



Bengang Steel Plates Co., Ltd.

Annual Report 2020

April, 2021

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, Lin Dong, Chief financial officer, and Cong Yajuan, 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's profit distribution plan is approved by the board of directors. Taking 3,875,371,532 shares as the base, a cash dividend of 0.1 yuan (tax included) will be distributed to all shareholders for every 10 shares, and stock dividend is 0. The capital reserve will not be converted into 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.
Benxi Steel & Iron CO., Bengang Co.	Refers to	Benxi Steel & Iron (Group) Co., Ltd.
Liaoning Provincial State-asset Administration	Refers to	Liaoning State-owned Asset Supervisory and Management Committee
SSE	Refers to	Shenzhen Stock Exchange
Bengang Puxiang	Refers to	Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.

II. Company Profile and Main Financial Index

I. Company Information

Stock abbreviation	Bengang Bancai, Bengangban B	Stock Code	000761, 200761
Stock exchange for listing	Shenzhen Stock Exchange		
Company name in Chinese	本钢板材股份有限公司		
Abbreviation of Company name in Chinese	本钢板材		
Company name in English (If any)	BENGANG STEEL PLATES CO., LTD.		
Abbreviation of Company name in English (If any)	BSP		
Legal representative	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	bgbcdm@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
Fax	024-47827004	024-47827004
Email	bgbcdm@163.com	bgbclw@126.com

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	Zhu Jinmei, 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
Guotai Junan Securities Co., Ltd.	No. 768, Nanjing West Road, Jingan District, Shanghai	Chi Huitao, Yang Keyi	August 5 th , 2020 to December 31 st , 2021

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

	2020	2019	Changes over last year	2018
Operating income (RMB)	48,684,792,685.58	52,741,353,582.28	-7.69%	50,181,869,721.54
Net profit attributable to the shareholders of the listed company (RMB)	384,252,740.78	555,646,971.40	-30.85%	1,036,493,236.07
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	381,469,784.99	549,528,817.13	-30.58%	1,093,065,140.59
Net Cash flow generated by business operation (RMB)	-2,039,000,213.29	6,977,824,041.16	-129.22%	3,619,937,841.93
Basic earnings per share (RMB/Share)	0.099	0.143	-30.77%	0.27
Diluted earnings per share (RMB/Share)	0.099	0.143	-30.77%	0.27
Weighted average net assets yield	1.90%	2.88%	-0.98%	5.64%
	End of 2020	End of 2019	Changed over last year	End of 2018
Gross assets (RMB)	65,007,470,749.20	60,731,425,193.90	7.04%	59,632,504,915.83
Net assets attributable to shareholders of the listed company (RMB)	21,018,296,389.10	19,487,665,261.17	7.85%	19,126,258,116.67

The lower of the company's net profit before and after deduction of non-recurring gains and losses in the most recent three fiscal years is negative, and the audit report of the most recent year shows that the company's ability to continue operations is uncertain

Yes No

The lower of the net profit before and after non-recurring gains and losses is negative

Yes No

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	11,728,574,704.88	10,455,962,555.17	12,667,300,144.93	13,832,955,280.60
Net profit attributable to the shareholders of the listed company	177,998,575.36	76,645,628.97	28,865,084.77	100,743,451.68
Net profit after deducting non-recurring gain/loss attributable to the shareholders of listed company	168,656,828.67	71,228,643.86	4,967,865.94	136,616,446.52
Net cash flows generated by operating activities	684,846,620.22	-836,322,327.30	-1,256,153,637.34	-631,370,868.87

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	2020	2019	2018	Notes
Gains and losses on disposal of non-current assets (including the write off part of the provision for impairment)	-92,695,525.95	-77,292,030.26	-148,409,630.35	
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)	81,193,591.56	83,914,522.47	86,085,297.03	
Profit or loss from investment or assets entrusted to others		605,795.19	5,041,397.26	
Gains and losses of debt restructuring	32,800.02	50,640.00		
Profits excluded effective hedging business	13,500,000.00			

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 assets, financial liabilities held for trading, derivative financial liabilities and other debt investments				
Other non-operating income and expenses other than above	1,592,660.62	779,757.58	771,191.90	
Other profit and loss items that meet the definition of non-recurring gains and losses		2,084.65		
Less: impact of income tax	786,094.20	1,818,703.48	22,141.38	
impact of minority equity (after tax)	54,476.26	123,911.88	38,018.98	
Total	2,782,955.79	6,118,154.27	-56,571,904.52	--

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 businesses include iron and steel smelting, rolling processing, power generation, coal chemical industry, special steel profiles, railways, import and export trade, scientific research, product sales, etc. The introduction of world advanced equipment and technology to implement equipment upgrades for the main iron and steel industry and have built a high-quality steel base, formed more than 60 varieties, more than 7,500 specifications of product series, the proportion of high value-added and high-tech products reached more than 80%. The leading products for automotive surface panels, home appliance panels, petroleum pipeline steel, container panels, shipboard, etc. are widely used in the fields of automobiles, home appliances, petrochemicals, aerospace, machinery manufacturing, energy and transportation, building decoration and metal products, and are exported to more than 60 countries and regions.

During the reporting period, the main performance drivers were: the implementation of a new round of technological transformation, the new fifth furnace, the eighth casting machine, and the converter environmental protection transformation and other key projects reached production and efficiency. Strengthen capital management operations, and complete the 6.8 billion yuan issuance of convertible bonds. This is the first time in 20 years that the company has achieved super-large-scale direct refinancing through public issuance. Bengang Steel Plate Co., Ltd. won the Quality Award from the Governor of Liaoning Province and was identified as "the first batch of high-value patent cultivation centers in Liaoning Province."

During the reporting period, no major changes occurred in the above content.

(2) Affected by the global epidemic during the reporting period, the production and operation of enterprises were severely affected at the beginning of the epidemic. With the implementation of national policies such as "six stability and six guarantees" and the success of my country's epidemic prevention and control, the production and operation of my country's iron and steel enterprises have gradually improved. The company always adheres to the supply-side structural reform as the main line, implements high-quality development requirements, resolutely implements the national, provincial, and municipal epidemic prevention and control work deployments and the "six stability and six guarantees" requirements, grasps epidemic prevention and control on the one hand, and stabilizes production and high yield on the other. , Achieved both epidemic prevention and control and production and operation, achieved stable economic development, continuously improved comprehensive competitiveness, and continued to consolidate industry status.

II. Major Changes in Main Assets

1. Major Changes in Main Assets

Main assets	Notes to major changes
Accounts receivable financing	The balance as of 31 December 2020 is RMB 4,189,977.9 thousand and it has increased RMB 1,760,435.4 thousand compared to the beginning balance, which is mainly caused by the increase of notes receivable.
Other current assets	The balance as of 31 December 2020 is RMB 5,523,646.8 thousand and it has increased RMB 5,210,742 thousand compared to the beginning balance, which is mainly caused by the increase of time deposit.
Other non-current assets	The balance as of 31 December 2020 is RMB 995,840.3 thousand and it has increased by RMB 287,337.8 thousand compared to the beginning balance, which mainly due to the increase in the rental deposit.

2. Main Information of Overseas Assets

Applicable Not applicable

III. Analysis on Core Competitiveness

The company adheres to the innovation-driven and "quality + service" development model, with the strategic goal of building an internationally competitive high-quality plate base, a domestic first-class special steel base and a comprehensive service provider, and exerts a strategic leading role, focusing on improving quality and efficiency, In terms of product upgrades, technological innovation, green and intelligent manufacturing, we will innovate management ideas, enhance the core competitiveness of enterprises, and promote

enterprises to achieve high-quality, green and intelligent development.

1. Manufacturing capabilities. Innovate management ideas, strengthen professional management and control of the entire chain, and continuously improve corporate management efficiency. All departments and units interact with each other, continue to implement the concept of priority on output, adhere to the iron system as the core, focus on the process connection of iron and steel, and rationally match the production line and resource production organization principles of the steel post process, so that the production process and operation continuously standardize and refine, make every effort to maximize quality, efficiency and production scale, and promote the entire production chain toward high-end manufacturing.

2. Equipment transformation and upgrading. In 2020, the company issued a fixed asset investment plan of 5.14 billion yuan. A new round of large-scale technological transformation represented by key projects such as the new No. 5 blast furnace, No. 8 casting machine, No. 4-6 converter environmental protection transformation, and special steel electric furnace upgrade and transformation. At present, the No. 5 blast furnace energy-saving and environmental protection renovation project, No. 8 casting machine, and the steelmaking 4-6 converter energy-saving and environmental protection renovation project have been successfully completed and put into production; the special steel electric furnace upgrade and renovation project, 50% of the project construction progress has been achieved in 2020.

3. New product development capabilities. Successfully developed 36 new varieties. The high-strength complex phase steel CP980 for roll forming has filled the blank of Bengang Steel Plates's cold-rolling production; the oil drill uses steel series products to achieve mass supply in the international market, and E4340 steel is produced by continuous casting instead of die casting. It is a domestic initiative to replace imported high-end products. In terms of product certification, 33 certification projects have been carried out, involving 150 brands and 178 specifications. The 2000MPa hot-formed steel has passed the certification of AIWAYS and Great Wall Motors; the cold-rolled CR420LA and galvanized CR240LA products have passed the Pan Asia certification.

4. Technological innovation ability. In terms of scientific and technological cooperation, to undertake meetings of the Expert Committee of the Metals, establish the strategic docking between Bengang group and China Iron and Steel Research Group, strengthen cooperation with Northeastern University and other universities and research institutes, and invite national academicians and authoritative experts to discuss the latest technological progress and industry development trends. To direct and to promote the high-quality development of Benxi Iron and Steel Group. In terms of scientific and technological achievements, it has won 4 metallurgical science and technology awards and 3 scientific and technological progress awards in Liaoning Province. Among them, "the research and development of hot stamping steel with the highest strength and extra-thick specifications and its serial development" won the first prize in the metallurgical industry. The industry's highest award. In terms of intellectual property rights, 3 national standards and 11 corporate standards were drafted; 211 patents were accepted by the National Bureau, a year-on-year increase of 21.2%; 108 patents were authorized by the National Bureau, including 16 inventions and 92 utility models. Bengang Steel Plate Co., Ltd. won the Quality Award from the Governor of Liaoning Province and was identified as "the first batch of high-value patent cultivation centers in Liaoning Province."

5. Green development capability. In combination with the steel industry and local ultra-low emission policy requirements, the company has the courage to assume social responsibilities, relying on professional planning and research institutions to prepare an environmental protection improvement plan and an annual implementation plan. Through all-round green improvement such as cleaner production level, three waste management, environmental protection management, the company is striving to achieve "ultra-low emissions", achieve community-based environmental quality, promote the integration of industry and city, and build the company into an "ecological steel" that develops harmoniously with the city. plant". At present, the two dust collectors of the second sintering product of the iron smelting plant have completed the transformation to meet the emission standards; the CCPP power generation project using surplus gas is planned to be completed and put into operation in August 2021; the new mixed material yard and the fully enclosed project of the material yard are also being planned Under design, it is expected to be completed and put into operation in 2024.

6. Intelligent manufacturing capabilities. The company has steadily promoted the construction of related projects on the integration of industrialization and industrialization, and intelligent chemical plants. In 2020, it has issued an investment plan of 63 million yuan for the upgrading of information infrastructure, production and manufacturing management, intelligent equipment for cold rolling areas, and the upgrading and transformation of railway transportation dispatching and commanding information systems Intelligent transformation in other fields. It plans to increase investment in information technology and intelligent manufacturing, keep up with the pace of enterprise development in the era of big data, and achieve high-quality development.

7. Marketing ability. The company adheres to the benefit-oriented approach, optimizes the product structure, achieves steady growth in the output of its leading products, and significantly enhances the core competitiveness of its products. Intensify market development, reasonably match resources, develop 32 new customers and 45 new steel grades, and achieve the goal of 100% production and sales rate. The products are sold to more than 30 countries along the "Belt and Road", with 1 million tons, accounting for 42% of total exports. It has completed the certification of 70 grades of cold-rolled, galvanized, pickled, and special steel products, an increase of 25% over last year, covering users of automotive sheets, home appliance sheets, and special steel. Some of the company's automotive sheet products have been included in the Mercedes-Benz BQF (Global Purchasing) list. The key certification work of BMW, Mercedes-Benz, Renault and others have achieved phased results; the inspection of SGS, ELV and Reach products has been completed.

8. Brand building. The company builds a symbiosis and shared quality management model of "supporting a better life with steel power", attaches importance to the construction of corporate culture, actively expands brand influence, strives to fulfill social responsibilities, enhances corporate social image, and successfully wins the 2019 Liaoning Provincial Governor Quality Award. The company is the only steel company to win this honor.

IV. Management Discussion and Analysis

I. General

During the reporting period, the company adhered to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented the spirit of General Secretary Jinping's important speech during his inspection in Liaoning and the seminar on deepening the revitalization of Northeast China, and insisted on supply-side structural reform as the main line. Implement high-quality development requirements, resolutely implement the national, provincial, and municipal epidemic prevention and control work deployment and the "six stability and six guarantees" requirements, focus on epidemic prevention and control on the one hand, and stabilize production and high yield on the other, and achieved both epidemic prevention and control and production and operation and realized the stable development of economic operation. The annual production of pig iron was 10.069 million tons, a year-on-year increase of 3.52%; crude steel 10.31 million tons, a year-on-year increase of 3.47%; hot-rolled plates 12.235 million tons, a year-on-year decrease of 0.26%; cold-rolled plates 5.438 million tons, a year-on-year increase of 0.4%; special steel 721,000 tons, an increase of 48.21% year-on-year, and the realization of "three zeros" in safe production with large personal accidents, large fire accidents and major equipment accidents. Reviewing the work of the year, it is mainly reflected in the following aspects:

(1) Management innovation. Taking benefit as the guide, improve the assessment system of the responsibility certificate, increase the "cost rejection index" for factories and mines on the basis of the bonus coefficient of the main contract, and implement the "dual switch" assessment. Organize the signing of the letter of responsibility, and require each unit to decompose the indicators to the work area level by level, and guide the grassroots units to sign the responsibility letter indicators with the work area to achieve full coverage of the signing of the responsibility letter and no dead ends, so that the leadership team at all levels can focus more on the performance appraisal indicators and to achieve a good performance-oriented situation. The company learned from the advanced experience of steel companies such as Angang Iron and Steel Co., Ltd., formulated a "three-step" benchmarking management model of "bright indicators, select benchmarks," "align indicators, find gaps," "determine measures, and create benefits", and build a comprehensive benchmarking management model and improve management level. Strengthen capital management operations, and completed the 6.8 billion yuan issuance of convertible bonds for plate companies. This is the first time in 20 years that it has achieved super-large-scale direct refinancing through a public offering.

