Policy	290,000.00		290,000.00	Other income

3. Return of government subsidies during the reporting period

None

6. Changes in the scope of consolidation

There is no changes to the scope of consolidation during the current period.

7. Equity in other entities

(1) Equity in subsidiaries

1. Constitution of enterprise group

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

2. Significant but not wholly-owned subsidiaries

Name of the subsidiaries	Proportion of non-controlling interests (%)	Profits and losses attributing to non-controlling shareholders	Dividend declared to distribute to non-controlling shareholders	Ending balance of non-controlling interests
Bengang Posco Cold-rolled Sheet Co., Ltd.	25.00	4,844,563.27	9,198,305.14	495,632,613.35

3. Financial information of significant but not wholly-owned subsidiaries

Name of the subsidiaries	20191231					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bengang Posco Cold-rolled Sheet Co., Ltd.	4,305,831,723.98	1,509,417,518.88	5,815,249,242.86	3,832,718,789.47		3,832,718,789.47

Name of the subsidiaries	20181231					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bengang Posco Cold-rolled Sheet Co., Ltd.	2,986,224,229.42	1,692,675,158.81	4,678,899,388.23	2,678,954,080.56		2,678,954,080.56

Name of the subsidiaries	2019			
	Operating income	Net profit	Total comprehensive income	Net cash flows from operating activities
Bengang Posco Cold-rolled Sheet Co., Ltd.	7,379,865,156.54	19,378,253.07	19,378,253.07	-517,602,292.64

Name of the subsidiaries	2018			
	Operating income	Net profit	Total comprehensive income	Net cash flows from operating activities
Bengang Posco Cold-rolled Sheet Co., Ltd.	8,063,719,253.01	8,838,074.77	8,838,074.77	1,040,018,505.74

4. Significant restrictions on the use of enterprise group assets and the settlement of enterprise group debts

None.

5. Financial or other support provided to structured entities included in the scope of consolidated financial statements

None.

(2) The shareholder's equity in the subsidiary has changed and still control the subsidiary's transactions

The company does not exist such matters.

(3) Equity in joint venture or associates**1. Important joint ventures and associates**

The company has no important joint ventures or associates.

2. Summary of financial information of unimportant joint ventures and associates

	20191231/2019	20181231/2018
Joint ventures:		
Total book value of investment:	2,642,998.70	2,455,681.55
The total amount of the following items calculated according to the shareholding ratio		
—Net profit	452,582.71	171,488.75
—Other comprehensive income		
—Total comprehensive income	452,582.71	171,488.75

3. Explanation on the significant limitation of the ability of the joint venture or associate to transfer funds to the company

The company does not exist such matters.

4. Excess losses incurred by joint ventures or associates

The company does not exist such matters.

5. Unconfirmed commitments related to joint venture investment

The company does not exist such matters.

6. Contingent liabilities related to joint venture or associate investment

The company does not exist such matters.

(4) Important joint operations

The company does not exist such matters.

(5) Equity in structured entities that not included in the scope of consolidated financial statements

The company does not exist such matters.

8. Risks associated with financial instruments

The company faces various financial risks in its operation: credit risk, market risk and liquidity risk. The company's board of directors is fully responsible for the determination of risk management objectives and policies, and assumes ultimate responsibility for the risk management objectives and policies. However, the board of directors has authorized the company's planning and development department to design and implement procedures that ensure the effective implementation of risk management objectives and policies. The board of directors reviews the effectiveness of the implemented procedures and the rationality of risk management objectives and policies through reports submitted by the planning and development department. The company's internal auditors also audit risk management policies and procedures, and report relevant findings to the audit committee.

The overall goal of the company's risk management is to formulate a risk management policy that minimizes risks without excessively affecting the company's competitiveness and resilience.

(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. Before signing a new contract, the company will assess the credit risk of new customers, including external credit ratings and bank credit certificates in certain cases (when this information is available). The company has set a credit limit for each customer, which is the maximum amount that does not require additional approval.

The Company ensures that the company's overall credit risk is within a controllable range through regular monitoring of existing customers' credit ratings and periodic review of aging analysis of accounts receivable. 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.

2. Currency risk

Currency risk refers to fluctuations of fair value or future cash flows due to exchange rate changes. The Company has been constantly working on the adjustment of the organizational framework of risk management and optimization of debt structures to

lower the currency risk.

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

(In 10 Thousand Yuan)

Items	Ending balance				
	USD	Euro	HKD	Japanese Yen	Total
Assets	8,990.85	1,109.84	22.90		10,123.59
Liabilities	147,372.23	45,006.35		1,188.28	193,566.86

Items	Beginning balance				
	USD	Euro	HKD	Japanese Yen	Total
Assets	216,803.49	4,755.99	68.03		221,627.51
Liabilities	347,243.60	59,972.90		1,290.86	408,507.36

On December 31, 2019, with all other variables held constant, if the relevant currency appreciates or depreciates against RMB by 5%, the company will increase or decrease the net profit of RMB 91,721,600 (on December 31, 2018: RMB 93,452,000). Management believes that 5% reasonably reflects the reasonable range of possible currency-to-renminbi changes in the next year.

(3) Liquidity risk

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

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

(In 10 Thousand Yuan)

Items	20191231				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Trade and other payables	1,700,807.81			51,693.94	1,752,501.75
Loans and interests	1,339,677.16	328,523.94	133,765.16	22,678.49	1,824,644.75
Total	3,040,484.97	328,523.94	133,765.16	74,372.43	3,577,146.50

(In 10 Thousand Yuan)

Items	20181231				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Trade and other payables	1,638,885.92	67.12	130.65	71.79	1,639,155.48
Loans and interests	1,229,911.46	224,083.41	371,055.41	113,225.19	1,938,275.47
Total	2,868,797.38	224,150.53	371,186.06	113,296.98	3,577,430.95

9. Disclosure of fair value

The input value used in fair value measurement is divided into three levels:

The input value of the first level is the unadjusted quotation of the same asset or liability that can be obtained on the measurement date in an active market.

The input value of the second level is the input value of the related assets or liabilities that is directly or indirectly observable except the input value of the first level.

The third level of input value is the unobservable input value of related assets or liabilities.

The level to which the fair value measurement result belongs is determined by the lowest level to which the input value that is important to the fair value measurement as a whole belongs.

(1) Fair value of assets and liabilities measured at fair value

Item	Fair value at the end of the period			
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	Total
1. Continuous fair value measurement				
◆ Financial assets held for trading				
(1) Financial assets measured at fair value and whose changes are included in the current profit and loss				
(a) Investment in debt				

Item	Fair value at the end of the period			
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	Total
instruments				
(b) Investment in equity instruments				
(c) Derivative financial assets				
(d) Others				
(2) Designated as a financial asset measured at fair value and its changes are included in the current profit and loss				
(1) Investment in debt instruments				
(2) Others				
◆ Accounts receivable financing			2,429,542,461.88	2,429,542,461.88
◆ Other debt investments				
◆ Investment in other equity instruments			1,041,824,829.00	1,041,824,829.00
◆ Other non-current financial assets				
(1) Financial assets measured at fair value and whose changes are				

Item	Fair value at the end of the period			
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	Total
included in the current profit and loss				
(a) Investment in debt instruments				
(b) Investment in equity instruments				
(c) Derivative financial assets				
(d) Others				
(2) Designated as a financial asset measured at fair value and its changes are included in the current profit and loss				
(a) Investment in debt instruments				
(b) Others				
Total assets continuously measured at fair value			3,471,367,290.88	3,471,367,290.88
◆ Financial liabilities held for trading				
Including:				
Issued trading bonds				
Derivative financial				

Item	Fair value at the end of the period			
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	Total
liabilities				
Others				
◆ Designated as a financial liability measured at fair value and its changes included in the current profit and loss				
Total liabilities continuously measured at fair value				
2. Non-continuous fair value measurement				
(1) Assets held for sale				
Total assets not measured continuously at fair value				
For example: Liabilities held for sale				
Total liabilities not measured continuously at fair value				

(2) The basis for determining the market value of the continuous and non-continuous first-level fair value measurement projects

The company has no first level fair value measurement project.

(3) Continuous and non-continuous second-level fair value measurement items, using valuation techniques and qualitative and quantitative information on important parameters

The company has no second level fair value measurement items.

(4) Continuous and non-continuous third-level fair value measurement items, using valuation techniques and qualitative and quantitative information on important parameters

The other equity instruments that continue the third level of fair value measurement are mainly unlisted equity investments held by the company. The company adopted valuation techniques for fair value measurement, mainly using valuation techniques of listed company comparison method, referring to stock prices of similar securities and considering liquidity discounts.

(5) For continuous fair value measurement projects, where conversion between various levels occurs during the period, the reason for the conversion and the policy for determining the timing of conversion

During the current period, there was no conversion between various levels

(6) Changes in valuation techniques and reasons for changes during the period

No changes during the period.

(7) Fair value of financial assets and financial liabilities not measured at fair value

No

10. Related party transactions

(1) Details of parent company

(In 100 Million Yuan)

Name of parent company	Place of Registry	Notes of Business	Registered capital	Share proportion (%)	Voting rights (%)
Benxi Steel & Iron (Group) Co., Ltd.	Benxi	Manufacturing	62.92	61.44	61.44

Note:

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 7 “Equity in other entities”.

(3) The company's joint ventures and associates

Name of joint ventures and associates	Relationship
Zhejiang Bengang Jingrui Steel Processing Co., Ltd.	Associate

(4) Details of other related parties

Name of Other related parties	Relationship
Bengang Group Co., Ltd. (Hereinafter referred to as "Bengang Group")	Controlling shareholder of parent company.
Bengang Group International Economic and Trading Co., Ltd.	Belongs to Bengang Group Co., Ltd.
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Same parent company
Benxi Beiyang Steel & Iron (Group) Co., Ltd. (Hereinafter referred to as "Beiyang Steel")	Belongs to Bengang Group Co., Ltd.
Bengang Electronics and Gas Co., Ltd.	Associate of parent company
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 Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	Same parent company
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	Belongs to Bengang Group Co., Ltd.
Benxi New Career Development Co., Ltd.	Same parent company
Dalian Boluole Steel Tube Co., Ltd.	Belongs to Benxi Steel and Iron (Group) Co., Ltd.
Guangzhou Free Trade Zone Bengang Sales Co., Ltd.	Belongs to Benxi Steel and Iron (Group) Co., Ltd.
Benxi Steel & Iron (Group) General Hospital	Belongs to Benxi Steel and Iron (Group) Co., Ltd.
Liaoning Bengang Steel & Iron Trading Co., Ltd.	Same parent company
Liaoning Hengtai Heavy Machinery Co., Ltd.	Same parent company

Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Same parent company
Liaoning Metallurgy Technician College	Same parent company
Liaoning Metallurgy Vocational Technical College	Same parent company
Suzhou Bengang Industrial Co., Ltd.	Shareholding company
Benxi Steel & Iron (Group) Medical Services Department;	Associate of parent company
Bengang Group Finance Co., Ltd.	Belongs to Bengang Group Co., Ltd.
Liaoning Hengyi Financial Leasing Co., Ltd.	Belongs to Bengang Group Co., Ltd.

(5) Related Party Transactions

1. Related party transactions of purchasing goods and services

Company as the purchaser (In 10 Thousand Yuan)			
Name	The content of related party transactions	2019	2018
Benxi Steel & Iron (Group) Co., Ltd.	Repair expense	27,611.81	30,864.85
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Products	171.87	362.50
Benxi Steel & Iron (Group) Mining Co., Ltd.	Labor cost	864.66	2,200.17
Benxi Steel & Iron (Group) Mining Co., Ltd.	Raw material and supplementary material	466,510.90	401,542.74
Benxi Steel & Iron (Group) Mining Co., Ltd.	Freight	1,318.16	167.04
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Raw material and supplementary material	27,932.17	25,866.54
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Processing fee	127.67	160.26
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Raw materials	3,648.95	7,757.99
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Spare parts	11,131.68	14,321.59
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Repair services	2,922.74	4,617.20
Benxi Steel & Iron (Group) Construction Co., Ltd.	Spare parts	787.21	1,072.33
Benxi Steel & Iron (Group) Construction Co., Ltd.	Project fee	18,016.18	8,375.54
Benxi Steel & Iron (Group) Construction Co., Ltd.	Repair services	21,561.78	21,285.38
Benxi Steel & Iron (Group) Construction Co., Ltd.	Raw material and supplementary material	236.10	55.12
Benxi Steel & Iron (Group) Construction Co., Ltd.	Freight	502.47	1,469.39
Benxi Steel & Iron (Group) Industrial	Spare parts	19,118.00	19,722.48

Name	The content of related party transactions	2019	2018
Development Co., Ltd.			
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Raw material and supplementary material	2,157.65	2,576.98
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Freight	446.80	581.17
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Project fee	235.00	189.45
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Raw material & supplementary materials & spare parts	256.76	573.58
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Project fee	4,998.34	2,473.26
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Repair expense	19,506.98	20,379.63
Bengang Electronics and Gas Co., Ltd.	Raw material and supplementary material	13,763.00	14,695.97
Bengang Electronics and Gas Co., Ltd.	Repair services	1,879.36	3,085.90
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	Spare parts	26.63	61.16
Benxi New Career Development Co., Ltd.	Labor protection fee	487.81	340.23
Benxi New Career Development Co., Ltd.	Raw material and supplementary material and food	907.16	630.15
Liaoning Metallurgy Technician College	Spare parts	1,202.01	1,151.38
Liaoning Metallurgy Vocational Technical College	Project fee		
Liaoning Metallurgy Vocational Technical College	Repair services	580.50	449.86
Bengang Group International Economic and Trading Co., Ltd.	Agency fee	6,309.73	7,602.28
Bengang Group International Economic and Trading Co., Ltd.	Port surcharges	7,099.20	11,692.28
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Spare parts	785.28	2,551.21
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Project fee	1,942.52	3,283.88
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Repair services	3,483.24	1,292.36
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Heating costs	115.25	183.78
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Raw material and supplementary material	70.93	7.54
Benxi Steel & Iron (Group) Designing Institute	Design fees	1,323.40	510.96
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Raw material and supplementary material	1,154,378.53	1,507,972.99
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Energy & Power	54,489.91	80,758.32

Name	The content of related party transactions	2019	2018
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Freight	571.46	588.11
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Labor cost	8,663.23	8,117.37
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Spare parts	1,308.45	636.62
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Raw material and spare parts	8,758.96	10,000.99
Liaoning Hengtai Heavy Machinery Co., Ltd.	Raw material and spare parts	231.09	2,106.67
Liaoning Hengtai Heavy Machinery Co., Ltd.	Repair and labor cost	1,930.35	2,266.25
Bengang Group Co., Ltd.	Property management fee		
Bengang Group Co., Ltd.	Labor cost	15,507.90	

Company as the seller

(In 10 Thousand Yuan)

Name	The content of related party transactions	2019	2018
Bengang Electronics and Gas Co., Ltd.	Energy & Power	76.74	89.86
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Raw material & supplementary materials & spare parts	500,154.15	196,771.88
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Products	1,286.59	2,143.14
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Energy & Power	21,662.54	23,867.61
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Energy & Power	10.44	12.15
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Energy & Power	36.79	51.01
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Products	89.25	
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Products	980.32	2,009.03
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Energy & Power	2,137.30	1,758.69
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Raw material & supplementary materials & spare parts	641.30	1,310.90
Benxi Steel & Iron (Group) Construction Co., Ltd.	Energy & Power	593.80	467.84
Benxi Steel & Iron (Group) Construction Co., Ltd.	Raw material & supplementary materials & spare parts	5,781.00	5,416.38
Benxi Steel & Iron (Group) Mining Co., Ltd.	Energy & Power	64,747.81	68,372.48

Name	The content of related party transactions	2019	2018
Benxi Steel & Iron (Group) Mining Co., Ltd.	Raw material & supplementary materials & spare parts	10,078.34	6,421.84
Benxi Steel & Iron (Group) Mining Co., Ltd.	Freight revenue	1,031.79	1,086.25
Benxi Steel & Iron (Group) Mining Co., Ltd.	Products	502.82	935.65
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Energy & Power	2,639.73	5,825.31
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Raw material & supplementary materials & spare parts	2,749.21	0.07
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Freight revenue		
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Energy & Power	827.49	753.92
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Products		1,459.16
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Raw material & supplementary materials & spare parts	2,295.96	1,021.16
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Energy & Power	15.87	25.45
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Energy & Power	133.05	132.20
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Raw material & supplementary materials & spare parts	93.84	5,008.95
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Energy & Power	532.33	555.29
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Raw material & supplementary materials & spare parts	25,018.15	23,215.49
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Freight revenue		
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Products		1,732.86
Benxi Steel & Iron (Group) Co., Ltd.	Energy & Power	232.43	132.59
Benxi Steel & Iron (Group) Co., Ltd.	Raw material & supplementary materials & spare parts	796.46	300.21
Benxi New Career Development Co., Ltd.	Energy & Power	40.25	43.87
Dalian Boluole Steel Tube Co., Ltd.	Products	404.87	585.99
Liaoning Bengang Steel & Iron Trading Co., Ltd.	Products		
Benxi Steel & Iron (Group) General Hospital	Energy & Power	5.09	8.11
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	Energy & Power	5.22	0.27