(2) Scientific and technological innovation work. Adhering to the design concept of lightweight, green and environmental protection, aiming at stable quality, reasonable cost, high added value and strong market competitiveness, closely combining market demand and future technological development, considering the characteristics of its own production line, and developing marketable products New product. Successfully developed cold-rolled complex-phase steel CP980, filled the blank in the production of cold-rolled complex-phase steel, and seized the high-end product market; oil drills used steel series products to achieve mass supply in the international market, and E4340 steel was successfully replaced by continuous casting instead of die casting production and such replacement of imported high-end products was the first case in China. Strengthen cooperation with Northeastern University and other universities and research institutes, invite national academicians and authoritative experts to jointly discuss the latest technological progress and industry development trends, and direct and to promote high-quality development. Bengang Steel Plate Co., Ltd. was identified as "the first batch of high-value patent cultivation centers in Liaoning Province".

(3) Production and operation work. Adhere to the focus on smooth operation, cost, and quality, carry out hidden danger investigations, benchmark potential, increase efficiency and reduce consumption in each process, and promote stable and high output. Further optimize the production organization, give full play to the role of dispatching, command and coordination, scientifically and efficiently organize the comprehensive balance of various production, and steadily promote the work of reducing costs and increasing efficiency. Adhere to the implementation of the cost management and control system and the daily settlement mechanism, carry out comprehensive benchmarking and process cost analysis, and achieve dynamic management and control of key indicators and cost operations.

(4) Party building and group work. Earnestly implement the arrangements of the Party Central Committee, the Provincial Party Committee, and the company's party committees, and carry out the activities of "Grassroots Party Building Work Construction Year" and "Grassroots Party Building System Implementation Year". Revise and improve the party building work system, strengthen the education and management of party members, and the standardization and standardization of grassroots party organizations have been continuously improved. Organize the "Craftsman Cup" employee vocational skills competition and the "Ankang Cup" competition to continuously stimulate the labor enthusiasm and innovation vitality of the majority of employees.

(5) People's livelihood and social responsibility. The multi-dimensional parking lot project at Gate 4 added 251 parking

spaces; the bus in the factory was put into operation, which met the commuting and parking needs of employees to the greatest extent. Fully implement the three-year special rectification action for safety production, adhere to the management and control of major hazards and risk points, carry out the "clearing" of potential accidents, adhere to the "anti-three violations", and establish a sound safety assessment and evaluation system.

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

	2020		2019		Change over last year
	Amount	Proportion	Amount	Proportion	
Total operating income	48,684,792,685.58	100%	52,741,353,582.28	100%	-7.69%
By industries					
Industry	48,684,792,685.58	100.00%	52,741,353,582.28	100.00%	-7.69%
By products					
Steel plate	45,321,849,577.55	93.09%	46,805,252,792.90	88.74%	-3.17%
Others	3,362,943,108.03	6.91%	5,936,100,789.38	11.26%	-43.35%
By regions					
Northeast	20,420,940,894.42	41.95%	20,024,243,641.60	37.97%	1.98%
North China	1,608,496,520.50	3.30%	5,084,223,402.71	9.64%	-68.36%
East China	21,783,663,312.31	44.74%	20,568,857,942.71	39.00%	5.91%
Northwest	48,736,790.89	0.10%	57,451,092.38	0.11%	-15.17%
Southwest	241,981,145.95	0.50%	232,028,336.48	0.44%	4.29%
Central south	25,508,604.19	0.05%	26,564,062.51	0.05%	-3.97%
Export	4,555,465,417.32	9.36%	6,747,985,103.89	12.79%	-32.49%

(2) Industry, Product and Regions Accounting for the Company's Operating Income or Profit over 10%

√ Applicable □ Not applicable

Unit: Yuan

	Operating income	Operating costs	Gross margin	Operating income change over last year	Operating costs change over last year	Gross margin change over last year
By industries						
Industry	48,684,792,685.58	46,392,180,562.59	4.71%	-7.69%	-5.73%	-1.98%
By products						
Steel plate	45,321,849,577.55	43,322,474,075.93	4.41%	-3.17%	-1.32%	-1.79%
Others	3,362,943,108.03	3,069,706,486.66	8.72%	-43.35%	-42.20%	-1.81%
By regions						
Northeast	20,420,940,894.42	19,414,606,651.84	4.93%	1.98%	4.48%	-2.27%

North China	1,608,496,520.50	1,526,943,028.55	5.07%	-68.36%	-67.91%	-1.35%
East China	21,783,663,312.31	20,791,821,739.26	4.55%	5.91%	8.27%	-2.09%
Northwest	48,736,790.89	46,538,965.99	4.51%	-15.17%	-14.06%	-1.24%
Southwest	241,981,145.95	231,749,437.80	4.23%	4.29%	6.74%	-2.20%
Central south	25,508,604.19	24,194,939.67	5.15%	-3.97%	-2.56%	-1.37%
Export	4,555,465,417.32	4,356,325,799.48	4.37%	-32.49%	-31.64%	-1.20%

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	2020	2019	Change over last year
Steel rolling processing industry	Sales	ton	12,968,385.12	12,936,378.68	0.25%
	Production	ton	12,940,697.06	12,753,498.73	1.47%
	Inventory	ton	489,522.19	461,834.13	6.00%

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	2020		2019		Change over last year
		Amount	Proportion	Amount	Proportion	
Steel rolling processing industry	Raw material	23,138,475,447.81	49.88%	24,287,695,988.38	49.35%	0.52%
Steel rolling processing industry	Supplementary materials	2,089,395,547.62	4.50%	2,244,278,919.58	4.56%	-0.06%
Steel rolling processing industry	Spare parts and tools	737,780,144.94	1.59%	792,470,544.15	1.61%	-0.02%
Steel rolling processing industry	Fuel	12,727,140,058.39	27.43%	13,563,168,678.04	27.56%	-0.13%
Steel rolling processing industry	Energy	2,687,362,561.57	5.79%	2,886,572,220.88	5.87%	-0.07%
Steel rolling processing industry	Salary and benefits	1,980,205,516.91	4.27%	2,132,408,812.44	4.33%	-0.06%
Steel rolling processing industry	Depreciation	2,191,070,638.31	4.72%	2,474,423,868.41	5.03%	-0.31%
Steel rolling processing industry	Others	840,750,647.04	1.81%	830,395,613.74	1.69%	0.12%
Steel rolling processing industry	Total	46,392,180,562.59	100.00%	49,211,414,645.62	100.00%	0.00%

(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)	9,461,208,019.24
Total sales amount of the top five customers accounted for the proportion of total annual sales	19.43%
The proportion of the total sales of the related parties in the top five customers	3.35%

Information of the top 5 customers

No	Name	Amount (Yuan)	Proportion
1	Ouyeel Cloud Trade Co., Ltd.	3,427,597,868.74	7.04%
2	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	1,631,630,570.63	3.35%
3	Xiamen Jian Fa Metal Co., Ltd.	1,561,111,934.43	3.21%
4	Ningbo AUX Trade Co., Ltd.	1,492,384,207.69	3.07%
5	Shanghai Min Xing Da International Trade Co., Ltd.	1,348,483,437.75	2.77%
Total	--	9,461,208,019.24	19.43%

Other information of principal customers

Applicable Not applicable

Information of the Company's main suppliers

Total purchase amount of the top five suppliers (Yuan)	20,250,289,490.17
Total purchase amount of the top five suppliers accounted for the proportion of total purchase	43.65%
The proportion of the total purchase of the related parties in the top five suppliers	34.29%

Information of the top 5 suppliers

No.	Name	Amount (Yuan)	Proportion
1	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	5,482,888,445.65	11.82%
2	Bengang Group International Economic and Trading Co., Ltd.	5,237,730,233.06	11.29%
3	Benxi Steel & Iron (Group) Mining Co., Ltd.	5,186,341,981.67	11.18%
4	Liaoning Electric Power Co., Ltd. Benxi Electric Power Supply Company	2,489,089,422.71	5.37%
5	Heilongjiang Dragon Coal Group Co., Ltd.	1,854,239,407.08	4.00%
Total	--	20,250,289,490.17	43.65%

Other information of principal suppliers

Applicable Not applicable

3. Expenses

Unit: Yuan

	2020	2019	Change over last year	Notes to significant change

Selling and distribution expenses	97,279,280.21	1,096,688,903.70	-91.13%	Due to the application of new revenue standard
General and administrative expenses	792,826,294.81	831,945,841.56	-4.70%	
Financial expenses	364,775,155.62	681,842,689.23	-46.50%	Loss of exchange decreases and interest income increases during the current period
Research and development expenses	37,989,623.28	30,780,463.74	23.42%	

4. Research and Development Input

Applicable Not applicable

Comprehensively improve the level of innovation and the ability to generate profits and increase efficiency, strengthen variety adjustment and market development, improve product quality stability and assurance capabilities, promote low-cost and green manufacturing technology, and determine the company's technology project plan based on the three elements of variety, quality and cost. ; Promote school-enterprise cooperation and industry-university-research cooperation, promote the transformation of scientific and technological achievements of universities and scientific research institutes, and drive technological development of enterprises; plan to develop 30 new products and more than 10 foreign cooperation projects throughout the year; The quality has been significantly improved due to the increased R&D investment and some products have reached the leading domestic level, which has improved corporate profitability.

Information of research and development input by the company

	2020	2019	Change over last year
Number of Research and Development personnel	1,732	1,632	6.13%
Proportion of number of Research and Development personnel	10.34%	9.18%	1.16%
Amount of Research and Development Investment (In RMB)	1,541,000,000.00	1,287,080,000.00	19.73%
Proportion of Research and Development investment to operating income	3.17%	2.44%	0.73%
Amount of capitalized Research and Development investment	0.00	0.00	0.00%
Proportion of capitalized Research and Development investment accounted to total Research and Development investment	0.00%	0.00%	0.00%

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	2020	2019	Change over last year
Subtotal of cash inflows from operating activities	40,062,379,161.40	48,140,957,956.69	-16.78%
Subtotal of cash outflows from operating activities	42,101,379,374.69	41,163,133,915.53	2.28%
Net cash flows from operating	-2,039,000,213.29	6,977,824,041.16	-129.22%

activities			
Subtotal of cash inflows from investing activities	14,037,738.77	53,984,827.07	-74.00%
Subtotal of cash outflows paid for investing activities	6,213,928,829.62	4,598,859,687.86	35.12%
Net cash flows from investing activities	-6,199,891,090.85	-4,544,874,860.79	36.42%
Subtotal of cash inflows from financing activities	22,997,390,314.56	17,484,678,971.97	31.53%
Subtotal of cash outflows from financing activities	18,941,067,286.47	18,304,173,598.95	3.48%
Net cash flows from financing activities	4,056,323,028.09	-819,494,626.98	234.80%
Net increase in cash and cash equivalents	-4,211,997,393.46	1,688,866,366.61	-349.40%

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

Applicable Not applicable

Notes:

- (1) Net cash flows generated from operating activities decreased 129.22% compared to the previous period, mainly because the increase of cash received from sales of goods is less than the increase of cash paid for goods.
- (2) Subtotal of cash inflows from investing activities decreased 74% 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 35.12% compared to the previous period, mainly because the increase of cash paid for investment.
- (4) Net cash flows from investing activities increased 36.42% compared to the previous year, mainly because the increase of cash paid for investment.
- (5) Subtotal of cash outflows from financing activities increased 3.48% compared to the previous period, mainly because the increase of cash repayment.
- (6) Net cash flows from financing activities increased 234.8% compared to the previous period, mainly because the issuance of convertible corporate bonds 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	13,951,362.33	3.35%	Due to external equity investment	No
Impairment of assets	-67,185,869.37	-16.12%	Due to provision of impairment of finished products	No
Non-operating income	4,328,563.52	1.04%	Due to income raised from scrapping of non-current assets	No
Non-operating expenses	95,724,280.44	22.96%	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 revenue standards or new leasing standards since 2020

Applicable Not applicable

Unit: Yuan

	Ending balance of 2020		Beginning balance of 2020		Proportion change	Notes to significant change
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Cash at bank and on hand	13,126,666,915.26	20.19%	18,415,844,397.77	30.32%	-10.13%	
Accounts receivable	245,217,182.66	0.38%	235,696,265.66	0.39%	-0.01%	
Inventories	9,040,065,342.65	13.91%	7,700,397,685.61	12.68%	1.23%	
Long-term equity investment		0.00%			0.00%	
Fixed assets	2,742,064.73	0.00%	2,642,998.70	0.00%	0.00%	
Construction in process	26,284,567,956.44	40.43%	26,123,375,492.40	43.01%	-2.58%	
Short-term loans	1,839,933,715.58	2.83%	1,833,853,572.58	3.02%	-0.19%	
Long-term loans	10,067,731,000.00	15.49%	13,151,478,000.00	21.66%	-6.17%	
	3,502,934,427.65	5.39%	4,849,675,910.73	7.99%	-2.60%	

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								
4. Other equity instrument investments	1,042,024,829.00							1,042,024,829.00
Subtotal of financial assets	1,042,024,829.00							1,042,024,829.00
Total	1,042,024,829.00							1,042,024,829.00
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	3,897,249,320.14	Deposit for notes and L/C
Accounts receivable financing	887,473,044.29	Pledged for acceptance bill
Other equity instrument investments	1,037,735,849.00	Pledged for loans
Fixed assets	94,790,118.09	Mortgage for fund lending
Intangible assets	37,116,386.66	Mortgage for fund lending
Total	5,954,364,718.18	

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	Way of raising funds	Total amount of raised funds	Used amount of raised fund this year	The total used amount of funds raised	The total amount of funds raised for change of purpose during the reporting period	Cumulative total amount of funds raised for change of purpose	Cumulative proportion of total raised funds for changes of purposes	The total amount of funds raised not used	The purpose and destination of the raised funds not yet used	Amount of funds raised after being idle for more than two years
2018	Private placement to raise funds	396,580	9,390.49	327,758.9				68,821.1	Deposit	
2020	Issue of convertible bonds	675,920	246,295.97	246,295.97				429,624.03	Deposit	
Total	--	1,072,500	255,686.46	574,054.87	0	0	0.00%	498,445.13	--	0