Name			The content of related party transactions	2019	2018
Liaoning Equipment Manufacture Co., Ltd.	Hengtong	Metallurgical	Energy & Power		
Liaoning Equipment Manufacture Co., Ltd.	Hengtong	Metallurgical	Raw material & supplementary materials & spare parts	2,444.76	1,955.29
Liaoning Equipment Manufacture Co., Ltd.	Hengtong	Metallurgical	Products	352.89	1,019.91
Bengang Dandong Co., Ltd.	Cold-rolled	Stainless Steel	Raw material & supplementary materials & spare parts	46.59	
Suzhou Bengang Industrial Co., Ltd.			Products	111.16	
Bengang Group Finance Co., Ltd.			Energy & Power	41,269.54	39,596.68
Bengang Group Co., Ltd.			Energy & Power	1.39	1.46
Bengang Group Co., Ltd.			Energy & Power	2.78	3.93

Other instructions:

The pricing policy is based on the transaction content and pricing principles specified in the "Raw Material and Service Supply Agreement" and "Land Use Right Leasing Contract" and supplementary agreements entered into between the Company and Bengang Group and Benxi Steel and Iron (Group) Co., Ltd. The main pricing principle is that if there is a market price, the market price will be used. If there is no market price, then the full cost plus the national additional tax plus a reasonable profit will be used as the pricing standard.

2. Lease information of related parties

Company as the lessor

Currency unit: Yuan

Lessee	Lease capital category	Lease income of 2019 (tax included)	Lease income of 2018 (tax included)
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Warehouse and machinery	500,000.00	500,000.00
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Plants and machinery	122,500.03	490,000.00

Company as the lessee

Currency unit: Yuan

Lessor	Lease capital category	Lease charges of 2019 (tax excluded)	Lease charges of 2018 (tax excluded)
Benxi Steel & Iron (Group) Co., Ltd	Land use right 7,669,068.17 sq.m.	54,984,486.36	54,691,428.60
Benxi Steel & Iron (Group) Co., Ltd	Land use right 42,920.00 sq.m.		
Benxi Steel & Iron (Group) Co., Ltd	2300 Hot rolling product line, related real estate	167,859,103.82	247,959,966.10
Benxi Beiyong Steel & Iron	1780 Hot rolling product line,	83,686,698.60	135,959,033.13

(Group) Co., Ltd.	related real estate	
Bengang Group Co., Ltd.	Land use right 728,282.30 sq.m.	4,972,711.56

Notes to operating lease:

1. According to the "Land Use Right Leasing Contract" and subsequent supplementary agreements signed between the Company and Bengang Steel and Iron (Group) Co., Ltd. on April 7, 1997, December 30, 2005, the Company leases land from Bengang Group, with a monthly rent of 0.594 yuan per square meter. The leased land is 7,669,068.17 square meters and the annual rent is 54,665.10 thousand yuan.

2. For the 2300mm hot rolling product line leased from Bengang Steel and Iron (Group) Co., Ltd. to the Company, lease period lasts from 1 January 2018 to 31 December 2020. On August 14, 2019, the company signed an agreement with Bengang Group to purchase the aforementioned 2300mm hot rolling mill production line. For details, please refer to note '10. Related Party and Related Party Transactions, (5) Related Party Transactions, 4. Related Party Assets Transfers and debt restructuring'.

3. For the 1780 hot rolling product line leased from Benxi Beiyong Steel & Iron (Group) Co., Ltd. to the Company. 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. On August 14, 2019, the Company signed an agreement with Beiyong Steel to purchase the aforementioned 1780mm hot rolling mill production line. For details, please refer to note '10. Related Party and Related Party Transactions, (5) Related Party Transactions, 4. Related Party Assets Transfers and debt restructuring'.

4. On August 14, 2019, the company signed the "House Lease Agreement" with Bengang Steel and Iron (Group) Co., Ltd. and Beiyong Iron and Steel Company, and leased the houses and auxiliary facilities occupied by the 2300 hot rolling mill production line and the 1780 hot rolling mill production line. The lease term of the houses and ancillary facilities is until December 31, 2038. For details, please refer to note '11 – (1) - 1 – (2)'.

5. On July 15, 2019, the company signed "Land Lease Agreement" with Bengang Group and Bengang Steel and Iron (Group) Co., Ltd. respectively, leased and used a total of 8 pieces of land from Bengang Group and Bengang Steel and Iron (Group) Co., Ltd., with leased areas of 42,920.00 square meters, and 728,282.30 square meters, respectively. The lease term is 20 years, the rental price is 1.138 yuan per square meter per month. For details, please refer to note '11 – (1) - 1 – (3)'.

Financial leasing:

During the reporting period, the company purchased equipment from Liaoning Hengyi Financial Leasing Co., Ltd. in the form of financial leasing. The annual purchase amount (without tax) in 2019 was 509,841,317.15 yuan, and interest and handling fees were 6,330,783.62 yuan.

3. Information of Guarantee among related parties

Company as the warrantee

Warrantor	Amount of guarantee	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
Benxi Steel & Iron (Group) Co., Ltd.	¥ 340,000,000.00	2019/12/17	2020/12/17	No
Benxi Steel & Iron (Group) Co., Ltd.	¥ 31,000,000.00	2019/3/25	2020/3/25	No
Benxi Steel & Iron (Group) Co., Ltd.	¥ 500,000,000.00	2019/11/19	2020/11/19	No
Benxi Steel & Iron (Group) Co., Ltd.	¥ 480,000,000.00	2019/12/13	2020/12/13	No
Benxi Steel & Iron (Group) Co., Ltd.	¥ 300,000,000.00	2019/12/13	2020/12/13	No
Benxi Steel & Iron (Group) Co., Ltd.	¥ 147,000,000.00	2019/12/16	2020/12/16	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥ 200,000,000.00	2019/9/9	2020/9/8	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥ 150,000,000.00	2019/10/9	2020/10/8	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥ 200,000,000.00	2019/10/11	2020/10/9	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥ 200,000,000.00	2019/9/19	2020/9/17	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥ 200,000,000.00	2019/9/24	2020/9/23	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥ 178,000,000.00	2019/12/13	2020/12/19	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥ 100,000,000.00	2019/7/8	2020/7/7	No
Bengang Group Co., Ltd.	¥ 300,000,000.00	2019/5/31	2020/5/31	No
Bengang Group Co., Ltd.	¥ 340,000,000.00	2019/3/29	2020/3/27	No
Bengang Group Co., Ltd.	¥ 490,000,000.00	2019/9/5	2020/9/5	No
Bengang Group Co., Ltd.	¥ 800,000,000.00	2019/11/26	2020/2/25	No
Bengang Group Co., Ltd.	¥ 900,000,000.00	2019/11/27	2020/5/26	No
Bengang Group Co., Ltd.	¥ 390,000,000.00	2019/11/28	2020/3/27	No
Bengang Group Co., Ltd.	¥ 480,000,000.00	2019/1/28	2020/1/27	No
Bengang Group Co., Ltd.	¥ 310,000,000.00	2019/5/14	2020/5/13	No
Bengang Group Co., Ltd.	¥ 720,000,000.00	2019/5/14	2020/5/13	No
Bengang Group Co., Ltd.; Benxi Beiyang Steel & Iron (Group) Co., Ltd.	¥ 480,000,000.00	2019/12/12	2020/11/3	No
Bengang Group Co., Ltd. ;Benxi Beiyang Steel & Iron (Group) Co., Ltd.	¥ 490,000,000.00	2019/12/12	2020/11/10	No
Bengang Group Co., Ltd.; Benxi Beiyang Steel & Iron (Group) Co., Ltd.	¥ 320,000,000.00	2019/12/13	2020/12/3	No