Description of the overall use of raised funds
<p>1. The company's use of idle raised funds to temporarily supplement working capital does not involve changing the use of raised funds in disguised form or affecting the normal progress of the investment plan of raised funds. The sponsor of the company's non-public offering agreed to the company's use of idle raised funds to temporarily supplement liquidity and issued the "Guotai Junan Securities Co., Ltd. Verification Opinions on the Company's Use of Idle Raised Funds to Supplement Liquidity Provisionally".</p> <p>As of July 27, 2020, the company has returned the above-mentioned idle raised funds of RMB 666,000,000.00 for temporary supplementary liquidity to the company's special account for raised funds.</p> <p>The funds raised from the non-public offering of shares in July 2020 for temporarily supplement working capital</p> <p>The company used idle raised funds of RMB 666,000,000.00 (RMB 370,000,000.00 for the cold-rolled high-strength steel transformation project and RMB 296,000,000.00 for the third cold-rolling plant hot-dip galvanizing production line project) to temporarily supplement the working capital. The 4th meeting and the 12th meeting of the 8th Board of Supervisors reviewed and approved. The independent directors of the company have issued clear opinions and fulfilled the necessary decision-making procedures. The use of idle raised funds to temporarily supplement liquidity matters will not change the use of raised funds or affect the normal progress of the investment plan with raised funds, there is no situation that harms the interests of shareholders, and the time for a single replenishment of liquidity does not exceed 12 months. The company has promised not to use idle raised funds for high-risk investments, which is in line with "Guidelines for the Supervision of Listed Companies". No.-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies", the "Shenzhen Stock Exchange Stock Listing Rules" and the "Guidelines for the Normative Operation of Listed Companies on the Main Board of the Shenzhen Stock Exchange" and other relevant laws, regulations and regulatory documents.</p> <p>The company's use of idle raised funds to temporarily supplement working capital does not involve changing the use of raised funds in disguised form or affecting the normal progress of the investment plan of raised funds. The sponsor of the company's non-public offering agreed to the company's use of idle raised funds to temporarily supplement working capital and issued the "Guotai Junan Securities Co., Ltd. Verification Opinions on the Company's Use of Idle Raised Funds to Supplement Liquidity Provisionally". As of December 31, 2020, the company used idle funds raised from non-public issuance of stocks to temporarily supplement the balance of working capital of RMB 666,000,000.00.</p>
<p>2. The temporary supplement of liquidity with funds raised from the public issuance of convertible corporate bonds</p> <p>The company uses idle raised funds of 4,180,000,000.00 yuan (high grade high magnetic induction non-oriented silicon steel project 1,010,000,000.00 yuan, steelmaking plant No. 8 caster project 220,000,000.00 yuan, ironmaking plant No. 5 blast furnace capacity replacement project 800,000,000.00 yuan, special steel electric furnace upgrade and transformation project 1,300,000,000.00 yuan, CCPP power generation project 700,000,000.00 yuan, steelmaking plant No. 4-6 converter environmental protection renovation project 150,000,000.00 yuan) temporary supplement of working capital matters. The fourteenth meeting of the eighth board of directors of the company held on July 28, 2020, Deliberated and approved at the 12th meeting of the 8th Board of Supervisors, the independent directors of the company have issued clear consent and fulfilled the necessary decision-making procedures. This time the use of idle raised funds to temporarily supplement liquidity matters will not change the use of raised funds or affect normal plan of the investment of raised funds. There is no situation that harms the interests of shareholders, and the time for a single replenishment of liquidity does not exceed 12 months. The company has promised not to use idle raised funds for high-risk investments, which complies with the "Guidelines for Supervision of Listed Companies No. 2-Listed Companies The regulatory requirements for the management and use of raised funds", the "Shenzhen Stock Exchange Stock Listing Rules", and the "Guidelines for the Normative Operation of Listed Companies on the Main Board of the Shenzhen Stock Exchange" and other relevant laws, regulations and regulatory documents.</p> <p>The company's use of idle raised funds to temporarily supplement working capital does not involve changing the use of raised funds in disguised form or affecting the normal progress of the investment plan of raised funds. The sponsor of the company's public issuance of convertible corporate bonds agreed to the company's use of idle raised funds to temporarily supplement liquidity and issued the "Guotai Junan Securities Co., Ltd. Verification Opinions on the Company's Use of Idle Raised Funds to Supplement Liquidity Provisionally".</p> <p>As of December 31, 2020, the company used idle funds raised from the public issuance of convertible corporate bonds to temporarily supplement the balance of working capital of RMB 4,180,000,000.00.</p>
<p>3. Use of surplus funds raised</p> <p>During the reporting period, the company did not use surplus funds raised.</p>
<p>4. The use of over-raised funds</p> <p>During the reporting period, the company did not use over-raised funds.</p>
<p>5. Purpose and destination of unused raised funds</p> <p>As of December 31, 2020, the company has excluded the aforementioned "Preliminary Investment and Replacement of Raised Funds Investment Projects", "Present Investment and Replacement of Funds Raised in Investment Projects with Idle Raised Funds" and "Use of Idle Raised Funds for Temporary Supplement of Working Capital". Except for the temporary supplement of working capital, the remaining funds raised are temporarily stored in a special account for raised funds.</p>
<p>6. Other usage of raised funds</p> <p>During the reporting period, the company had no other use of raised funds.</p>
<p>7. Change the use of funds for investment projects with raised funds</p> <p>During the reporting period, the company's investment projects with raised funds remained unchanged.</p>
<p>8. Problems in the use and disclosure of raised funds</p> <p>During the reporting period, the company strictly followed the "Shenzhen Stock Exchange Stock Listing Rules", the "Guidelines for</p>

the Standardized Operation of Companies Listed on the Main Board of the Shenzhen Stock Exchange (Revised in 2015)" (Shenzheng Shang [2015] No. 65) and the company's "Raise Funds" Management System" and other relevant regulations manage the special account of raised funds, and the investment projects of raised funds will be implemented as planned. The use and management of the company's raised funds are legal and effective, and it has strictly fulfilled its information disclosure obligations. There is no untimely, untrue, incorrect, or incomplete disclosure, and there is no violation of the management of raised funds.

9. Approval of special report

This special report was approved by the board of directors on April 26, 2021.

(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	226,580	226,580	9,390.49	187,466.29	82.74%	31.12.2017	5,357.65	No	No
The Third Cold Rolling Work Hot-Dip Galvanizing Production Line Project	No	70,000	70,000		40,292.61	57.56%	31.12.2018	8,490.1	No	No
Repayment of bank loans	No	100,000	100,000		100,000	100.00%			Not applicable	No
High grade, high magnetic induction non-oriented silicon steel project	No	101,620	101,620	123	123	0.12%			Not applicable	No
Steelmaking Plant No. 8 Casting Machine Project	No	33,500	33,500	9,864.44	9,864.44	29.45%	31.10.2020	2,819.04	No	No
Capacity Replacement Project of No. 5 Blast Furnace in Ironmaking Plant	No	96,000	96,000	13,322.74	13,322.74	13.88%	31.11.2020	-3,749.14	No	No
Special Steel Electric Furnace Upgrade Project	No	141,600	141,600	11,703.34	11,703.34	8.27%			Not applicable	No
CCPP power generation project	No	83,300	83,300	9,570.15	9,570.15	11.49%			Not applicable	No
Steelmaking plant No. 4-6 converter environmental protection renovation project	No	19,900	19,900	1,712.3	1,712.3	8.60%	31.12.2020		No	No
Repayment of bank loans	No	200,000	200,000	200,000	200,000				Not applicable	No

Subtotal	--	1,072,500	1,072,500	255,686.4 6	574,054.8 7	--	--	12,917.65	--	--
Over-raised funds										
Not applicable										No
Total	--	1,072,500	1,072,500	255,686.4 6	574,054.8 7	--	--	12,917.65	--	--
Situation and cause of failure to meet planned progress or projected earnings (disclosed by project)	<p>1. The market environment has undergone major changes. Although the cold-rolled high-strength steel transformation project and the third cold-rolling plant hot-dip galvanizing production line project have basically reached production capacity and profitability has improved, there is still a need to steadily increase the production of high value-added products. More customers recognized the new line of products.</p> <p>2. The No. 8 caster engineering project of the steelmaking plant reached the expected usable state in October 2020, and the capacity is in the ramp-up phase this year, and the expected profit in this period has not been reached; the capacity replacement project of the No. 5 blast furnace of the iron smelting plant reached the expected usable status in November 2020. This year is in a ramp-up phase of production capacity, and after considering the provision for impairment of assets related to the replacement capacity of the original No. 5 blast furnace, the expected profit has not been reached in this period.</p>									
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	<p>Applicable</p> <p>Refer to the Contents in Special Report III 3</p>									
Temporary replenishment of working capital with idle raised funds	<p>Applicable</p> <p>Refer to the Contents in Special Report III 4</p>									
The amount and reason for the rest of raised fund in the project implementation	<p>Applicable</p> <p>There was no surplus of funds raised for project implementation this year.</p>									
Use and destination of raised funds that have not been used	Refer to the Contents in Special Report III 7									
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	5,184,119,484.86	2,024,536,003.56	7,327,060,880.66	56,003,512.60	42,005,550.17

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 pattern the company faces

In 2021, from the perspective of the international economic situation, there are many uncertainties in the changes in the epidemic and the external environment. Next year, the world economic situation will remain complex and severe, the recovery will be unstable and uneven, and various derivative risks caused by the impact of the epidemic cannot be ignored. From the perspective of the domestic economic situation, China will enter the "14th Five-Year Plan" period, and creating a new pattern of "dual cycles" will be the main strategic direction, and "expansion of domestic demand" has become an important strategic basis. At present, China has become the only major economy in the world to achieve positive economic growth. The three major battles have made decisive achievements. The rapid economic recovery will drive a significant increase in steel demand. At the same time, we must also see that steel production maintains high strength under the expected upward pull of demand, high steel inventories are running high, steel prices are under pressure, and other issues are more prominent, and it is also very difficult for companies to improve economic efficiency. Therefore, we must maintain a clear understanding, fully implement the national "revitalizing the Northeast" decision and deployment, firmly grasp the development opportunities of "digital Liaoning, intelligent building a strong province", give full play to the

advantages of resources, location and other advantages, maintain strategic determination, and actively Responding to market changes, we insist on focusing on economic benefits, improve quality and increase production, reduce costs and increase efficiency, and ensure that the company achieves higher-quality development.

(2) Company development strategy

The overall work plan for 2021: guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly study and implement the spirit of the 19th National Congress of the Communist Party of China and the 2nd, 3rd, 4th, and 5th Plenary Sessions of the 19th National Congress of the Communist Party of China, and earnestly implement the Party Central Committee and the State Council , Provincial and municipal epidemic prevention and control and the "six stability" and "six guarantees" work requirements, comprehensively strengthen the party's leadership, standardize corporate governance, and adhere to the principle of benefit-centered and technological innovation on the basis of normalizing epidemic prevention and control As a guide, with deepening reform as the driving force, and with stable and high output as the guarantee, we will strive to achieve a high starting point for the 14th Five-Year Plan.

(3) Business plan

The overall goal of production and operation in 2021: Strive to complete 10.76 million tons of pig iron, 11.303 million tons of crude steel, 13.797 million tons of hot-rolled plates, 5.82 million tons of cold-rolled plates (deducting 200,000 tons of chilled internal supply), and 700,000 tons of special steel, Safety production realizes "three for zero".

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

1. Promote the construction of smart enterprises and achieve higher quality development
2. Strengthen safety management and realize energy-saving and green development
3. Adhere to the innovation-driven strategy and promote the construction of smart factories
4. Consolidate various basic management and enhance corporate management efficiency
5. Unswervingly deepen reforms and stimulate the vitality of enterprise development
6. Adhere to the leadership of the party to the enterprise and provide strong political guarantee

(4) Maintain the current business and complete the funding arrangements required for the investment projects under construction

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

(5) Possible risks

1. The risk of raw material price fluctuations

Risk: The company's main raw materials, iron ore, coal, etc., fluctuate greatly. In particular, iron ore prices continued to rise during the reporting period, which had a greater impact on the company's profitability.

Response measures: In terms of bulk raw material procurement, make efforts in market analysis and judgment, increase the inventory through low-cost bulk material purchases, and strive to reduce procurement costs; adjust the inventory

structure to improve inventory turnover; solidly carry out cost reduction and efficiency enhancement work, and actively promote the enterprise Competitiveness: Set research index items for the weak links and bottlenecks that affect the level of the index, clarify the research goals, measures, time points, and responsible persons, and steadily advance the index improvement.

2. Risks of prevention and control of the COVID-19 epidemic

Risk: Since the outbreak of the COVID-19 in early 2020, the prevention and control of the epidemic has been continuing nationwide. With a series of strong epidemic prevention and control measures adopted by governments at all levels, domestic epidemic prevention and control has been effectively controlled, and various economic activities have gradually resumed, but overseas epidemics are still continuing and facing greater uncertainty. The company will effectively implement the government's requirements for epidemic prevention and control, and strengthen support for epidemic prevention and control, so as to reduce the impact of the epidemic on the company's normal production and operation activities.

Response measures: Establish various strict and normalized epidemic prevention and control mechanisms, strengthen the publicity of all employees' health knowledge related to the epidemic, and highlight the supervision and inspection of internal epidemic prevention and control.

3. Environmental risks

Risk: The country promotes carbon peaking and carbon neutrality. The steel industry is one of the important areas in my country to achieve emission reduction and carbon reduction. The industry faces more requirements for carbon emission restriction mechanisms and low-carbon development, making the company face greater environmental pressure.

Countermeasures: Optimize the production process and further improve the recycling rate of various energy sources. Pay attention to various national environmental protection policies, improve corporate environmental protection standards, and make them meet and appropriately exceed national standards. Strengthen the self-supervision and inspection of the company's various pollution sources and strengthen the environmental protection awareness of all employees. Accelerate the construction progress of the identified environmental protection projects to ensure that the national environmental protection requirements are met.

4. Market risk

Risks: The competition in the steel industry is fierce, and the industry concentration is accelerating, driven by national policies and the market. At the same time, due to the continued overseas epidemic, the export business is facing more challenges, and the company is facing fierce market competition risks.

Response measures: increase the development of new products, increase investment in technology research and development, optimize product structure, and increase the market share of core products; comprehensively improve management, improve management energy efficiency, reduce operating costs, and increase profitability; improve the marketing service system and continue to optimize the company's marketing strategy to enhance brand influence.

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

As audited by BDO China Shu Lun Pan Certified Public Accountants LLP., the company's net profit attributable to the parent company in 2020 is RMB 384,252,740.78, plus the undistributed profit at the beginning of the year of RMB 2,307,765,664.6, and the undistributed profit at the end of the year is RMB 2,692,018,405.40.

Profits distribution plan of 2019: based on the company's existing share capital of 3,875,371,532 shares, a cash dividend of 0.1 yuan (including tax) will be distributed to all shareholders for every 10 shares. The proposed distribution of ordinary share dividends is RMB 38,753,715.32, and the remaining RMB 2,653,264,690.08 will be carried forward to the next year's undistributed profits.

Special description of cash dividend policy	
Whether it meets the requirements of the company's articles of association or the resolutions of the shareholders meeting:	Yes
Whether the dividend standard and ratio are clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether independent directors have performed their duties due diligence and played their due role:	Yes
Whether small and medium shareholders have sufficient opportunities to express their opinions and demands, and whether their legitimate rights and interests are fully protected:	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	Yes

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 2020

As audited by BDO China Shu Lun Pan Certified Public Accountants LLP., the company's net profit attributable to the parent company in 2020 is RMB 384,252,740.78, plus the undistributed profit at the beginning of the year of RMB 2,307,765,664.62, and the undistributed profit at the end of the year is RMB 2,692,018,405.40.

Based on the company's existing share capital of 3,875,371,532 shares, a cash dividend of 0.1 yuan (including tax) will be distributed to all shareholders for every 10 shares. The proposed distribution of ordinary share dividends is RMB 38,753,715.32, and the remaining RMB 2,653,264,690.08 will be carried forward to the next year's undistributed profits.

2. 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, the company did not make profit distribution or convert the provident fund into capital in 2019.

3. 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.

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
2020	38,753,715.32	384,252,740.78	10.09%	0.00	0.00%	38,753,715.32	9.69%
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%	193,768,576.60	18.69%

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

Number of bonus shares for every 10 shares (shares)	0
Dividend per 10 shares (yuan) (tax included)	0.1
The base of the share capital of the distribution plan (shares)	3,875,371,532.00
Cash dividend amount (yuan) (tax included)	38,753,715.32
Cash dividend amount in other ways (such as share repurchase) (yuan)	0.00
Total cash dividends (including other methods) (yuan)	0
Distributable profit (yuan)	2,692,018,405.40
The ratio of total cash dividends (including other methods) to total profit distribution	0
Cash dividend of the current period	
If the company's development stage is in the growth period and has major capital expenditure arrangements, when the profit distribution is carried out, the proportion of cash dividends in this profit distribution should be at least 20%.	
Notes to the profit distribution or capital reserve transfer plan	
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 2020	
As audited by BDO China Shu Lun Pan Certified Public Accountants LLP., the company's net profit attributable to the parent company in 2020 is RMB 384,252,740.78, plus the undistributed profit at the beginning of the year of RMB 2,307,765,664.62, and the undistributed profit at the end of the year is RMB 2,692,018,405.40.	

Profits distribution plan of 2020: based on the company's existing share capital of 3,875,371,532 shares, a cash dividend of 0.1 yuan (including tax) will be distributed to all shareholders for every 10 shares. The proposed distribution of ordinary share dividends is RMB 38,753,715.32, and the remaining RMB 2,653,264,690.08 will be carried forward to the next year's undistributed profits.

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Profits distribution plan of 2019:

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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.

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	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	May 22, 2019	Long term	Under normal fulfillment

		<p>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 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</p>			
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			<p>Company's public 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.</p>			
	Benxi Steel & Iron (Group) Co., Ltd. and Bengang Group Co., Ltd.	Other Commitment	<p>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 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</p>	July 24,2019	Long term	Under normal fulfillment

		<p>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 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 bankruptcy liquidation</p>			
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			<p>procedures, the relevant procedures for cancellation of Shanghai Bengang Iron and Steel Sales Co., Ltd. will be handled immediately. (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 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</p>			
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			<p>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, the relevant procedures for the cancellation of Guangzhou Free Trade Zone Bengang Sales Co., Ltd. will be handled immediately.</p>			
	Benxi Steel & Iron (Group) Co., Ltd.	Other Commitment	<p>The Group's horizontal competition with Benxi Steel Plates and the measures and 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 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</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>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. 3. If the Group has any business opportunities to engage in or participate in the competition with Bengang Steel Plates' 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 endeavor to give the business opportunity to Bengang Steel Plates on terms not less than that provided to any independent third party. 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. 5. This letter of commitment continues to be effective during the</p>			
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			period of the Group as the controlling shareholder of Bengang Steel Plates and cannot be changed or withdrawn			
	Benxi Steel & Iron (Group) Co., Ltd. and Bengang Group Co., Ltd.	Other Commitment	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 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' 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	July 24,2019	Long term	Under normal fulfillment

		<p>of Bengang Steel Plates and its subsidiaries to repay debts, substitute funds or otherwise, nor We ask Bengang Steel 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 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</p>		
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			shareholder. If any violation of the above commitments occurs, the Group therefore bear all the losses caused to Bengang Steel Plates.			
Stock option incentive commitment						
Other commitments to the company's minority shareholders						
Whether Commitment fulfilled on time or not	No					

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

A. Change of major accounting policy during this reporting period

(1) Implementation of "Accounting Standards for Business Enterprises No. 14-Revenue" (revised in 2017) (hereinafter referred to as "New Revenue Standards")

The Ministry of Finance revised the "Accounting Standards for Business Enterprises No. 14-Revenue" in 2017. The revised standard stipulates that for the first implementation of the standard, the amount of retained earnings and other related items in the financial statements at the beginning of the year should be adjusted according to the cumulative impact, and the information for the comparable period should not be adjusted.

The Company implemented the new revenue standard from January 1, 2020. According to the standard, the Company only

adjusts the retained earnings at the beginning of 2020 and the amount of other related items in the financial statements for the cumulative impact of contracts that have not been completed on the date of first implementation, and does not make adjustments to the comparative financial statements.

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

Change of accounting policy content and reason	Affected items	Amount of impact on the balance on Jan 1, 2020	
		Consolidated Financial statement	Parent company financial statement
The Company implemented the "Accounting Standards for Business Enterprises No. 14-Revenue" (referred to as "New Revenue Standards") promulgated by the Ministry of Finance in 2017 on January 1, 2020	Advance from customers	-4,429,821,526.79	-5,597,707,687.22
	Contract liabilities	3,920,196,041.41	4,953,723,617.01
	Other current liabilities	509,625,485.38	643,984,070.21

Compared with the original revenue standards, the impact of the implementation of the new revenue standards on the relevant items of the financial statements for the period of 2020 is as follows (increase/(decrease)):

Affected items in the statement of financial position	Amount of impact on the balance on Dec 31, 2020	
	Consolidated Financial statement	Parent company financial statement
Advance from customers	-5,038,299,156.48	-6,016,524,270.87
Contract liabilities	4,458,671,819.90	5,324,357,761.83
Other current liabilities	579,627,336.58	692,166,509.04

Affected items in the statement of comprehensive income	Impact amounts to the period of 2020	
	Consolidated Financial statement	Parent company financial statement
Operating costs	1,112,122,323.44	655,370,940.93
Selling and distribution expenses	-1,112,122,323.44	-655,370,940.93

(2) Implementation of "Accounting Standards for Business Enterprises No. 13 "

The Ministry of Finance issued the "Accounting Standards for Business Enterprises Interpretation No. 13" (Cai Kuai [2019] No. 21, hereinafter referred to as "Interpretation No. 13") on December 10, 2019, which will come into force on January 1, 2020.

No requirement of retrospective adjustment.

a. The recognition of related parties

Interpretation No. 13 clarifies that the following circumstances constitute a related party: a joint venture or joint venture between an enterprise and other member units (including parent companies and subsidiaries) of the enterprise group to which it belongs; a joint venture of the enterprise and other joint ventures or joint ventures of the enterprise. In addition, Interpretation No. 13 also clarifies that only two or more companies that are significantly affected by one party do not constitute related parties. It also adds that joint ventures include joint ventures and their subsidiaries.

b. The definition of business

Interpretation No. 13 completes the three elements of business composition, refines the judgment conditions of the business composition, and introduces the "concentration test" option to simplify to a certain extent the judgment of whether a combination obtained under the same control constitutes a business, etc.

The company implemented Interpretation No. 13 from January 1, 2020, and the comparative financial statements will not be adjusted. Implementation Interpretation No. 13 has not had a significant impact on the company's financial position and operating results.

(3) Implementation of the "Interim Provisions on Accounting Treatment of Carbon Emissions Trading"

On December 16, 2019, the Ministry of Finance issued the "Interim Provisions on the Accounting Treatment of Carbon Emissions Trading" (Cai Kuai [2019] No. 22), which is applicable to the related companies in the key emission enterprises (hereinafter referred to as key emission companies) that conduct carbon emission rights business in accordance with the "Interim Measures for the Administration of Carbon Emissions Trading" and other relevant regulations. This regulation came into effect on January 1, 2020, and key emission companies should adopt the prospective application to apply this regulation.

The Company implemented the above regulation from January 1, 2020, and the comparative financial statements will not be adjusted. The implementation of this regulation has not had a significant impact on the company's financial position and operating results.

(4) Implement the "Regulations on Accounting Treatment of Rental Concessions Related to the Coronavirus Pandemic"

On June 19, 2020, the Ministry of Finance issued the "Regulations on Accounting Treatment of Rental Concessions Related to the Coronavirus Pandemic" (Caikuai (2020) No. 10), which came into effect on June 19, 2020, allowing companies to adjust the relevant rental concessions that occurred between Jan 1, 2020 and the implementation date of this regulation. According to the regulation, companies can choose to adopt simplified methods for accounting treatments for rent reductions and deferred payment of rents directly caused by the Coronavirus Pandemic that meet the conditions.

The company chooses to adopt a simplified method for accounting treatment for all rent concessions that fall within the scope of the regulation, and adjusts the relevant rent concessions that occur between January 1, 2020 and the effective date of the regulation accordingly.

The implementation of the regulations did not have a significant impact on the company's financial position and operating results.

B. Change of accounting estimate during the reporting period

Items	Approval procedure	Application date	Affected items	Affected amounts
Change in depreciation period	Approved by the eighth meeting of the eighth board of directors	Jan 1, 2020	Accumulated depreciation	633,195,486.72
			Operating costs	616,340,171.08
			General and administrative expenses	16,855,315.64
			Total profit	633,195,486.72
			Net profit	474,896,615.04

C. The first implementation of the new revenue standard adjustment to the financial statements at the beginning of the year

Consolidated Statement of Financial Position

Items	Ending balance of the last period	Beginning balance of the current period	Adjusted amounts		
			Reclassification	Remeasurement	Total
Advance from customers	4,429,821,526.79		-4,429,821,526.79		-4,429,821,526.79
Contract liabilities		3,920,196,041.41	3,920,196,041.41		3,920,196,041.41
Other current liabilities		509,625,485.38	509,625,485.38		509,625,485.38

Statement of Financial Position of the Parent Company

Items	Ending balance of the last period	Beginning balance of the current period	Adjusted amounts		
			Reclassification	Remeasurement	Total
Advance from	5,597,707,687.22		-5,597,707,687.22		-5,597,707,687.22

Items	Ending balance of the last period	Beginning balance of the current period	Adjusted amounts		
			Reclassification	Remeasurement	Total
customers					
Contract liabilities		4,953,723,617.01	4,953,723,617.01		4,953,723,617.01
Other current liabilities		643,984,070.21	643,984,070.21		643,984,070.21

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	13
Name of CPAs from the domestic accountant's firm	Zhu Jinmei, Li Guiying
Service life of domestic accountants' providing audit service	0
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 at RMB 40.80 million.

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 and)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand and)	Whether exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Bengang Electronics and Gas	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	72.4	0.00 %	500	No	Execute according to the agreement	Yes	2020/4/22	

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 exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Co., Ltd.													
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	on agreement	Related agreement price	138,409.84	2.84%	300,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	same controller	Sales of goods and services	products	on agreement	Related agreement price	2,150.96	0.04%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	22,602.26	0.46%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	8.65	0.00%	500	No	Execute according to the agreement	Yes	2020/4/22	
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	25.88	0.00%	500	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Steel &	same controller	Sales of goods and	products	on agreement	Related agreement price		0.00%		No	Execute according to the	Yes	2020/4/22	

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 exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Iron Process and Logistics Co., Ltd.		services								agreement			
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	same controller	Sales of goods and services	products	on agreement	Related agreement price	1,898.85	0.04%	8,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	2,088.72	0.04%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	on agreement	Related agreement price	338.56	0.01%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Construction Co., Ltd.	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	699.16	0.01%	10,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Construction Co., Ltd.	same controller	Sales of goods and services	Raw material & supplementary materials &	on agreement	Related agreement price	6,452.06	0.13%		No	Execute according to the agreement	Yes	2020/4/22	

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 exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
			spare parts										
Benxi Steel & Iron (Group) Mining Co., Ltd.	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	62,020.89	1.27%	100,000	No	Execute according to the agreement	Yes	2020/4/22	
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	9,678.23	0.20%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Mining Co., Ltd.	same controller	Sales of goods and services	Freight revenue	on agreement	Related agreement price	743.9	0.02%		No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron (Group) Mining Co., Ltd.	same controller	Sales of goods and services	products	on agreement	Related agreement price	1,107.48	0.02%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	2,995.62	0.06%	8,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Thermal Power Development	same controller	Sales of goods and services	Raw material & supplementary materials &	on agreement	Related agreement price	1,750.62	0.04%		No	Execute according to the agreement	Yes	2020/4/22	

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 exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Co., Ltd.			spare parts										
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	2020/4/22	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	824.47	0.02%	5,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	same controller	Sales of goods and services	products	on agreement	Related agreement price	3.97	0.00%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	on agreement	Related agreement price	1,914.44	0.04%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Information and Automatic Tech	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	14.64	0.00%	300	No	Execute according to the agreement	Yes	2020/4/22	

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 exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Co., Ltd.													
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	125.15	0.00%	8,000	No	Execute according to the agreement	Yes	2020/4/22	
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	368.03	0.01%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Metallurgy Residue s Co., Ltd.	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	659.84	0.01%	30,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Metallurgy Residue s Co., Ltd.	same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	on agreement	Related agreement price	26,839.91	0.55%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Metallurgy Residue s 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	2020/4/22	

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 exceeded the approved limit (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) Metallurgy Residue s Co., Ltd.	same controller	Sales of goods and services	products	on agreement	Related agreement price	423.53	0.01%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Sales of goods and services	Energy & Power	on agreement	Related agreement price	205.47	0.00%	2,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Sales of goods and services	Raw material & supplementary materials & spare parts	on agreement	Related agreement price	1,013.53	0.02%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi New Career Development Co., Ltd.	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	38.37	0.00%	500	No	Execute according to the agreement	Yes	2020/4/22	
Dalian Boluole Steel Tube Co., Ltd.	same controller	Sales of goods and services	products	on agreement	Related agreement price	1,136.33	0.02%	1,000	No	Execute according to the agreement	Yes	2020/4/22	
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	2020/4/22	
Benxi Steel & Iron (Group)	same controller	Sales of goods and	Energy & Power	on agreement	Related agree		0.00%	50	No	Execute according	Yes	2020/4/22	

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 and)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand and)	Whether exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
General Hospital		services			market price					to the agreement			
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	2.16	0.00 %	500	No	Execute according to the agreement	Yes	2020/4/22	
Liaoning Hengton 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	Yes	2020/4/22	
Liaoning Hengton Metallurgical Equipment Manufacture Co., Ltd.	same controller	Sales of goods and services	Raw material & supplementary materials & spare parts	on agreement	Related agreement price	731.86	0.02 %		No	Execute according to the agreement	Yes	2020/4/22	
Liaoning Hengton Metallurgical Equipment Manufacture Co., Ltd.	same controller	Sales of goods and services	products	on agreement	Related agreement price	908.89	0.02 %		No	Execute according to the agreement	Yes	2020/4/22	

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 exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
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		0.00 %	50,000	No	Execute according to the agreement	Yes	2020/4/22	
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	same controller	Sales of goods and services	products	on agreement	Related agreement price	2,716.09	0.06 %		No	Execute according to the agreement	Yes	2020/4/22	
Suzhou Bengang Industrial Co., Ltd.	same controller	Sales of goods and services	products	on agreement	Related agreement price	49,983.82	1.03 %	65,000	No	Execute according to the agreement	Yes	2020/4/22	
Bengang Group Finance Co., Ltd.	same controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	1.3	0.00 %	50	No	Execute according to the agreement	Yes	2020/4/22	
Bengang Group Co., Ltd.	controller	Sales of goods and services	Energy & Power	on agreement	Related agreement price	7.33	0.00 %		No	Execute according to the agreement	Yes	2020/4/22	
Bengang Group Co., Ltd.	controller	Sales of goods and services	Raw material & supplementary materials & spare parts	on agreement	Related agreement price	1,539.32	0.03 %	500	No	Execute according to the agreement	Yes	2020/4/22	