Warrantor	Amount of guarantee	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
Bengang Group Co., Ltd.; Benxi Beiyang Steel & Iron (Group) Co., Ltd.	¥ 710,000,000.00	2019/12/16	2020/12/10	No
Bengang Group Co., Ltd.	¥ 350,000,000.00	2019/10/11	2020/9/10	No
Benxi Steel & Iron (Group) Co., Ltd.	\$90,000,000.00	2019/3/29	2020/3/29	No
Benxi Steel & Iron (Group) Co., Ltd.	\$100,000,000.00	2019/12/18	2020/12/18	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥ 80,000,000.00	2016/3/30	2025/3/20	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥ 520,000,000.00	2017/2/27	2025/2/20	No
Bengang Group Co., Ltd.	¥ 73,420,000.00	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.	¥ 750,000.00	2016/12/27	2020/6/21	No
Bengang Group Co., Ltd.	¥ 87,280,000.00	2018/3/26	2024/6/21	No
Bengang Group Co., Ltd.	¥ 59,570,000.00	2017/11/15	2021/12/21	No
Bengang Group Co., Ltd.	¥ 622,600,000.00	2017/12/15	2024/8/20	No
Bengang Group Co., Ltd.	€ 199 895,81	2015/6/25	2025/9/30	No
Bengang Group Co., Ltd.	€ 6 829 398,00	2015/8/20	2025/9/30	No
Bengang Group Co., Ltd.	€ 482 311,00	2015/6/25	2026/4/30	No
Bengang Group Co., Ltd.	€ 5 891 809,96	2015/12/28	2026/4/30	No
Bengang Group Co., Ltd.	€ 2 455 425,68	2016/12/14	2026/4/30	No
Bengang Group Co., Ltd.	€ 6 162,48	2015/6/25	2026/4/30	No
Bengang Group Co., Ltd.	€ 4 069,11	2015/12/28	2026/4/30	No
Bengang Group Co., Ltd.	€ 935 681,93	2017/6/30	2025/10/31	No
Bengang Group Co., Ltd.	€ 3 230 173,05	2016/6/27	2020/4/30	No
Bengang Group Co., Ltd.	€ 649 351,33	2015/6/25	2020/4/30	No
Bengang Group Co., Ltd.	€ 232 225,50	2015/12/28	2020/4/30	No
Bengang Group Co., Ltd.	€ 136 899,75	2016/6/27	2020/4/30	No
Bengang Group Co., Ltd.	€ 12 205,74	2016/12/14	2020/4/30	No
Bengang Group Co., Ltd.	€ 409 373,28	2015/6/25	2025/6/30	No
Bengang Group Co., Ltd.	€ 11 706 112,02	2015/6/25	2025/6/30	No
Bengang Group Co., Ltd.	€ 359 350,10	2015/12/28	2025/6/30	No
Bengang Group Co., Ltd.	€ 8 384 055,11	2015/6/25	2025/10/31	No
Bengang Group Co., Ltd.	€ 3 925 583,04	2015/12/28	2025/10/31	No
Bengang Group Co., Ltd.	€ 719 075,68	2015/6/25	2025/10/31	No

Warrantor	Amount of guarantee	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
Bengang Group Co., Ltd.	€ 10 190 602,55	2015/6/25	2025/8/31	No
Bengang Group Co., Ltd.	€ 216 960,00	2015/12/28	2025/8/31	No
Bengang Group Co., Ltd.	€ 609 296,41	2015/6/25	2025/8/31	No
Benxi Steel & Iron (Group) Co., Ltd.	JYP 185,408,000.00	1997/10/10	2027/9/10	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥100,000,000.00	2019/1/24	2020/1/23	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥100,000,000.00	2019/10/10	2020/10/9	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥200,000,000.00	2019/6/14	2020/6/9	No
Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	¥200,000,000.00	2019/6/17	2020/6/17	No
Bengang Group Co., Ltd.	¥140,000,000.00	2019/1/22	2020/1/22	No
Bengang Group Co., Ltd.	¥340,000,000.00	2019/9/5	2020/9/5	No
Bengang Group Co., Ltd.	¥220,000,000.00	2019/9/25	2020/9/25	No

4. Asset transfer and debt restructuring of related parties

Related Party	Related transaction content	Current Amount (Excluding tax)	Amount of last period (Excluding tax)
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	Purchase of 2300 hot rolling mill production line	3,004,988,590.00	
Benxi Steel & Iron (Group) Co., Ltd.	Purchase of 1780 hot rolling mill production line	684,727,905.00	

Notes:

On August 14, 2019, the Company signed the "Asset Transfer Agreement" with Benxi Steel (Group) and Beiyang Steel, respectively, to acquire the related equipment assets of the 2300mm hot rolling mill production line held by Benxi Steel (Group) and the 1780mm held by Beiyang Steel For details of the equipment assets related to the hot rolling mill production line, please see "XIII, (6) 5. Purchase of equipment assets related to the hot rolling mill production line" for details.

5. Remuneration of key management personnel

(In 10 Thousand Yuan)

Name	2019	2018
Remuneration of key management personnel	302.23	197.60

6. Other related party transactions

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

(In 10 Thousand Yuan)

Item	20181231	Increase	Decrease	20191231	Notes
Deposits	975,193.08	16,894,626.27	16,505,506.84	1,364,312.51	

1. The interests of deposits in Bengang Group Finance Co., Ltd. is RMB 276,972.50 thousand in 2019. As at 31 December 2019, the interest receivable from Bengang Group Finance Co., Ltd. is RMB 20,390.80 thousand.

2. As at 31 December 2019, the restricted deposits in Bengang Group Finance Co., Ltd. is RMB 2,627,650.60 thousand.

3. In 2019, the company and its subsidiaries did not borrow money from financial companies.

4. Bengang Group Finance Co., Ltd. granted the company an unsecured credit line of RMB 4.5 billion in 2019. As 31 December 2019, the amount of acceptance bill opened by Bengang Group Finance Co., Ltd. was RMB 6.588 billion, and the amount of the acceptance bill that had been opened and unpaid by the Japanese company is RMB 2.671 billion, which has a 98.39% margin factor.

(2) The company's loan and interest payment to Benxi steel and iron (Group) Co., Ltd.

(In 10 Thousand yuan).

Item	20181231	Increase	Decrease	20191231
Entrusted loan through Bengang Group Finance Co., Ltd.	1,422.00		1,422.00	
Capital lending	7,770.00	1,000.00	1,270.00	7,500.00
Total	9,192.00	1,000.00	2,692.00	7,500.00

Notes: In 2019, the interest accrued is RMB 4,062,205.54, and as at 31 December 2019, the company has no interest that has not been paid.

6. Receivables and payables of the related parties

1、Receivables of the Company

(in 10 thousand yuan)

Items Name	Name	20191231		20181231	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable	Bengang Group International Economic and Trading Co., Ltd.	5,892.34	58.92	12,906.30	
	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	1,301.32	13.01	937.22	
	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	188.80	1.89	155.04	19.31
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	7.70	0.08		
	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	0.14		113.22	

	Benxi Beiyang Steel & Iron (Group) Co., Ltd.			1,206.26	
	Bengang Electronics and Gas Co., Ltd.			408.26	112.76
Prepayments					
	Benxi Beiyang Steel & Iron (Group) Co., Ltd.	93,762.24		71,312.43	
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	3,559.63			
	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.			4.73	
Other receivables					
	Bengang Group International Economic and Trading Co., Ltd.	432.77	0.20	622.45	
	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	270.17	246.52	261.61	72.45
	Benxi Steel & Iron (Group) Medical Services Department;	94.75	85.27	93.95	73.32
	Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	24.60	12.30	20.41	19.32
	Liaoning Metallurgy Technician College	5.80	5.80	5.80	
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	0.02		181.50	
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.			259.26	
	Benxi Steel & Iron (Group) Construction Co., Ltd.			449.20	
Other non-current assets					
	Liaoning Hengyi Financial Leasing Co., Ltd.	58,419.72		4,631.32	
Notes receivable	Benxi Beiyang Steel & Iron (Group) Co., Ltd.	41,739.59			
	Benxi Steel (Group) Co., Ltd.	402.17			
	Zhejiang Bengang Jingrui Steel Processing Co., Ltd.	400.00			

2、 Payables of the Company

(in 10 thousand yuan)

Items	Name	20191231	20181231
Accounts payable			
	Bengang Group International Economic and Trading Co., Ltd.	70,193.27	151,974.50
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	11,311.75	7,543.14
	Benxi Steel & Iron (Group) Construction Co., Ltd.	10,331.91	9,288.02
	Benxi Steel & Iron (Group) Mining Co., Ltd.		

	8,524.77	46,435.71
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	6,567.06	4,578.45
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	4,443.69	10,736.73
Liaoning Hengtai Heavy Machinery Co., Ltd.	3,246.28	2,991.38
Bengang Group Co., Ltd.	3,148.91	
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	1,487.15	529.45
Bengang Electronics and Gas Co., Ltd.	1,149.26	2,038.30
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	1,143.65	3,239.73
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	1,033.48	1,473.85
Liaoning Metallurgy Technician College	724.86	1,033.31
Liaoning Metallurgy Vocational Technical College	671.93	531.92
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	521.64	454.96
Benxi New Career Development Co., Ltd.	292.66	356.98
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	144.24	20.97
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	62.65	318.45
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	33.77	10.80
Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	16.28	123.00
Benxi Steel & Iron (Group) Medical Services Department;	2.04	2.04
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	0.24	0.24
Advance from customers		
Suzhou Bengang Industrial Co., Ltd.	1,635.62	571.81
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	1,582.14	6,069.05
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	126.57	
Dalian Boluole Steel Tube Co., Ltd.	85.93	66.42
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	82.00	12.91
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	35.79	35.80
Bengang Group International Economic and Trading Co., Ltd.		786.55
Liaoning Bengang Steel & Iron Trading Co., Ltd.		50.02
Other payables		

Benxi Steel (Group) Co., Ltd.	18,278.27	21,832.88
Bengang Group International Economic and Trading Co., Ltd.	1,432.74	4,948.15
Benxi Steel & Iron (Group) Construction Co., Ltd.	526.14	590.19
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	437.69	307.73
Guangzhou Free Trade Zone Bengang Sales Co., Ltd.	267.44	267.44
Benxi New Career Development Co., Ltd.	223.84	97.07
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	143.59	143.59
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	30.42	49.15
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	6.00	1,824.27
Liaoning Metallurgy Technician College	1.34	36.33
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	1.01	75.09
Bengang Group Finance Co., Ltd.	0.60	2.12
Liaoning Hengyi Financial Leasing Co., Ltd.	0.39	
Liaoning Metallurgy Vocational Technical College		0.30
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.		50.15
Long-term payables		
Liaoning Hengyi Financial Leasing Co., Ltd.	51,693.94	1,368.67
Notes payable		
Benxi Beiyang Steel & Iron (Group) Co., Ltd.	508,775.58	470,958.00
Benxi Steel & Iron (Group) Mining Co., Ltd.	69,292.59	98,047.94
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	3,203.52	190.51
Bengang Electronics and Gas Co., Ltd.	2,285.78	
Liaoning Hengyi Financial Leasing Co., Ltd.	1,758.01	
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	684.81	291.70
Liaoning Metallurgy Technician College	195.91	
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	189.02	
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	186.51	22.44
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	71.84	
Liaoning Metallurgy Vocational Technical College		

	43.55
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	14.82
Benxi Steel & Iron (Group) Construction Co., Ltd.	13.05
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	5.71

11. Commitments and Contingencies

(1) Commitments

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

(1) According to the "Land Use Right Leasing Contract" and subsequent supplementary agreements signed by the company and Benxi Steel (Group) on April 7, 1997, December 30, 2005, the Company leased land from Benxi Steel (Group). The monthly rent is 0.594 yuan per square meters, the leased land area is 7,669,068.17 square meters, and the annual rent is 54,665,100 yuan.

(2) On August 14, 2019, the Company signed the "House Lease Agreement" with Benxi Steel (Group) and Beiyang Steel respectively, leasing the houses and auxiliary facilities occupied by 2300 and 1780 hot rolling mill production lines, and the lease term ends on December 31, 2038. The rental fee is based on the depreciation of the original rent value and the national additional tax, plus reasonable profit negotiation. The estimated annual rent is not more than 20 million yuan and 18 million yuan respectively. The rental fee is settled and paid monthly. This related party transaction has been reviewed and approved at the fourth meeting of the eighth board of directors of the Company.

(3) On July 15, 2019, the Company signed "Land Lease Agreement" with Bengang Group and Benxi Steel (Group) respectively, and leased and used a total of 8 pieces of land of the two companies. The lease areas are 42,920.00 square meters and 728,282.30 square meters respectively, with a lease term of 20 years, and a rental price of 1.138 yuan per square meter per month. After the agreement comes into effect, considering the national law and policy adjustments every five years, both parties should determine whether the rent needs to be adjusted according to the pricing basis stipulated in Article 2 of this agreement. This related party transaction has been reviewed and approved at the third meeting of the eighth board of directors of the company.

(4) As of December 31, 2019, the amount of financial lease contracts that the Company and Liaoning Hengyi Financial Leasing Co., Ltd. had signed but had not yet started to execute was 1.959 billion yuan.

2. Irrevocable letter of credit

As at December 31, 2019, the amount of irrevocable letter of credit that was not fulfilled was 1.756 billion yuan.

(2) Contingencies

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

12. Subsequent events

(1) Important non-adjustment matters

1. Impact of the COVID-19

Since the outbreak of the COVID-19, the consumption, investment and exports in our country have been affected to a certain extent. The Company pays close attention to the progress of the epidemic. As of the date of this report, the situation of domestic epidemic prevention and control continues to improve, but the situation of overseas epidemic prevention and control is still grim. Iron ore imports, direct and indirect exports of products have been affected to a certain extent. The Company will continually and actively evaluate the development situation of the epidemic situation, scientifically respond to the challenges of the epidemic situation, and ensure the stability of production and operation.

2. Adjustment of accounting estimate

On January 31, 2020, the eighth meeting of the eighth session of the Board of Directors of the Company passed the "Proposal on Adjusting the Depreciation Period of Certain Fixed Assets".

Reasons for changes in accounting estimates: According to Article 19 of "Accounting Standards for Business Enterprises No. 4-Fixed Assets," an enterprise should review the useful life of fixed assets, estimated net residual value and depreciation methods at least at the end of each year. If there is a difference between the estimated number and the original estimate, the service life of the fixed assets shall be adjusted. " In order to fairly reflect the Company's financial situation and operating results, the fixed asset depreciation period is closer to its actual service life, and to meet the Company's business development and fixed asset management needs, the company assessed the use of fixed assets and service life. According to the Company's evaluation of the actual status of fixed assets and the depreciation period: the technology and technical content of the Company's production equipment are high, and the maintenance status is good. From 2010 to 2019, the Company invested a total of RMB 11.959 billion in equipment maintenance costs. The depreciation period is closer to the actual service life, it is necessary to adjust the depreciation period of some fixed assets of our company.

Accounting estimates used before and after the change:

According to the actual situation of the Company's fixed assets, the Company decided to adjust the depreciation period of some fixed assets from January 1, 2020. The specific adjustment plan is as follows:

Type of the Fixed Assets	Depreciation period before adjustment	Depreciation period after adjustment
1. Equipment	14	21
2. Power plant	18	19
3. Conduction equipment	18	28
4. Transportation equipment	6	12
5. Tools and other production tools	9	14
6. Non-production equipment and appliances		
(1) Equipment tools	18	22
(2) Copier, word processor	5	8
7. Buildings		
(1) Production buildings	40	40

(2) Corroded production buildings	25	25
(3) Strong corrosion production buildings	10	15
(4) Non-production buildings	30	45
(5) Simple buildings	8	10
(6) Buildings	25	25

(2) Profit Distribution

Profit or dividend to be distributed	<p>On April 22, 2020, as approved by the tenth meeting of the eighth board of directors of the Company, the 2019 dividend distribution plan was adopted: considering the uncertainty of the COVID-19 on the domestic and foreign economies, it is recommended that the company not distribute profits in 2019, no capital reserve will be converted into capital. The above profit distribution plan still needs to be reviewed and approved by the shareholders' meeting.</p>
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(3) Sales Return

Not applicable.

(4) Divided into assets held for sale and disposal portfolio

Not applicable.

(5) Other subsequent events

The controlling shareholder's plan to increase the shares in the Company

The Company received a notification letter from the Company's controlling shareholder (Benxi Steel (Group) Co., Ltd.) plan to increase the Company's shareholding within 6 months from 14 February, 2020. Benxi Steel (Group) plans to increase the Company's shares with its own funds through methods permitted by laws and regulations (including but not limited to centralized bidding and bulk transactions). The total amount of this plan is not less than RMB 50 million, not more than RMB 100 million, and there is no price range.

13. Other significant events

(1) Correction of previous accounting errors

None

(2) Debt restructuring

None

(3) Asset replacement

None

(4) Termination of business

None

(5) Segment information

Since the Company's main product is steel, other products account for a small proportion of sales, the main production base is in Liaoning, and the disclosure of the segment report is not applicable.

(6) Other important matters that have an impact on investor decisions**1. Financial leasing matters**

In order to optimize the debt structure and broaden the financing channels, the Company signed the "Financial Leasing Cooperation Framework Agreement" with Liaoning Hengyi Financial Leasing Co., Ltd. in 2018. The financing amount is not more than RMB 5 billion per year. The Company obtains funds through financing after-sales leaseback. The lease interest rate is not higher than the benchmark loan interest rate announced by the People's Bank of China for the same period. The lease interest rate during the lease period is dynamically adjusted with the changes in the benchmark interest rate announced by the People's Bank of China. The ratio of lease deposit is not higher than 30% of the lease principal amount.