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 and)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand and)	Whether exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Liaoning Hengtai Heavy Machinery Co., Ltd.	same controller	Sales of goods and services	products	agreement	Related agreement price	29.54	0.00 %		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Purchase of goods and services	repair fees	agreement	Related agreement price	30,206.47	0.65 %	50,000	No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron (Group) Co., Ltd.	Parent Company	Purchase of goods and services	Raw material & supplementary materials	agreement	Related agreement price	2,121.13	0.05 %		No	Execute according to the agreement	Yes	2020/4/22	
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	same controller	Purchase of goods and services	inventory	agreement	Related agreement price	22.39	0.00 %	500	No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron (Group) Mining Co., Ltd.	same controller	Purchase of goods and services	labor costs	agreement	Related agreement price	3,213.23	0.07 %	650,000	No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron (Group) Mining Co., Ltd.	same controller	Purchase of goods and services	Raw material & supplementary materials	agreement	Related agreement price	514,193.5	11.08 %		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Mining	same controller	Purchase of goods and services	Freight	agreement	Related agreement price	1,227.47	0.03 %		No	Execute according to the	No	2020/4/22	

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 exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Co., Ltd.										agreement			
Benxi Steel & Iron (Group) Metallurgy Residue Co., Ltd.	same controller	Purchase of goods and services	Raw material & supplementary materials	on agreement	Related agreement price	34,303.84	0.74%	40,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	same controller	Purchase of goods and services	Processing fees	on agreement	Related agreement price	63.22	0.00%	300	No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	same controller	Purchase of goods and services	Raw materials	on agreement	Related agreement price		0.00%	10,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	same controller	Purchase of goods and services	spare parts	on agreement	Related agreement price	5,984.04	0.13%	25,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	same controller	Purchase of goods and services	repair services	on agreement	Related agreement price	2,773.62	0.06%		No	Execute according to the agreement	No	2020/4/22	

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 exceeded the approved limit (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 Co., Ltd.	same controller	Purchase of goods and services	spare parts	on agreement	Related agreement price	1,624.97	0.04 %	50,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Construction Co., Ltd.	same controller	Purchase of goods and services	project fees	on agreement	Related agreement price	20,274.33	0.44 %		No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron (Group) Construction Co., Ltd.	same controller	Purchase of goods and services	repair services	on agreement	Related agreement price	18,022.98	0.39 %		No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron (Group) Construction Co., Ltd.	same controller	Purchase of goods and services	Raw material & supplementary materials	on agreement	Related agreement price	1,241.22	0.03 %		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Construction Co., Ltd.	same controller	Purchase of goods and services	Freight	on agreement	Related agreement price	51.39	0.00 %		No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	same controller	Purchase of goods and services	Raw material & supplementary materials	on agreement	Related agreement price	21,095.06	0.45 %	30,000	No	Execute according to the agreement	Yes	2020/4/22	

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 and)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand and)	Whether exceeded the approved limit (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) Industrial Development Co., Ltd.	same controller	Purchase of goods and services	repair services	on agreement	Related agreement price	1,537.66	0.03 %		No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	same controller	Purchase of goods and services	Freight	on agreement	Related agreement price		0.00 %		No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	same controller	Purchase of goods and services	project funds	on agreement	Related agreement price	107.01	0.00 %		No	Execute according to the agreement	No	2020/4/22	
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	228.18	0.00 %	35,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	same controller	Purchase of goods and services	project fees	on agreement	Related agreement price	1,911.38	0.04 %		No	Execute according to the agreement	No	2020/4/22	

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 exceeded the approved limit (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	repair fees	on agreement	Related agreement price	17,475.94	0.38%		No	Execute according to the agreement	No	2020/4/22	
Bengang Electronics and Gas Co., Ltd.	same controller	Purchase of goods and services	Raw material & supplementary materials	on agreement	Related agreement price	13,856.3	0.30%	20,000	No	Execute according to the agreement	Yes	2020/4/22	
Bengang Electronics and Gas Co., Ltd.	same controller	Purchase of goods and services	repair services	on agreement	Related agreement price	3,063.31	0.07%		No	Execute according to the agreement	No	2020/4/22	
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	same controller	Purchase of goods and services	spare parts	on agreement	Related agreement price	39	0.00%	500	No	Execute according to the agreement	Yes	2020/4/22	
Benxi New Career Development Co., Ltd.	same controller	Purchase of goods and services	repair services	on agreement	Related agreement price		0.00%	1,800	No	Execute according to the agreement	No	2020/4/22	
Benxi New Career Development Co., Ltd.	same controller	Purchase of goods and services	Raw material & supplementary materials & food	on agreement	Related agreement price	1,028.9	0.02%		No	Execute according to the agreement	Yes	2020/4/22	

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 and)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand and)	Whether exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Liaoning Metallurgy Technician College	same controller	Purchase of goods and services	spare parts	on agreement	Related agreement price	933.26	0.02%	1,500	No	Execute according to the agreement	Yes	2020/4/22	
Liaoning Metallurgy Vocational Technical College	same controller	Purchase of goods and services	project fees	on agreement	Related agreement price		0.00%	1,000	No	Execute according to the agreement	No	2020/4/22	
Liaoning Metallurgy Vocational Technical College	same controller	Purchase of goods and services	repair services	on agreement	Related agreement price	648.24	0.01%		No	Execute according to the agreement	No	2020/4/22	
Bengang Group International Economic and Trading Co., Ltd.	same controller	Purchase of goods and services	Raw material & supplementary materials	on agreement	Related agreement price	508,961.39	10.97%	25,000	No	Execute according to the agreement	Yes	2020/4/22	
Bengang Group International Economic and Trading Co., Ltd.	same controller	Purchase of goods and services	agency fees	on agreement	Related agreement price	5,531.64	0.12%		No	Execute according to the agreement	No	2020/4/22	
Bengang Group International Economic and	same controller	Purchase of goods and services	Port surcharges	on agreement	Related agreement price	9,279.98	0.20%		No	Execute according to the agreement	No	2020/4/22	

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 exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Trading Co., Ltd.													
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	same controller	Purchase of goods and services	spare parts	on agreement	Related agreement price	850.35	0.02%	10,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	same controller	Purchase of goods and services	project fees	on agreement	Related agreement price	1,121.38	0.02%		No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	same controller	Purchase of goods and services	repair services	on agreement	Related agreement price	1,732.5	0.04%		No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	same controller	Purchase of goods and services	heating costs	on agreement	Related agreement price	119	0.00%	500	No	Execute according to the agreement	No	2020/4/22	
Benxi Steel & Iron	same controller	Purchase of goods	Raw material &	on agreement	Related agreement price	71.04	0.00%		No	Execute according to the agreement	Yes	2020/4/22	

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 and)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand and)	Whether exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
(Group) Thermal Power Development Co., Ltd.		and services	supplementary materials		market price					according to the agreement			
Benxi Steel & Iron (Group) Designing Institute	same controller	Purchase of goods and services	design fees	on agreement	Related agreement price	125.98	0.00%	2,000	No	Execute according to the agreement	No	2020/4/22	
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	same controller	Purchase of goods and services	Raw material & supplementary materials	on agreement	Related agreement price	492,390.02	10.61%	1,550,000	No	Execute according to the agreement	Yes	2020/4/22	
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	same controller	Purchase of goods and services	Energy & Power	on agreement	Related agreement price	46,589.86	1.00%		No	Execute according to the agreement	Yes	2020/4/22	
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	same controller	Purchase of goods and services	Freight	on agreement	Related agreement price	407.53	0.01%		No	Execute according to the agreement	No	2020/4/22	
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	same controller	Purchase of goods and services	labor costs	on agreement	Related agreement price	7,190.62	0.15%		No	Execute according to the agreement	No	2020/4/22	
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	same controller	Purchase of goods and services	spare parts	on agreement	Related agreement price	1,710.81	0.04%		No	Execute according to the agreement	Yes	2020/4/22	

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 and)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand and)	Whether exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Liaoning Hengton Metallurgical Equipment Manufacture Co., Ltd.	same controller	Purchase of goods and services	raw material & spare parts	on agreement	Related agreement price	8,336.02	0.18%	15,000	No	Execute according to the agreement	Yes	2020/4/22	
Liaoning Hengton Metallurgical Equipment Manufacture Co., Ltd.	same controller	Purchase of goods and services	repair & labor costs	on agreement	Related agreement price	661.14	0.01%		No	Execute according to the agreement	No	2020/4/22	
Liaoning Hengtai Heavy Machinery Co., Ltd.	same controller	Purchase of goods and services	raw material & spare parts	on agreement	Related agreement price	138.59	0.00%	8,000	No	Execute according to the agreement	Yes	2020/4/22	
Liaoning Hengtai Heavy Machinery Co., Ltd.	same controller	Purchase of goods and services	repair & labor costs	on agreement	Related agreement price	716.99	0.02%		No	Execute according to the agreement	No	2020/4/22	
Bengang Group Co., Ltd.	controller	Purchase of goods and services	property management fees	on agreement	Related agreement price		0.00%	20,000	No	Execute according to the agreement	No	2020/4/22	
Bengang Group Co., Ltd.	controller	Purchase of goods and services	labor costs	on agreement	Related agreement price	18,876.38	0.41%		No	Execute according to the agreement	No	2020/4/22	

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 and)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand and)	Whether exceeded the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Total				--	--	2,144,591.33	--	3,141,500	--	--	--	--	--
Details of any sales return of a large amount				No applicable									
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)				No applicable									
Reason for any significant difference between the transaction price and the Market price for reference (if applicable)				No 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

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 2020 (included tax)	Lease income of 2019 (included tax)
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Warehouse and Affiliated facilities	500,000.00	500,000.00
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Plants and Affiliated facilities		122,500.03
Lessor	Lease capital category	Lease income of 2020 (without tax)	Lease income of 2019 (without tax)
Benxi Steel & Iron (Group) Co., Ltd.	Land use rights 7,669,068.17 square meters, land use rights 42,920.00 square meters	55,277,544.11	54,984,486.36
Benxi Steel & Iron (Group) Co., Ltd.	2300 hot rolling mill production line, related properties	16,098,161.06	167,859,103.82
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	1780 hot rolling mill production line, related properties	15,006,983.06	83,686,698.60
Bengang Group Co., Ltd	Land use rights 728,282.30 square meters	9,945,423.08	4,972,711.56

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

There was no entrusted finance during the reporting period.

(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、Ammonia	Continuous	1	Energy integral factory sewage treatment plant.	Sewage COD24、Ammonia 2	Sewage COD50、Ammonia 8	COD: 240 tons; Ammonia: 5.43 tons	Unapproved by the government	None
Bengang Steel Plates Co., Ltd.	Particulate Matter	Continuous and intermittent	179	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, machine Tail; iron and steel water pretreatment, ferroalloy feeding, north-south infusion station, tundish, primary dust removal, secondary dust removal, refining dust removal; special	Raw materials 14-23; Sintering 8-40; Ironmaking 7-35; Steelmaking 7-27; Special steel 7-15; Coking 15-30; Power generation 5-10; Cold rolling; 6-18 ; hot rolling 6-15. Scrap steel 20	Raw materials 25; Sintering 30-50; Ironmaking 25-50; Steelmaking 20-50; Special steel 20-50; Coking 15-50; power generation 10-30; cold rolling 20; hot rolling 20; Scrap steel 20.	13081 tons	Unapproved by the government	None

				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. Scrap steel cutting					
Bengang Steel Plates Co., Ltd.	SO ₂	Continuous and intermittent	64	Sintering head; Power generation boiler; Coke oven chimney; cold rolling roasting, annealing; hot rolling furnace.	Sintering head 12-40; Power generation boiler 10-70; Coke oven 40; Cold rolling 80-100; Hot rolling 118-128.	Sintering head 200; Power generation 100; Coke oven 50; Cold rolling 150; Hot rolling 150.	5262.76 tons	Unapproved by the government	None
Bengang Steel Plates Co., Ltd.	Oxides of nitrogen	Continuous and intermittent	57	Sintering head; power generation boiler; cold rolling roasting, annealing; hot rolling furnace.	Sintering head 100-230; Power generation 50-140; Cold rolling 69-172; Hot rolling 105-124.	Sintering head 300; Coke oven chimney 150; Power generation 100-200; Cold rolling 300; Hot rolling 300.	11267 tons	Unapproved by the government	None

Construction and operation of pollution prevention facility:

The company has a total of 179 sets of environmental pollution prevention and control facilities. All processes are equipped with dust removal, desulfurization and denitrification, and online facilities in accordance with pollutant emission standards. Environmental protection facilities such as wet desulfurization of sintering machine head, dry desulfurization and denitrification of coke oven chimney, and wet desulfurization and SCR denitrification of power generation have been put into use normally.

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

- (1) Advanced treatment and reuse project of board water. Obtained EIA approval: Benxi City Ecological Environment Bureau, Ben Huan Jian Table Zi [2020] No. 03.
- (2) Special steel rolling mill renovation project (Phase II, Phase III) project. Obtained EIA approval: Benxi City Ecological Environment Bureau, Ben Huan Jian Table Zi [2020] 05.
- (3) Upgrade and transformation project of plate special steel electric furnace. Obtained EIA approval: Liaoning Provincial Department of Ecology and Environment, Liaohuanhan [2019] No. 172.
- (4) Production capacity replacement project for plate No. 5 blast furnace. Obtained EIA approval: Liaoning Provincial

Department of Ecology and Environment, Liaohuanhan [2019] No. 171.

(5) The flue gas desulfurization and denitrification project of No. 7 coke oven in the plate coking plant. Obtained EIA approval: Benxi City Ecological Environment Bureau, Ben Huan Jian Biao Zi [2019] No. 10.

(6) Ultra-low emission transformation project for thermal power workshop of sheet power plant. It has completed the EIA registration form for the record, record number: 202021050200000075.

(7) A new tower type desulfurization renovation project was added to the plate coking plant. It has completed the EIA registration form for the record, record number: 202021050200000081.

(8) Plate steelmaking plant 1#2#3#7# converter secondary and tertiary dust removal system transformation project: It has completed the environmental assessment registration form for the record, record number: 202021050200000084.

(9) The converter gas recovery and efficiency improvement project in the plate plant area has obtained the environmental impact assessment approval: Benxi City Ecological Environment Bureau, Ben Huan Jian Biao Zi [2020] No. 10.

(10) The flue gas desulfurization and denitrification project of No. 8 and 9 coke ovens of the plate coking plant, obtained the environmental impact assessment approval: Benxi City Ecological Environment Bureau, Ben Huan Jian Biao Zi [2020] No. 11.

(11) The Caixi Special Steel Feeding Station Project of Benxi Iron and Steel Plate Scrap Plant has obtained environmental assessment approval: Benxi City Ecological Environment Bureau, Benhuan Jianbiao Zi [2020] No. 12.

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 2020, 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: 168 flue gas, 10 wastewater monitoring points, 13 noise points at the boundary of the plant, 27 atmospheric dustfall points, and 71 unorganized monitoring. 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 obtained total of 52,560 monitoring data 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 1624 data; 13 noise monitoring points at the boundary of the plant, 416 monitoring data; 10 wastewater monitoring points, 4,847 monitoring data; 251 temporary monitoring data, and a total of 7,462 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

1. Issuance and listing of convertible bonds

Approved by the China Securities Regulatory Commission "Zheng Jian Xu Ke [2020] No. 46", the company publicly issued 68 million convertible corporate bonds on June 29, 2020, each with a face value of RMB 100 and a total issuance of RMB 6.8 billion. The convertible bonds of this public offering are given priority placement to the original shareholders of the company registered after the market close on the equity registration date, and the balance of the original shareholders' priority placement (including the portion that the original shareholders waived the priority placement) is used online to public investors through the Shenzhen Stock Exchange The way the trading system is sold. The part of the subscription amount less than 6.80 billion will be underwritten by the lead underwriter. With the approval of the "Shenzhen Stock Exchange [2020] No. 656" of the Shenzhen Stock Exchange, the company's RMB 6.80 billion of convertible corporate bonds will be listed on the Shenzhen Stock Exchange on August 4, 2020. The abbreviation of the bonds is "Bengang Convertible Bonds" and the bond code is "127018".

2. Benxi Iron and Steel (Group) Co., Ltd., the controlling shareholder of the company, plans to increase its own funds through methods permitted by laws and regulations (including but not limited to centralized bidding and block transactions) within 6 months from February 14, 2020. Holding company shares. The total amount of this shareholding increase plan is not less than RMB 50 million, not more than RMB 100 million, and there is no price range. The implementation of the share increase plan was completed on August 13, 2020. Benxi Iron and Steel Company has increased its holdings of the company's shares by 28,523,000 shares, accounting for 0.74% of the company's total share capital, the total amount of holdings increased by RMB 99,976,300, and the average holding price was

RMB 3.51 per share.

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									
2. State-own Legal-person Shareholding									
3. Other domestic shareholdings									
Including: Domestic legal person holding									
Domestic person holding									
II. Non-restricted Shares	3,875,371,532	100.00%						3,875,371,532	100.00%
1. Common shares in RMB	3,475,371,532	89.68%						3,475,371,532	89.68%
2. Foreign shares in domestic market	400,000,000	10.32%						400,000,000	10.32%
III. Total shares	3,875,371,532	100.00%						3,875,371,532	100.00%

Causation of share capital changes

 Applicable Not applicable

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

II. Securities Issuance and Listing

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

Applicable Not applicable

The name of the stock and derivative securities	Issue date	Issue price (or interest rate)	Issue number	Listing date	Number of approved listing transactions	Transaction termination date	Disclosure Index	Disclosure date
Stocks								
Convertible corporate bonds, separately traded convertible corporate bonds, corporate bonds								
Bengang Convertible Bonds	June 29 ,2020	100	6,800,000,00	August 04,2020	6,800,000,00	June 28,2026		
Other derivative securities								

Notes to securities issuance (excluding preferred shares) during the reporting period

Approved by the China Securities Regulatory Commission "Zheng Jian Xu Ke [2020] No. 46", the company publicly issued 68 million convertible corporate bonds on June 29, 2020, each with a face value of RMB 100 and a total issuance of RMB 6.8 billion. The convertible bonds of this public offering are given priority placement to the original shareholders of the company registered after the market close on the equity registration date, and the balance of the original shareholders' priority placement (including the portion that the original shareholders waived the priority placement) is used online to public investors through the Shenzhen Stock Exchange The way the trading system is sold. The part of the subscription amount less than RMB 6.80 billion will be underwritten by the lead underwriter.

With the approval of the "Shenzhen Stock Exchange [2020] No. 656" of the Shenzhen Stock Exchange, the company's RMB 6.80 billion of convertible corporate bonds will be listed on the Shenzhen Stock Exchange on August 4, 2020. The abbreviation of the bonds is "Bengang Convertible Bonds" and the bond code is "127018".

Bond's term to maturity: The maturity of the convertible corporate bonds issued this time is 6 years from the date of issuance, that is, from June 29, 2020 to June 28, 2026.

Coupon interest rates: 0.6% in the first year, 0.8% in the second year, 1.5% in the third year, 2.9% in the fourth year, 4.0% in the fifth year, and 5.0% in the sixth year.

Conversion period: The conversion period of the convertible corporate bonds issued this time starts from six months after the first trading day issuance of the convertible corporate bonds (July 3, 2020) to the convertible corporate bonds The expiry date is from January 4, 2021 to June 28, 2026.

Initial conversion price: RMB 5.03 /share.

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	50,293	Total shareholders at the end of the month from the date of disclosing the annual report	51,611	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
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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	62.18%	2,409,628,094	28,523,000		2,409,628,094	Pledged	712,545,000
							Frozen	102,100,000
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		
Liaoning Provincial Transportation Investment Group Co., Ltd.	State-owned legal person	3.88%	150,470,883	-34,248,500		150,470,883		
Shanghai Yicun Investment Management Co., Ltd.-Yicun Shenghui No. 3 Private Equity Securities Investment Fund	Others	0.31%	12,000,000	12,000,000		12,000,000		
Fang Lei	Domestic natural person	0.28%	10,885,300	10,885,300		10,885,300		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.28%	10,702,004	10,702,004		10,702,004		
Fang Huaiyue	Domestic natural person	0.24%	9,205,501	9,205,501		9,205,501		
Shanghai Yingshui Investment Management Co., Ltd.-Yingshui Fulin No. 10 Private Securities Investment Fund	Others	0.24%	9,175,030	9,175,030		9,175,030		
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.	2,409,628,094	Common shares in RMB	2,409,628,094
CCB Principal Asset Management – ICBC – CR Trust – CR Trust · Xing Sheng No. 5 Collective Fund Trust Plan	184,842,883	Common shares in RMB	184,842,883
Bei Xin Rui Feng Fund – China Merchants Bank – Bei Xin Rui Feng Fund Feng Qing No. 229 Asset Management Plan	184,842,883	Common shares in RMB	184,842,883
China Life AMP Fund– ICBC – China Life AMP – Hua Xin Trust Targeted Additional Shares Issuance No. 10 Asset Management Plan	184,842,883	Common shares in RMB	184,842,883
Liaoning Provincial Transportation Investment Group Co., Ltd.	150,470,883	Common shares in RMB	150,470,883
Shanghai Yicun Investment Management Co., Ltd.-Yicun Shenghui No. 3 Private Equity Securities Investment Fund	12,000,000	Common shares in RMB	12,000,000
Fang Lei	10,885,300	Common shares in RMB	10,885,300
VANGUARD EMERGING MARKETS STOCK INDEX FUND	10,702,004	Common shares in RMB	10,702,004
Fang Huaiyue	9,205,501	Common shares in RMB	9,205,501
Shanghai Yingshui Investment Management Co., Ltd.-Yingshui Fulin No. 10 Private Securities Investment Fund	9,175,030	Common shares in RMB	9,175,030
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 2,170,628,094 shares of the Company’s stock through credit security account and holds 239,000,000 shares of the Company’s stock, totaling 2,409,628,094 shares. Shanghai Yicun Investment Management Co., Ltd.-Yicun Shenghui No. 3 Private Securities Investment Fund holds 12,000,000 shares of the company's stock through investor credit securities account; Fang Lei holds 10,885,300 shares of the company's stock through investor credit securities account; Fang Huaiyue holds 9,205,501 shares of the company's stock through the investor's credit securities account; Shanghai Yingshui Investment Management Co., Ltd.-Yingshui Fulin No. 10 Private Securities Investment Fund holds 9,175,030 shares of the company's stock through the investor's credit securities 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

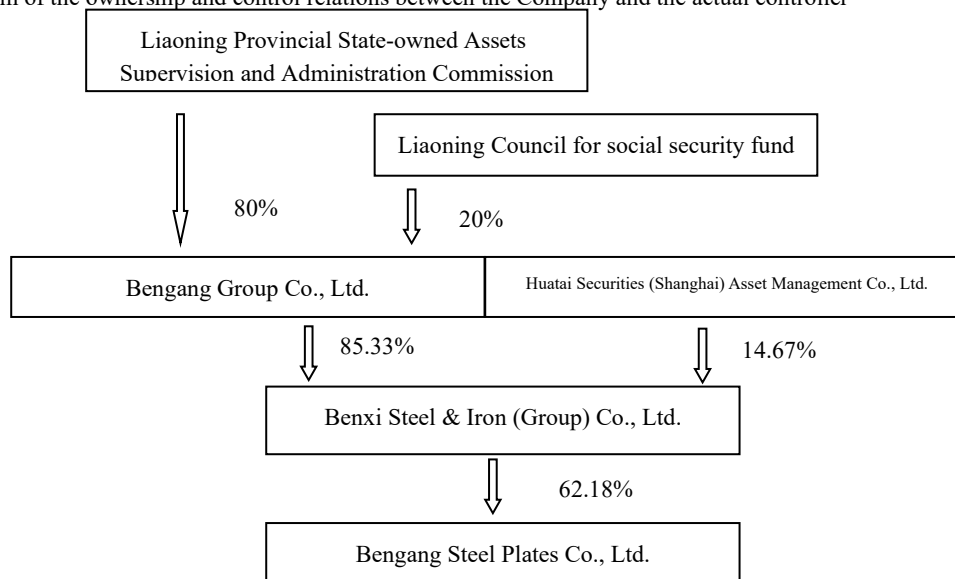
Name of the controlling shareholder	Legal representative / person in charge	Date of incorporation	Organization Code	Principal business activities
Liaoning Provincial State-owned Assets Supervision and Administration Commission	Unknown		Unknown	Unknown
Equity of other domestic/foreign listed company with 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

I. Previous adjustments to the conversion price

With the approval of the Shenzhen Stock Exchange "Shenzhen Securities [2020] No. 656", the company's RMB 6.8 billion convertible corporate bonds will be listed on the Shenzhen Stock Exchange on August 4, 2020. The abbreviation of the bonds is "Bengang Convertible Bonds" and the bond code is "127018". Since the listing of the convertible bonds, the company has not adjusted the conversion price, and the initial conversion price is RMB 5.03/share.

II. Cumulative share conversion

□ Applicable ✓ Not applicable

III. Top ten holders of convertible bonds

Unit: shares

No.	Convertible bond holders	Nature of convertible bond holders	Number of convertible bonds held at the end of the reporting period (sheets)	Amount of convertible bonds held at the end of the reporting period (yuan)	Percentage of convertible bonds held at the end of the reporting period
1	Benxi Iron and Steel (Group) Co., Ltd.	State-owned legal person	5,500,000	550,000,000.00	8.09%
2	Shanghai Pudong Development Bank Co., Ltd.-Yifangda Yuxiang Return Bond Securities Investment Fund	Others	2,646,781	264,678,100.00	3.89%
3	Huaxin International Trust Co., Ltd.-Huaxin Trust·Zhidu Investment No. 16 Single Fund Trust	Others	1,046,355	104,635,500.00	1.54%
4	CITIC Securities Co., Ltd.	State-owned legal person	1,000,000	100,000,000.00	1.47%
5	E Fund-Minsheng Bank-Bank of Hangzhou Co., Ltd.	Others	888,048	88,804,800.00	1.31%
6	Huaxin International Trust Co., Ltd.-Huaxin Trust·Caitong Investment No. 12 Single Fund Trust	Others	857,768	85,776,800.00	1.26%
7	E Fund Stable Return Fixed-income	Others	779,998	77,999,800.00	1.15%

	Pension Product-Bank of Communications Co., Ltd.				
8	Industrial and Commercial Bank of China Co., Ltd.-E Fund Security Return Bond Securities Investment Fund	Others	776,230	77,623,000.00	1.14%
9	China Everbright Bank Co., Ltd.-E Fund E Fund 6-month regular opening of bond securities investment funds	Others	761,925	76,192,500.00	1.12%
10	China Construction Bank Corporation-E Fund Double Bond Enhanced Bond Securities Investment Fund	Others	733,755	73,375,500.00	1.08%

IV. Significant changes in the guarantor's profitability, asset status, and credit status

Applicable Not applicable

V. At the end of the reporting period, the company's liabilities, credit changes, and cash arrangements for debt repayment in future years

For details, please refer to Section XI. VIII. As of the end of the reporting period, the company's main accounting data and financial indicators for the past two years, the company's convertible bond credit rating for the current year has not changed.

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	53	Mar 14, 2019	May 16, 2022					
Cao Aimin	Director, Vice Chairman	In office	Male	53	Jun 03, 2010	May 16, 2022					
Shen Qiang	Director, General Manager	In office	Male	52	May 16, 2019	May 16, 2022					
Huang Xinghua	Director	In office	Male	57	May 24, 2018	May 16, 2022					
Yuan Zhizhu	Independent Director	In office	Male	39	May 21, 2020	May 21, 2023					
Zhao Xinan	Independent Director	In office	Male	60	May 21, 2015	May 21, 2021					
Zhang Suxun	Independent Director	In office	Female	65	May 16, 2019	May 16, 2022					
Han Mei	Supervisor, Chairman of Supervisory Committee	In office	Female	51	Feb 19, 2014	May 16, 2022					
Li Lin	Supervisor	In office	Female	52	Feb 19, 2014	May 16, 2022					
Li Xiaowei	Supervisor	In office	Male	45	Mar 14, 2019	May 16, 2022					
Zhao Xingtao	Supervisor	In office	Male	48	Jun 26, 2019	May 16, 2022					

Zhang Yanlong	Supervisor	In office	Male	43	Jan 26, 2014	May 16, 2022					
Bao Mingwei	Deputy General Manager	In office	Male	57	Dec 28, 2012	May 16, 2022					
Wang Fengmin	Deputy General Manager	In office	Male	55	Jan 26, 2014	May 16, 2022					
Huo Gang	Deputy General Manager	In office	Male	47	March 14, 2019	May 16, 2022					
Zhao Zhonghua	Director of Finance	In office	Female	36	April 18, 2019	May 16, 2022					
Gao Desheng	Secretary of the Board	In office	Male	46	September 20, 2018	May 16, 2022					
Zhong Tianli	Independent Director	Leaving office	Female	64	20-May-14	May 21, 2020					
Total	--	--	--	--	--	--					

II. Change in Directors, Supervisors and Senior Executives

√ Applicable Not applicable

Name	Position	Type of change	Date	Reason
Zhong Tianli	Independent Director	Leaving office after expiry of term	May 21, 2020	Leaving office after expiry of term

III. Posts holding

Work experience, professional background and currently mainly responsibilities of Directors, Supervisors and Senior Executives in current office

Gao Lei, Male, 53, 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, 53, 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, 52 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); assistant to the General Manager, Secretary of the Board of Directors, Director of the Office of the Board of Directors, and Minister of the Organization Department (Human Resources Department) of Bengang Group; current Director and General Manager of Bengang Steel Plate Co., Ltd.

Huang Xinghua, Male, 57, 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.

Zhao Xinan, Male, 60, professor (doctoral supervisor) of Northeastern University. Served as the vice dean of the School of Business Administration of Northeastern University, and a member of the National Education Department Management Science and Engineering Teaching Steering Committee; currently a professor of the School of Business Administration of Northeastern University, independent director of Bengang Steel Plate Co.

Zhang Suxun, Female, 65, bachelor degree, professor. Former Liaoning University Business School teacher; now retired. The current independent director of Bengang Steel Plate Co., Ltd.