2. The controlling shareholder pledges the Company's shares

As of the balance sheet date, the Company's controlling shareholder Benxi Iron and Steel (Group) Co., Ltd. held 2,381,105,094 shares of the Company, of which 110,000,000 shares were in pledged status and 45,000,000 shares were in restricted sales and frozen status.

3. The controlling shareholder completes the increase in the company's shares

Benxi Steel (Group) Co., Ltd., the Company's controlling shareholder, plans to increase its shareholding in the Company through its own funds through the methods permitted by laws and regulations (including but not limited to centralized bidding and bulk transactions) within 6 months from May 10, 2019. The total amount of this

shareholding increasing plan is no less than RMB 100 million, not more than RMB 200 million, and there is no price range. As of November 10, 2019, Benxi Steel (Group)'s shareholding increase plan was completed. Benxi Steel (Group) has accumulatively increased its holdings of 25,695,831 shares of the Company, accounting for 0.66% of the Company's total share capital, and the total amount of additional holdings was RMB 112.8 million.

Benxi Steel (Group), the Company's controlling shareholder, plans to increase its shares in the Company within 12 months from June 1, 2018, with the capital increase not exceeding RMB 300 million. As of May 9, 2019, Benxi Steel (Group)'s shareholding increase plan was completed. Benxi Steel (Group) has accumulatively increased its holdings of 70,998,061 shares, accounting for 1.83% of the Company's total share capital, and the total amount of additional holdings was RMB 291,922,300.

4. Issuance of convertible corporate bonds

The Company plans to publicly issue convertible corporate bonds that can be converted into company's A shares. The total amount of convertible bonds issued this time will not exceed RMB 680 million (including RMB 680 million). The specific amount of funds raised is to be confirmed determined within the aforementioned quota by the Company's board of directors or persons authorized by the board of directors under the authorization of the Company's general meeting of shareholders.

After deducting the issuance expenses, the proceeds will be fully invested in the following projects:

No.	Project	Total Investment	Proposed investment
1	High grade high magnetic induction non-oriented silicon steel project	114,500.00	105,700.00
2	Steelworks No. 8 Casting Machine Project	39,500.00	33,500.00
3	Energy-saving renovation project of No. 5 blast furnace in ironworks	150,000.00	96,000.00
4	Special Steel Electric Furnace Upgrading Project	160,000.00	141,600.00
5	CCPP power generation project	98,826.80	83,300.00
6	No. 4-No. 6 converter environmental protection renovation project	27,000.00	19,900.00
7	Repayment of bank loan	200,000.00	200,000.00
Total		789,826.80	680,000.00

The relevant proposal of the Company's public issuance of A-share convertible corporate bonds was reviewed and approved by the second meeting of the eighth board of directors of the Company on May 22 2019, and was resolved by the Company's second extraordinary general meeting of shareholders on June 10, 2019.

In June 2019, the State-owned Assets Supervision and Administration Commission of the People's Government of Liaoning Province issued the "Response for the Public Issuance of Convertible Corporate Bonds of Bengang Steel Plates Co., Ltd." (Liao-Guo-Zi-Chan-Quan [2019] No. 110), which approved the Company's application for public offering of no more than RMB 6.8 billion (inclusive) convertible corporate bonds with a term of 6 years.

On October 8, 2019, the Company convened the sixth meeting of the eighth board of directors, and reviewed and approved the "Proposal on the Company's Public Offering of A Share Convertible Corporate Bonds (Revised Draft).

On October 28, 2019, the Company convened the seventh meeting of the eighth board of directors, and reviewed and approved the "Proposal on the Company's Public Offering of A Share Convertible Corporate Bonds (Second Revision)".

On November 14, 2019, the Company convened the fourth extraordinary general meeting of shareholders in 2019, and the resolution passed the "Proposal on the Company's Public Offering of A Share Convertible Corporate Bonds (Second Revision)".

On December 20, 2019, the Issuance Review Committee of the China Securities Regulatory Commission (hereinafter referred to as the "China Securities Regulatory Commission") reviewed the company's application for public issuance of A-share convertible corporate bonds. According to the results of the meeting, the company's public offering for A-share convertible corporate bonds was approved.

On January 22, 2020, the Company received the "Response for Approving the Public Issuance of Convertible Corporate Bonds of Bengang Steel Plate Co., Ltd." issued by the China Securities Regulatory Commission (Zhongjian License [2020] No. 46) (hereinafter referred to as "Response") The approved Company publicly issued convertible corporate bonds with a total face value of RMB 6.8 billion to the public for a period of 6 years. This approval is valid for 6 months from the date of approval of the issuance.

5. Purchase related equipment assets of hot rolling mill production line

On August 14, 2019, the Company signed the "Asset Transfer Agreement" with Benxi Steel (Group) and Beiying Steel, respectively, to acquire the related equipment assets of the 2300mm hot rolling mill production line held by Benxi Steel (Group), and the 1780mm held by Beiying Steel Related equipment assets of the hot rolling mill production line; after the above asset acquisition agreement became effective, the relevant production line lease agreement signed between the Company, Benxi Steel (Group), and Beiying Iron and Steel Group terminated.

The Company has purchased the related equipment assets of the 2300mm hot rolling mill production line held by Benxi Steel (Group), and the related equipment assets of the 1780mm hot rolling mill production line held by Beiying Iron and Steel Co. The fourth meeting deliberated and passed the resolution of the company's third extraordinary general meeting in 2019.

The assets acquired by the company this time mainly include 2628 items of related equipment for the 2300mm hot rolling mill production line and 801 items of related equipment for the 1780mm hot rolling mill production line. The 2300mm hot rolling mill production line is invested and constructed by Benxi Steel (Group). If the above production line is used by Benxi Steel (Group) Co., Ltd., it will cause industry competition and related transactions with the Company. Therefore, Benxi Steel (Group) Co., Ltd. has leased the 2300mm hot rolling mill production line to the Company in 2009; the 1780mm hot rolling mill production line was invested and constructed by Beiying Steel. If the above production line is used by Beiying Steel itself, it will compete with the company. Therefore, Beiying Steel has leased the 1780mm hot rolling mill production line to the Company since 2014.

As of the end of the reporting period, the above acquisitions have been completed.

14. Capital management

The main objectives of the company's capital management are as following:

- to ensure the Company's ability to continue to operate in order to provide returns to shareholders and other stakeholders continuously;
- to price the products and services accordingly according to the risk level, so as to provide sufficient returns to shareholders.

The Company has set a capital amount proportional to the risk, and manages and adjusts the capital structure according to changes in the economic environment and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities.

The company monitors capital based on the adjusted liability / capital ratio.

Liability/capital ratio after adjustment as of the balance sheet date is showed as follows:

Items	20191231	20181231
Shor-term loans	13,151,478,000.00	11,938,490,375.85
Long-term loans due within one year	234,474,657.99	350,965,576.32
Long-term loans	4,849,675,910.73	7,083,640,094.16
Total amount of loans	18,235,628,568.72	19,373,096,046.33
Minus: cash and cash equivalent	13,441,414,988.58	11,752,548,621.97
Net value of liabilities	4,794,213,580.14	7,620,547,424.36
Shareholder's equity	20,012,826,841.40	19,659,404,456.16
Liability/capital ratio after adjustment	23.96%	38.76%

15. Notes to the financial statements of parent company

1. Notes receivable

(1) Notes receivable disclosed by category

Items	20191231	20181231
Bank acceptance bill		3,316,192,514.61
Commercial acceptance bill		39,828,084.28
Total		3,356,020,598.89

2. Accounts receivable

(1) Accounts receivable disclosed by aging

Items	20191231	20181231
Within 1 year (inclusive)	339,851,051.52	333,482,302.22
1-2 years (inclusive)	31,642,073.27	56,750,367.45
2-3 years (inclusive)	24,708,264.04	27,697,384.96
Over 3 years	175,744,519.91	170,983,469.66
Sub-total	571,945,908.74	588,913,524.29
Less: Provision for bad debts	182,948,800.28	179,360,465.02
Total:	388,997,108.46	409,553,059.27

(2) Accounts receivable disclosed by category

Items	20191231		20181231		Book value
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts	
	Amount	Percentage	Amount	Bad debts	

		(%)		ratio (%)	
Individually significant and tested for impairment individually	47,762,337.18	8.35	47,762,337.18	100.00	
Accounts receivable tested for impairment by portfolio	524,183,571.56	91.65	135,186,463.10	25.79	388,997,108.46
Include:					
Portfolio 1: Aging	268,981,818.03	47.03	135,186,463.10		133,795,354.93
Portfolio 2: Combined related party	255,201,753.53	44.62			255,201,753.53
Total	571,945,908.74	100.00	182,948,800.28		388,997,108.46

20181231					
Items	Carrying amount		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Bad debts ratio (%)	
Individually significant and tested for impairment individually	47,762,337.18	8.11	47,762,337.18	100.00	
Provision for bad debts based on credit risk	541,151,187.11	91.89	131,598,127.84	24.32	409,553,059.27
Individually not significant but tested for impairment individually					
Total	588,913,524.29	100.00	179,360,465.02		409,553,059.27

Receivables individually insignificant but tested for impairment individually

Items	20191231			
	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	Benxi Nanfen Xinhe has halt operation.
Total	47,762,337.18	47,762,337.18		

Accounts receivable tested for impairment by portfolio

Portfolio tested by aging

20191231			
Items	Carrying amount	Provision for bad debts	Bad debts ratio (%)
Within 1 year	84,816,943.55	848,169.44	1.00
1-2 years	31,642,073.27	1,582,103.66	5.00
2-3 years	24,708,264.04	4,941,652.81	20.00
Over 3 years	127,814,537.17	127,814,537.17	100.00
Total	268,981,818.03	135,186,463.08	

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

The provision of bad debts of current period is RMB 3,588,335.26.