Yuan Zhizhu, male, 39, PhD degree, associate professor of accounting at Northeastern University, master supervisor, non-practicing member of Chinese certified public accountant. Served as a lecturer in the School of Business Administration of Northeastern University; currently the director of the Accounting Department of the School of Business Administration of Northeastern University, and a director of the Liaoning Accounting and Abacus Mental Arithmetic Society, and a director of the Liaoning Auditing Society; independent 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 Finance Company; Chairman of Board of Supervisors of Bengang Steel Plate Co., Ltd.

Li Lin, Female, 52, 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, 45, 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, 43, 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, 49, university degree, master of engineering, senior engineer. Served as Deputy Director of the Cold Rolling Plant of Bengang Steel Plate Co., Ltd.; Party Secretary and Chairman of the Labor Union of the Cold Rolling Plant of Bengang Steel Plate Co., Ltd.

Executives other than directors:

Bao Mingwei, Male, 57 years old, Undergraduate, senior engineer. Served as Secretary of the Party Committee, Deputy Plant Manager and Plant Manager of the Hot Strip Mill of Bengang Steel Plate Co., Ltd.; Deputy General Manager and Plant Manager of the Third Cold Rolling Plant of Bengang Steel Plate Co., Ltd.; Deputy Chief Engineer, Planning and Development Department of Bengang Steel Group Co., Ltd. (Science and Technology Development Department) Minister; Deputy Chief Engineer of Bengang Group Co., Ltd.; current Deputy General Manager of Bengang Plate Co., Ltd.

Wang Fengmin, Male, 55, graduate degree, professor and researcher-level senior engineer. Served as deputy director, director and party secretary of the ironmaking plant of Benxi Iron and Steel Plate Co., Ltd.; deputy general manager and head of the manufacturing department of Benxi Iron and Steel Plate Co., Ltd.; deputy chief engineer of Benxi Iron and Steel Group Co., Ltd.; The current deputy general manager of Bengang Steel Plate Co., Ltd.

Huo Gang, Male, 47, graduate degree, doctor of engineering, professor and researcher-level senior engineer. Served as acting general manager and general manager of the cold rolling mill of Benxi Iron and Steel Pohang Company; Party Secretary and Executive Deputy Director of the Third Cold Rolling Plant of Bengang Steel Plate Co., Ltd.; Party Secretary and Plant Manager of the Third Cold Rolling Plant of Bengang Steel Plate Co., Ltd.; Director of Bengang Steel Plate Co., Ltd. Cold Rolling Plant and General Manager of Pohang Cold Rolling.

Zhao Zhonghua, Female, 36, 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, 46, 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 4, 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

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
Gao Lie	Bengang Puxiang Cold-rolled Sheet Co., Ltd.	Chairman	December, 1,2019		No
Cao Aimin	Bengang Group Finance Co., Ltd.	Chairman	October, 1,2016		No
Cao Aimin	Zhongtian Securities Co., Ltd.	Director	December, 1,2016		No
Han Mei	Bengang Group Finance Co., Ltd.	Director	December, 1,2016		No

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	53	In office		Yes
Cao Aimin	Director, Vice Chairman	Male	53	In office		Yes
Shen Qiang	Director, General Manager	Male	52	In office	40.44	No
Huang Xinghua	Director	Male	57	In office		Yes
Zhao Xinan	Independent Director	Male	60	In office	5	No
Zhang Suxun	Independent Director	Female	65	In office	5	No
Yuan Zhizhu	Independent Director	Male	39	In office	5	No
Han Mei	Supervisor, supervisory board chairman	Female	51	In office		Yes
Li Lin	Supervisor	Female	52	In office	28.58	No
Li Xiaowei	Supervisor	Male	45	In office		Yes
Zhao Xingtao	Supervisor	Male	48	In office	32.28	No
Zhang Yanlong	Supervisor	Male	43	In office	34.64	No
Bao Mingwei	Deputy General Manager	Male	57	In office	34.24	No

Wang Fengmin	Deputy General Manager	Male	55	In office	34.44	No
Huo Gang	Deputy General Manager	Male	47	In office	34.07	No
Zhao Zhonghua	CFO	Female	36	In office	29.72	No
Gao Desheng	Secretary of Board	Male	46	In office	25.63	No
Zhong Tianli	Independent Director	Female	64	Leaving office		No
Total	--	--	--	--	309.04	--

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	16,221
Population of in-service staff in main subsidiaries	524
Total population of in-service staff	16,745
Total population of staff receiving remuneration in the current period	16,745
Population of retired staff whose expense was borne by parent company and major subsidiary companies	23,377
Professional Composition	
Type of Professional Composition	Population
Production Staff	12,922
Sales Staff	188
Technician	1,532
Financial Staff	141
Administrative Staff	1,962
Total	16,745
Educational Degree	
Type of Educational Degree	Population
PhD.	14
Postgraduate	359
Undergraduate	3,765
Junior College	5,325
Technical secondary school	390
High School and Technical School	3,166
Middle School and others	3,726
Total	16,745

2. Remuneration Policies

In 2020, we will further strengthen the management of salary distribution, continue to promote the total salary contract, guide all units to rationally allocate human resources, optimize the distribution mechanism and increase labor productivity, and give full play to the role of salary incentives and constraints. Implementing a job performance wage system that determines individual salaries based on job value, personal abilities and performance contributions, opening up career development channels for business, technical and operational positions; implementing an annual salary assessment system linked to company benefits and employee income.

3. Training Plan

The company plans to complete 86 training projects and train 17,402 people throughout the year. 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

During the reporting period, the Company has been following the laws, regulations and documents such as the *Company Law*, *Securities Law*, *Governance Guidelines for Listed Companies*, *Guidelines for the Normative Operation of Listed Companies on the Shenzhen Stock Exchange* and *Articles of Association*. Based on the actual situation of the company, the Company has been continuously improving the corporate governance structure and internal control system of the company, improves the governance level, and promotes the company's standardized operation. As of the end of the reporting period, the actual situation of corporate governance meets the requirements of the regulatory documents related to the governance of listed companies.

1. Shareholders and Shareholders' General Meeting: The company has formulated the "Rules of Procedures for General Meetings of Shareholders" in strict accordance with the "Company Law", "Rules for Shareholders' General Meetings of Listed Companies" and the company's "Articles of Association" to ensure the exercise of the rights of the company's shareholders and the standard operation of the shareholders' meeting. The company's previous shareholder meetings have provided two attendance channels, on-site voting and online voting, to facilitate shareholders. Involving major issues that affect the interests of small and medium investors, the company counts the votes of small and medium investors individually and discloses them in a timely manner to ensure that all shareholders enjoy equal status and fully exercise their rights. And by hiring lawyers to witness and ensure the legal compliance of the convening, convening and voting procedures of the meeting, the legitimate rights and interests of the company and shareholders have been safeguarded.

2. Directors and the board of directors: the company's board of directors has clear responsibilities, and the company's directors exercise their powers in strict accordance with the "Articles of Association", "Rules of Procedures of the Company's Board of Directors", "Company Independent Directors Work System" and other related systems, perform their duties with integrity and diligence, and safeguard the legitimate rights and interests of the company and shareholders. The company's board of directors has four special committees, namely audit, strategy, nomination, remuneration and assessment, each of which performs its own responsibilities and functions, and can carry out its work in accordance with the rules of procedure of each special committee. During the reporting period, the convening and holding procedures of the company's board of directors complied with the "Company Law", "Articles of Association" and "Rules of Procedure of the Board of Directors" and other relevant laws and regulations.

3. Supervisors and Board of Supervisors: The company's supervisors can earnestly perform their duties, independently and effectively perform supervision and inspection functions. The company's supervisors attend shareholders' meetings, attend board meetings as non-voting delegates, regularly inspect the company's legal operations and financial conditions, and issue opinions from the board of supervisors. Supervise the company's finances, the performance of the company's directors and

senior management personnel, and the capital exchanges with related parties, so as to safeguard the legal rights and interests of the company and shareholders. The number and structure of the board of supervisors meet the requirements of laws and regulations, and its convening and convening are strictly implemented in accordance with the "Articles of Association" and "Rules of Procedure of the Board of Supervisors" to ensure that the board of supervisors effectively performs its duties.

4. Controlling shareholders and the company: The company has independent and complete business and independent management capabilities, and is independent of the controlling shareholders and actual controllers in terms of business, personnel, assets, institutions, and finances; The company's board of directors, board of supervisors and other internal institutions operate independently; The company's major decisions are made by the board of directors or the general meeting of shareholders in accordance with the law. There is no direct or indirect intervention in the company's decision-making and production and operation activities beyond the general meeting of shareholders, nor does it harm the interests of the company and other shareholders.

5. Information disclosure and transparency: The company strictly complies with the requirements of the "Shenzhen Stock Exchange Stock Listing Rules" and the "Information Disclosure Management System" and other requirements, truthful, accurate, and complete, without false records, misleading statements or major omissions in performing information disclosure obligation, "China Securities Journal", "Securities Times", "Hong Kong Commercial Daily" and www.cninfo.com.cn are the designated media for company information disclosure. The company publishes regular reports and temporary announcements through the above-mentioned information disclosure media to ensure that all shareholders of the company can obtain information with equal opportunities.

6. Investor relationship management: The company continues to strengthen communication with investors to deepen investors' understanding and recognition of the company. The company appoints the secretary of the board of directors as the person in charge of investor relations management, and the office of the board of directors is the organization that undertakes the daily work of investor relations management. The company makes full use of on-site meetings, dedicated telephone calls, investor interaction platforms and other methods to communicate with the company's shareholders, listens carefully to the opinions and suggestions of investors on the company's strategic development and production and operation, and has established a good communication mechanism with investors, which enhances investors' understanding and investment confidence in the company.

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
Annual General Meeting of 2019	Annual General Meeting	76.79%	May 21, 2020	May 22, 2020	Announcement No.: 2020-030

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 reporting period	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
Zhao Xinan	9	1	8	0	0	No	1
Zhang Suxun	9	1	8	0	0	No	1
Yuan Zhizhu	6	1	5	0	0	No	1
Zhong Tianli	3	0	3	0	0	No	1

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

There are four special committees under the company's board of directors, namely, the audit committee, the remuneration and appraisal committee, the nomination committee, and the development strategy committee. During the reporting period, the special committees carried out their work in accordance with the relevant laws and regulations, regulatory documents and other relevant provisions based on the principle of diligence and due diligence.

(1) Performance of Audit Committee

During the reporting period, the audit committee of the company's board of directors actively performed its duties in accordance with the "Company Law", "Listed Company Governance Guidelines", "Articles of Association", "Rules of Procedure of Audit Committee" and other relevant regulations. Reviewed the company's regular reports, internal control self-evaluation reports, financial final accounts reports, special reports on the deposit and use of raised funds, renewal of the appointment of an accounting firm, Anticipating daily connected transactions, using raised funds to replace self-raised funds invested in investment projects with raised funds in advance and paid issuance fees, using temporarily idle funds for cash management, using idle raised funds

to temporarily supplement working capital, etc.

(2) Performance of the Remuneration and Appraisal Committee of the Board of Directors

During the reporting period, the Remuneration and Appraisal Committee conscientiously performed its duties in accordance with the Articles of Association, the Rules of Procedure for the Remuneration and Appraisal Committee of the Board of Directors and other relevant regulations.

The Remuneration and Appraisal Committee reviewed the remuneration of the company's directors and senior management in 2019, and believed that the remuneration system implemented by the company's senior management staff, the company's directors, supervisors, and senior management staff's remuneration during the reporting period were true and in line with the company's performance appraisal indicators.

(3) Performance of the Nomination Committee

During the reporting period, the Nomination Committee carried out its work and performed its duties in accordance with the Articles of Association, the Rules of Procedure for the Nomination Committee of the Board of Directors and other relevant regulations. Deliberated the company's nomination of independent director candidates, and put forward suggestions on the selection criteria and procedures for company directors and senior executives.

(4) Performance of the Development Strategy Committee

During the reporting period, the Development Strategy Committee conscientiously performed its duties in accordance with the Articles of Association, the Rules of Procedure for the Development Strategy Committee of the Board of Directors and other relevant regulations, and reviewed the company's 2019 Board of Directors Work Report and the 2020 Investment Framework Plan Proposal. , According to the actual situation of the company, formulate development strategies, discuss and analyze development plans and foreign investment, put forward opinions and suggestions, and make decisions.

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

2. Self-Evaluation Report on Internal Control

Disclosing date of internal control auditing report full text	April 28, 2021	
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	97.79%	
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	74.70%	
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 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.	1. Material deficiencies : Major errors caused by decision-making procedure; the important business lacks 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

	<p>3. General deficiencies: the internal control deficiencies except those constitute the material deficiencies and the significant deficiencies.</p>	<p>deficiencies have not been corrected; other circumstances that have big negative impact on the company. 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. 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 deficiencies that have not been corrected.</p>
<p>Quantitative criteria</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</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</p>

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

X. Internal Control Audit Report

Applicable Not applicable

Opinion in the internal control audit report	
We acknowledge that internal control of Bengang Banca is effective in all material respects and is compliance with 'Fundamental Rules of Enterprise Internal Control' up to December 31, 2020.	
Internal Control Audit Report	Disclosure

Status	
Disclosure date of audit report of internal control (full-text)	April 28, 2021
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 opinion on report of internal control audit

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 the company has publicly issued corporate bond which is listed on the stock exchange and is not due on the date of approval of the annual report or has not been fully redeemed at the due date

Yes

I. Basic information about corporate bonds

Bond name	Bond abbreviation	Bond Code	Issue date	Maturity Date	Bond balance (ten thousand)	Interest rate	Repayment of principal and interest
Convertible corporate bonds of Bengang Steel Plate Co., Ltd.	Bengang Convertible bond	127018	29th June 2020	28 th June 2026	680,000		The convertible bonds issued in this issuance adopt the method of paying interest once a year, and the company will pay 119% of the face value of the convertible bonds (including the last annual interest) to investors for the unconverted convertible bond at maturity.
Trading place for the listing or transfer of corporate bonds	Shenzhen Stock Exchange						
Investor suitability arrangements	Not applicable						
Interest payment and redemption of corporate bonds	The interest payment date is not due during the reporting period						

during the reporting period	
The implementation of the relevant clauses during the reporting period if corporate bonds are accompanied by special clauses such as issuer or investor option clauses, exchangeable clauses, etc. (if applicable).	Not applicable

II. Information on bond trustees and credit rating agencies

Bond trustee:							
Name	Guotai Junan Securities Co., Ltd.	Office address	618 Shangcheng Road, China (Shanghai) Pilot Free Trade Zone	Contact	Chi Huitao, Yang Keyi	Contact Tel	021-38676666
Credit rating agencies that tracked and rated corporate bonds during the reporting period:							
Name	China Chengxin International Credit Rating Co., Ltd.		Office address	No. 2 Nanzhugan Hutong, Dongcheng District, Beijing 60101			
During the reporting period, the bond trustee and credit rating agency hired by the company changed, the reason for the change, the procedures performed, the impact on the interests of investors, etc. (if applicable)			Not applicable				

III. Use of proceeds from corporate bonds

The use of proceeds from corporate bonds and the procedures for implementation	Please refer to "5 Use of raised funds" in "Five. Analysis of Investment Status" in "Section IV Discussion and Analysis of Business Conditions" of this report
Ending balance (RMB ten thousand)	499,130.52
Operation of the special account for raised funds	In order to regulate the use and management of the company's raised funds and protect the rights and interests of small and medium-sized investors, in accordance with the China Securities Regulatory Commission's "Listed Companies Supervision Guidelines No. 2-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies" and "Regulations for Listed Companies on the Shenzhen Stock Exchange" "Operation Guidelines" and the company's fund-raising management system and other relevant regulations, the company will cooperate with Industrial and Commercial Bank of China Co., Ltd. Benxi Branch, Bank of China Co., Ltd. Benxi

	Branch, China Construction Bank Co., Ltd. Benxi Branch, and China Construction Bank Co., Ltd. on July 9, 2020. Benxi Branch of Bank Co., Ltd., Benxi Xinhua Sub-branch of Agricultural Bank of China Co., Ltd., and the sponsor Guotai Junan Securities Co., Ltd. signed the "Tripartite Supervision Agreement on Special Accounts for Raising Funds" and disclosed them (Announcement No.: 2020-044)
whether the use of raised funds consistent with the promised purpose, use plan and other agreements in the prospectus	Consistent

IV. Information rating of corporate bonds

On December 10, 2019, China Chengxin International Credit Rating Co., Ltd. issued the "Bengang Steel Plate Co., Ltd. Public Issuance of A-Share Convertible Corporate Bonds Credit Rating Report". The rating result: The company's main body credit rating is AA+, and the rating outlook is Stable; the corporate bond credit rating is AAA. For details, please refer to the "Credit Rating Report of Bengang Steel Plate Co., Ltd. Public Issuance of A-Share Convertible Corporate Bonds" disclosed on Juchao Information Website on June 23, 2020.