(4) No accounts receivable has been written off this year.**(5) Top five debtors at the year-end**

Company	Amount	20191231	
		Percentage of total accounts receivable (%)	Provision for bad debts
The first	255,034,107.97	44.59	
The second	62,933,318.72	11.00	5,743,870.05
The third	47,762,337.18	8.35	47,762,337.18
The fourth	15,212,648.64	2.66	152,126.49
The fifth	14,353,834.99	2.51	143,538.35
Total	395,296,247.50	69.11	53,801,872.07

(6) Account receivables do not be derecognized due to the transfer of financial assets at year-end**(7) Account receivables do not be transferred and further involved in assets and liabilities****3. Accounts receivable financing****(1) Details of accounts receivable financing**

Items	20191231
Notes receivable	2,193,319,842.60
Include: Bank acceptance bill	2,184,526,834.33
Commercial acceptance bill	8,793,008.27
Total	2,193,319,842.60

Other information: notes receivable and accounts receivable measured at fair value through other comprehensive income are included in receivable financing at the end of period.

(2) Receivable financing tested for impairment

None.

(3) Acceptance bills pledged by the company at the end of the period

Items	Pledged amount
-------	----------------

Bank acceptance bill	373,576,250.73
Commercial acceptance bill	
Total	373,576,250.73

- (4) Acceptance bills have been endorsed or discounted by the company and have not expired at the accounting period

Items	Derecognized amount	Not derecognized amount
Bank acceptance bill	9,643,750,298.36	
Commercial acceptance bill		
Total	9,643,750,298.36	

- (5) There are no bills converted into accounts receivable due to the failure of the issuer to perform the contract at the end of the period.

4. Other receivables

Item	20191231	20181231
Interest receivables	19,658,230.77	9,815,280.04
Dividend receivables		
Other receivables	247,005,005.04	225,222,111.42
Total	266,663,235.81	235,037,391.46

1. Interest receivables

(1) Interest receivable disclosed by category

Items	20191231	20181231
Deposit interest	19,658,230.77	9,815,280.04
Subtotal	19,658,230.77	9,815,280.04
Less: provision for bad debt		
Total	19,658,230.77	9,815,280.04

- (2) There is no significant provision for overdue interest and bad debt provision.

2. Other receivables

(1) Other receivables disclosed by aging

Items	Ending balance	Beginning balance
Within 1 year (inclusive)	115,480,359.05	183,173,264.02
1-2 years (inclusive)	15,711,856.93	3,202,196.37
2-3 years (inclusive)	3,479,413.59	46,583,451.06
Over 3 years	177,724,723.88	56,834,814.81

Sub-total	312,396,353.45	289,793,726.26
Less: Provision for bad debts	65,391,348.41	64,571,614.84
Total:	247,005,005.04	225,222,111.42

(2) Provision for bad debt provision

	Stage one		Stage two		Stage three		
Provision for bad debts	12-month credit losses	expected credit losses	Lifetime credit credit impairment)	expected losses (no credit impairment)	Lifetime expected credit losses (credit impairment occurred)		Total
Beginning balance			20,492,667.08		44,078,947.76		64,571,614.84
Current period provision			-11,312,968.19		12,132,701.76		819,733.57
Current period reverse							
Current period write-off							
Other change							
Ending balance			9,179,698.89		56,211,649.52		65,391,348.41

Changes of other receivables

	Stage one		Stage two		Stage three		
Book value	12-month credit losses	expected credit losses	Lifetime credit impairment)	expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment occurred)		Total
Beginning balance	182,137,456.26		63,577,322.24		44,078,947.76		289,793,726.26
Current period increase	50,391,321.37		-		12,132,701.76		62,524,023.13
Current period decrease			39,921,395.94				39,921,395.94
Current period derecognize							
Other change							
Ending balance	232,528,777.63		23,655,926.30		56,211,649.52		312,396,353.45

(3) Other receivables disclosed by nature

Nature	20191231	20181231
Receivable and payable	308,494,447.19	278,547,233.77
Other	3,901,906.26	11,246,492.49
Total	312,396,353.45	289,793,726.26

(4) Top five debtors at the year-end

Company	Nature or content	Amount	Aging	Percentage of total other receivables (%)	Provision for bad debts
The First	Receivable and payable	5,718,029.34	1-2 years	1.83	1,143,605.87
The Second	Receivable and payable	5,329,737.80	Within 1 year	1.71	
The Third	Receivable and payable	4,333,839.78	1-2 years	1.39	
The Fourth	Receivable and payable	2,365,538.29	Within 1 year to 3 years	0.76	2,128,984.46
The Fifth	Receivable and payable	2,261,360.00	Over 3 years	0.72	2,261,360.00
Total		20,008,505.21		6.41	5,533,950.33

(5) Other receivables do not involve in any government subsidies at year-end**(6) Other receivables do not be derecognized due to the transfer of financial assets at year-end****(7) Other receivables do not be transferred and further involved in assets and liabilities****5. Long-term equity investment**

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

Details of investment in subsidiaries

Name of entity	Beginning balance	Increase	Decrease	Ending balance	Impairment of current period	Ending balance of impairment
Guangzhou Bengang Steel & Iron Trading Co., Ltd.	30,000,000.00			30,000,000.00		
Shanghai Bengang Metallurgy Science and Technology Co., Ltd.	30,000,000.00			30,000,000.00		
Bengang Steel Plates Liaoyang Pellet Co., Ltd.	529,899,801.38			529,899,801.38		

Dalian Benruitong Automobile Material Technology Co., Ltd.	65,000,000.00	65,000,000.00
Bengang Posco Cold-rolled Sheet Co., Ltd.	1,019,781,571.10	1,019,781,571.10
Changchun Bengang Steel & Iron Sales Co., Ltd.	28,144,875.36	28,144,875.36
Harbin Bengang Economic and Trading Co., Ltd.	29,923,398.23	29,923,398.23
Nanjing Bengang Materials Sales Co., Ltd.	2,081,400.65	2,081,400.65
Wuxi Bengang Steel & Iron Sales Co., Ltd.	29,936,718.57	29,936,718.57
Xiamen Bengang Steel & Iron Sales Co., Ltd.	1,095,711.66	1,095,711.66
Yantai Bengang Steel & Iron Sales Co., Ltd.	49,100,329.41	49,100,329.41
Tianjin Bengang Steel & Iron Trading Co., Ltd.	60,318,095.80	60,318,095.80
Benxi Bengang Steel Sales Co., Ltd.	5,000,000.00	5,000,000.00
Shenyang Bengang Metallurgical Science and Technology Co., Ltd.	30,000,000.00	30,000,000.00
Chongqing Liaoben Steel & Iron Trade Co., Ltd.	30,000,000.00	30,000,000.00
Bengang Baojin (Shenyang) Automobile New Materials Technology Co., Ltd.	76,000,000.00	76,000,000.00
Total	2,016,281,902.16	2,016,281,902.16

6. Operating income and operating cost

Items	2019		2018	
	Revenue	Cost	Revenue	Cost
Principal business	45,495,328,832.91	43,241,111,129.03	45,295,861,844.09	41,702,339,825.46
Other business	7,109,784,374.11	6,493,078,331.57	5,129,217,403.65	4,479,588,955.97
Total	52,605,113,207.02	49,734,189,460.60	50,425,079,247.74	46,181,928,781.43

Details of operating income

Items	2019	2018
Principal business	45,495,328,832.91	45,295,861,844.09
Include: domestic	39,896,261,053.27	35,913,548,076.88
Foreign	5,599,067,779.64	9,382,313,767.21
Other business		
Include: domestic	7,109,784,374.11	5,129,217,403.65
Foreign	7,109,784,374.11	5,129,217,403.65
Total	52,605,113,207.02	50,425,079,247.74

7. Income on investment

Items	2019	2018
Income from long-term equity investment (cost method)	27,594,915.42	
Income from bank short-term financial products		5,041,397.26
Total	27,594,915.42	5,041,397.26

16. Supplementary information

(1) Details of non-recurring profit and loss

Items	Amount	Notes
Profit or loss from disposal of non-current assets	-77,292,030.26	
Tax refund, reduction or exemption of unauthorized approval or no formal approval document		
Government subsidy attributable to profit and loss of current period (except such government subsidy closely related to the company's normal business operation, meeting the regulation of national policy and enjoyed constantly in certain quota or quantity according to a certain standard)	83,914,522.47	
Fund occupation fee charged to non-financial enterprises included in current profit and loss		
The investment cost of an enterprise acquiring subsidiaries, associates and joint ventures is less than the income from the fair value of the identifiable net assets of the investee when obtaining the investment		
Non-monetary asset exchange gains and losses		
Profit or loss from investment or assets entrusted to others	605,795.19	
Provision for asset impairment due to unavoidable factors such as natural disasters		
Profit or loss from debt restructuring	50,640.00	
Restructuring costs, such as the cost of relocating employees, integration costs, etc.		
Profits and losses in excess of fair value from unfair transaction		
Subsidiary companies arising from business combinations under the same control		
Profits and losses from contingencies are not related to the company's normal business operations		
Profits excluded effective hedging business related to the company's normal business operations, from holding transactional financial assets, derivative financial assets, transactional financial liabilities, fair value changes in derivative financial liabilities, and disposal of transactional financial assets and derivative financial Investment income from assets, trading financial liabilities, derivative financial liabilities and other debt investments		
Reversal of impairment provision for individually tested impairment of receivables		
Profits and losses from external entrusted loans		
Profits and losses from changes in fair value of investment real estate that use the fair value model for subsequent measurement		
Profit and loss affected due to the adjustments of requirements of taxation, accounting and other laws and regulations		
Trustee income from trust operations		
Other non-operating revenue and expenditure other than above items	779,757.58	
Other non-recurring profit and loss	2,084.65	
Subtotal	8,060,769.63	
Impact of income tax	-1,818,703.48	

Items	Amount	Notes
Impact of minority interests	-123,911.88	
Total	6,118,154.27	

(2) Net asset yield and earnings per share

Profit in the Reporting Period	Weighted average net assets yield (%)	Earnings per share (Yuan)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	2.88	0.143	0.143
Net profit attributable to ordinary shareholders after deducting non-recurring profit and loss	2.85	0.142	0.142

(3) Differences between Domestic and Foreign Accounting Standards

☐ Applicable ☒ Not applicable

(4) Supplement information of change of accounting standards

The company bases on “Notice on Revision and Issuance of the Format of Financial Statements for General Enterprises in 2019 (Caikuai [2019] No. 6)” and Notice on the revision and issuance of the Format of Combined Financial Statements 2019.” (Cai Kuai 2019 No.16) changes the according standards and adjusted financial reports retrospectively. The restated consolidated balance sheets are as follows:

Items	Beginning balance of last year	Ending balance of last year	Ending balance of the current year
Current assets:			
Cash at bank and on hand	17,037,713,410.49	16,567,471,755.77	18,415,844,397.77
Settlement provision			
Fund lent			
Financial assets held for trading	Not applicable	Not applicable	
Financial assets at fair value through profit or loss			Not applicable
Derivative financial assets			
Notes receivable	3,846,433,700.87	3,580,145,843.38	
Accounts receivable	728,597,926.39	639,482,481.45	235,863,911.22
Accounts receivable financing	Not applicable	Not applicable	2,429,542,461.88
Prepayments	1,280,689,094.33	1,321,537,514.78	1,404,330,140.57
Premium receivable			
Cession premiums receivable			
Provision of cession receivable			

Items	Beginning balance of last year	Ending balance of last year	Ending balance of the current year
Other receivables	308,825,505.84	202,763,964.98	172,807,036.77
Buying back the sale of financial assets			
Inventories	11,209,898,096.16	10,677,747,112.40	7,700,397,685.61
Assets held for sale			
Non-current assets due within one year			
Other current assets	809,322,127.79	292,119,771.13	313,220,411.89
Total current assets	35,221,479,861.87	33,281,268,443.89	30,672,006,045.71
Non-current assets:			
Loans and advances			
Debt investment	Not applicable	Not applicable	
Available-for-sale financial assets	3,888,980.00	1,041,824,829.00	Not applicable
Other debt investment	Not applicable	Not applicable	
Held-to-maturity investment			Not applicable
Long-term receivables			
Long-term equity investment	2,726,009.03	2,455,681.55	2,642,998.70
Other equity instrument investment	Not applicable	Not applicable	1,041,824,829.00
Other non-current financial asset	Not applicable	Not applicable	
Investment property			
Fixed assets	23,852,067,166.10	23,924,504,539.97	26,123,375,492.40
Construction in progress	2,396,143,330.06	836,594,457.82	1,833,853,572.58
Productive biological assets			
Oil and gas assets			
Intangible assets	253,884,881.48	278,062,441.04	271,500,023.34
Development expenditure			
Goodwill			
Long-term deferred expenses			

Items	Beginning balance of last year	Ending balance of last year	Ending balance of the current year
Deferred tax assets	200,618,461.36	191,452,547.21	191,485,595.49
Other non-current assets	1,067,334,823.12	76,341,975.35	595,219,870.04
Total non-current assets	27,776,663,651.15	26,351,236,471.94	30,059,902,381.55
Total assets	62,998,143,513.02	59,632,504,915.83	60,731,908,427.26
Current liabilities:			
Short-term loans	21,999,103,900.00	11,938,490,375.85	13,151,478,000.00
Borrowings from central bank			
Deposit funds			
Trading financial liabilities	Not applicable	Not applicable	
Financial liabilities at fair value through profit or loss			Not applicable
Derivative financial liabilities			
Notes payable	11,494,589,827.27	10,013,192,014.02	11,828,514,676.95
Accounts payable	3,897,668,513.77	5,522,042,811.65	4,527,680,675.83
Advance from customers	3,308,567,598.05	3,331,854,098.42	4,429,821,526.79
Sale of repurchase financial assets			
Deposits from customers and interbank			
Acting trading securities			
Acting underwriting securities			
Employee benefits payable	43,722,537.58	51,466,231.72	23,698,174.56
Current tax liabilities	87,807,128.50	515,752,369.68	285,141,402.60
Other payables	661,129,220.33	862,511,178.96	662,701,744.97
Service charges and commissions payable			
Cession insurance premiums payable			
Liabilities held for sale			
Non-current liabilities due within one year	3,811,540,590.84	350,965,576.32	234,474,657.99
Other current liabilities	27,979,093.21		

Items	Beginning balance of last year	Ending balance of last year	Ending balance of the current year
Total current liabilities	45,332,108,409.55	32,586,274,656.62	35,143,510,859.69
Non-current liabilities:			
Provision for insurance contracts			
Long term loans	2,444,185,630.28	7,083,640,094.16	4,849,675,910.73
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Long-term payable		13,686,705.92	516,939,408.14
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	372,785,000.00	289,499,002.97	208,955,407.30
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities	2,816,970,630.28	7,386,825,803.05	5,575,570,726.17
Total liabilities	48,149,079,039.83	39,973,100,459.67	40,719,081,585.86
Shareholder's equity:			
Share capital	3,136,000,000.00	3,875,371,532.00	3,875,371,532.00
Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Capital reserves	9,114,845,542.05	12,343,209,847.29	12,343,209,847.29
Less: Treasury shares			
Other comprehensive income			
Special reserves	475,046.75	683,937.71	212,687.41
Surplus reserves	961,105,529.85	961,105,529.85	961,105,529.85
Provision for normal risks			

Items	Beginning balance of last year	Ending balance of last year	Ending balance of the current year
Undistributed Profits	1,103,162,610.35	1,945,887,269.82	2,307,765,664.62
Total owners' equity belongs to parent company	14,315,588,729.00	19,126,258,116.67	19,487,665,261.17
Minority interest	533,475,744.19	533,146,339.49	525,161,580.23
Total shareholder's equity	14,849,064,473.19	19,659,404,456.16	20,012,826,841.40
Total liabilities and shareholder's equity	62,998,143,513.02	59,632,504,915.83	60,731,908,427.26

XIII. 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;
- 3, Original copy of the Auditors' Report under the seal of the CPA and signed by and under the seal of certified accountants.