On July 31, 2020, China Chengxin International Credit Rating Co., Ltd. issued the "Bengang Steel Plate Co., Ltd. Public Issuance of A-Share Convertible Corporate Bond Tracking Rating Report". The tracking rating result: maintain the company's entity credit rating at AA+, rating the outlook is stable; the credit rating of the "Bengang Convertible Bonds" is maintained at AAA. For details, please refer to the "Tracking Rating Report on the Public Issuance of A-Share Convertible Bonds of Bengang Steel Plate Co., Ltd." disclosed by the company on Juchao.com on August 6, 2020.

V. Corporate bond credit enhancement mechanism, debt repayment plan and other debt repayment safeguard measures

1、Convertible corporate bond credit enhancement mechanism: Bengang Group Co., Ltd. provides a full unconditional and irrevocable joint liability guarantee for the convertible corporate bonds issued by the company this time. The guarantee scope includes bond principal, interest, default amount, and damages and the full cost of realizing the creditor's rights

2、Repayment plan:

1) The convertible bond issued this time adopts the interest payment method of paying interest once a year, and the start date of interest calculation is the first day of issuance of the convertible bond;

2) Interest payment date: The interest payment date of each year is the day of each full year from the first day of issuance of the convertible bonds issued this time. If that day is a legal holiday or a rest day, it will be postponed to the next trading day. The postponement period does not apply for interest payment. An interest accrual year is defined between every two adjacent interest payment dates;

3) Creditor's interest rights registration date: The annual creditor's rights registration date is the trading day before the annual interest payment date, and the company will pay the current year's interest within five trading days after the annual interest payment date. For application of conversion of convertible bonds into the company's A shares before the creditor's rights registration date (including the creditor's rights registration date), the company will no longer pay its holders the interest of this year and interests of subsequent years;

4) The tax payable on the interest income received by the holder of the convertible bond shall be borne by the holder of the convertible bond.

3、Repayment safeguard measures

From the end of 2018 to the end of 2020, the company's asset-liability ratio (consolidated basis) was 67.03%, 67.05%, and 66.85%, respectively, and the asset-liability ratio (parent company) was 67.55%, 67.87%, and 67.45%, showing a steady but declining trend; Overall, the company's debt-to-asset ratio is still within a reasonable range.

From the end of 2018 to the end of 2020, the company's current ratio was 1.02, 0.87, and 1.04, and the quick ratio was 0.69, 0.65, and 0.77, respectively. The current ratio and quick ratio are on the rise, and the company's short-term debt solvency has increased.

From the end of 2018 to the end of 2020, the company's interest coverage ratio were 1.98, 1.59 and 1.4 respectively, and the interest repayment risk was relatively low.

The source of funds for the interest payment and redemption of the convertible bonds mainly includes the income and cash inflows from the normal operations of the company's business. The company will formulate a fund utilization plan based on the interest payment and redemption of convertible bonds, rationally allocate funds, pay interest on schedule, and redeem relevant amounts of convertible bonds. In the past three years and the first quarter, the company has been operating well, with stable financial indicators and good debt solvency.

VI. Meetings of bondholders held during the reporting period

During the reporting period, the company did not hold bondholder meetings.

VII. The performance of the bond trustee's duties during the reporting period

The company's convertible corporate bond trustee is Guotai Junan Securities Co., Ltd. During the reporting period, Guotai Junan strictly performed the duties of the trustee in accordance with the agreement, continued to pay attention to the company's production and operation, financial status and credit status, and urged the company to implement the obligations stipulated in the document of the convertible bond prospectus and have actively performed the duties of bond trustees and effectively safeguarded the legitimate rights and interests of bondholders.

The trustee has issued to the Public on May 12, 2020, the 2019 sponsorship report on the continuous supervision of Bengang Steel Plates, the 2019 training report on the continuous supervision of Bengang Steel Plates, the 2019 on-site inspection report on the continuous supervision of Bengang Steel Plates, and Summary Report on Continuous Supervision and Sponsorship of the Non-public Issuance of A Shares of Bengang Steel Plates.

VIII. As of the end of the reporting period, the Company's main accounting data and financial indicators for the past 2 years

Unit: RMB10 thousand

Item	2020	2019	Change
EBITDA	299,275.63	334,839.47	-10.62%
Current ratio	1.04%	0.87%	0.17%
Assets and liabilities ratio	66.85%	67.05%	-0.20%
Quick ratio	0.77%	0.65%	0.12%
EBITDA total liabilities ratio	0.07%	0.08%	-0.01%
Interest coverage ratio	1.4	1.59	-11.95%

Cash interest coverage ratio	-0.96	8.37	-111.47%
EBITDA interest coverage ratio	7.91	10.03	-21.14%
Loan repayment rate	100.00%	100.00%	0.00%
Interest repayment rate	100.00%	100.00%	0.00%

The main reason why the above accounting data and financial indicators have changed more than 30% year-on-year

applicable Not applicable

IX. Interest payment status of other bonds and debt financing instruments during the reporting period

During the reporting period, the Company did not make interest payments for other bonds and debt financing instruments.

X. The status of bank credits, usage, and repayment of bank loans during the reporting period

At the end of the reporting period, the total bank credit of the company was 37.58 billion yuan, 28.35 billion yuan had been used, and the unused credit line was 9.23 billion yuan. The total amount of loans at the beginning of the reporting period was 18.236 billion yuan, the net repayment of loans in the current period was 3.357 billion yuan, and the loan balance at the end of the period was 14.879 billion yuan.

XI. Implementation of relevant agreements or commitments in the corporate bond prospectus during the reporting period

During the reporting period, the Company strictly implemented the relevant agreements and commitments in the prospectus of convertible corporate bonds, and there was no damage to the interests of bond investors.

XII. Significant events occurred during the reporting period

None.

XIII. Whether there is any guarantor for corporate bonds

Yes No

Whether the guarantor of the corporate bonds is a legal person or other organization

Yes No

Whether to separately disclose the financial statements of the guarantor during the reporting period within 4 months from the end of each fiscal year, including the balance sheet, income statement, cash flow statement, statement of changes in owner's equity (shareholders' equity) and notes to the financial statements

Yes No

XII. Financial Report

Opinion of audit report	Unqualified audit opinion
Date of audit report	26th April 2021
Name of CPA Firm	BDO China Shu Lun Pan CPAs LLP
Audit report number	PCPAR [2020] No. ZB10714
Name of CPA	Zhu Jinmei, Li Guiying

Auditors' Report

PCPAR [2021] No. ZB10714

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 2020, 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 2020, 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 China Standards on Auditing for Certified Public Accountants. 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) financial instruments under “3. Significant accounting policies and accounting estimates” and Note (2) Accounts receivable under “5. Notes to consolidated financial statements”.</p> <p>As at December 31, 2020, the carrying amount of Accounts receivable is RMB 733,850,787.45 and the bad debt is RMB 488,633,604.79.</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>Because the management determines the estimated recoverable amount of accounts receivable based on significant accounting estimation and judgement, and the 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 the internal control process related to determine 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.
2. Impairment of Inventory	
<p>Please refer to the Note (11) Inventory under “3. Significant accounting policies and accounting estimates” and (6) Inventory under “5. Notes to consolidated financial statements”.</p> <p>As at December 31,2020, the carrying amount of inventory in consolidated statement is RMB 9,073,623,111.13, impairment of inventory is RMB 33,557,768.48, the book value of inventory</p>	<p>The procedures carried out for the impairment of inventory include:</p> <ol style="list-style-type: none"> 1. Evaluated the design and operation of internal control related to the impairment of inventory; 2. Supervise stock taking and check the quantity and status of inventory, especially the aged inventory; 3. Obtain the calculation of the impairment of inventory. Check whether it follows the requirements of related accounting

<p>is RMB 9,040,065,342.65. 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 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, 2020, 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>standards of the Company, check any changes of the accrual of inventory impairment in the current period and analyse the sufficiency of impairment;</p> <p>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.</p> <p>5. Evaluate the estimated sales expenses 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 2020 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 China Standards on Auditing for Certified Public Accountants 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 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

26 April 2021

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 2020
(Expressed in Renminbi unless otherwise indicated)

Assets	Notes 5	31 Dec, 2020	31 Dec, 2019
Current assets			
Cash at bank and on hand	(1)	13,126,666,915.26	18,415,844,397.77
Settlement provisions			
Capital lent			
Financial assets held for trading			
Derivative financial assets			
Notes receivable		-	
Accounts receivable	(2)	245,217,182.66	235,696,265.66
Accounts receivable financing	(3)	4,189,977,871.92	2,429,542,461.88
Prepayments	(4)	2,108,044,777.65	1,291,047,458.11
Premium receivable			
Reinsurance accounts receivable			
Receivable deposit for reinsurance contract			
Other receivables	(5)	142,101,351.27	172,807,036.77
Redemptory financial assets for sale			
Inventories	(6)	9,040,065,342.65	7,700,397,685.61
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	(7)	5,523,646,836.01	312,904,824.09
Total current assets		34,375,720,277.42	30,558,240,129.89
Non-current assets			
Loan and advances issued			
Debt Investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	(8)	2,742,064.73	2,642,998.70
Other equity instrument investments	(9)	1,042,024,829.00	1,041,824,829.00
Other non-current financial assets			
Investment property			
Fixed assets	(10)	26,284,567,956.44	26,123,375,492.40
Construction in progress	(11)	1,839,933,715.58	1,833,853,572.58
Productive biological assets			
Oil and gas assets			
Intangible assets	(12)	264,932,652.54	271,500,023.34
Development expenditure			

Assets	Notes 5	31 Dec, 2020	31 Dec, 2019
Goodwill			
Long-term deferred expenses			
Deferred tax assets	(13)	201,708,932.84	191,485,595.49
Other non-current assets	(14)	995,840,320.65	708,502,552.50
Total non-current assets		30,631,750,471.78	30,173,185,064.01
Total assets		65,007,470,749.20	60,731,425,193.90

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 2020
(Expressed in Renminbi unless otherwise indicated)

Liabilities and equities	Notes 5	31 Dec, 2020	31 Dec, 2019
Current Liabilities			
Short-term loans	(15)	10,067,731,000.00	13,151,478,000.00
Loan from central bank			
Loan from other banks			
Financial liability held for trading			
Derivative financial liabilities			
Notes payable	(16)	9,814,149,348.42	11,828,514,676.95
Accounts payable	(17)	5,914,228,256.82	4,527,513,030.27
Advance from customers	(18)		4,429,821,526.79
Contract liabilities	(19)	4,458,671,819.90	
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receipt from vicariously traded securities			
Receipt from vicariously underwriting securities			
Employee benefits payable	(20)	25,749,485.25	23,698,174.56
Current tax liabilities	(21)	55,302,080.96	284,825,814.80
Other payables	(22)	709,448,301.92	662,701,744.97
Handling charges and commission payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	(23)	1,308,030,361.43	234,474,657.99
Other current liabilities	(24)	579,627,336.58	
Total current liabilities		32,932,937,991.28	35,143,027,626.33
Non-current liabilities			
Provision for insurance contract			
Long-term loans	(25)	3,502,934,427.65	4,849,675,910.73
Bonds payable	(26)	5,752,229,339.52	
Including: Preferred stock			
Perpetual bond			
Long-term payables	(27)	1,114,232,362.74	516,939,408.14
Long-term employee benefits payable			
Estimated liabilities			

Liabilities and equities	Notes 5	31 Dec, 2020	31 Dec, 2019
Deferred income	(28)	154,451,833.23	208,955,407.30
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		10,523,847,963.14	5,575,570,726.17
Total liabilities		43,456,785,954.42	40,718,598,352.50
Shareholders' equity:			
Share capital	(29)	3,875,371,532.00	3,875,371,532.00
Other equity instruments	(30)	1,146,290,662.42	
Including: Preferred stock			
Perpetual bond			
Capital reserves	(31)	12,343,209,847.29	12,343,209,847.29
Less: treasury shares			
Other comprehensive income			
Special reserves	(32)	300,412.14	212,687.41
Surplus reserves	(33)	961,105,529.85	961,105,529.85
General risk reserve			
Undistributed profits	(34)	2,692,018,405.40	2,307,765,664.62
Total equity attributable to equity holders of the parent company		21,018,296,389.10	19,487,665,261.17
Non-controlling interests		532,388,405.68	525,161,580.23
Total shareholder's equity		21,550,684,794.78	20,012,826,841.40
Total of liabilities and owners' equity		65,007,470,749.20	60,731,425,193.90

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 2020

(Expressed in Renminbi unless otherwise indicated)

Assets	Notes 14	31 Dec, 2020	31 Dec, 2019
Current assets			
Cash at bank and on hand		11,808,618,300.87	16,982,227,928.89
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	(1)	289,865,462.20	388,997,108.46
Accounts receivable financing	(2)	4,143,431,412.08	2,193,319,842.60
Prepayments		2,117,204,935.75	1,184,632,345.13
Other receivables	(3)	228,180,190.02	266,663,235.81
Inventories		7,420,499,172.20	6,114,582,832.33
Contract assets			
Assets held for sale			
Non-current assets due within one year			

Assets	Notes 14	31 Dec, 2020	31 Dec, 2019
Other current assets		5,437,282,088.94	191,249,460.42
Total current assets		31,445,081,562.06	27,321,672,753.64
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	(4)	2,016,281,902.16	2,016,281,902.16
Other equity instrument investments		1,041,624,829.00	1,041,624,829.00
Other non-current financial assets			
Investment property			
Fixed assets		24,755,665,765.30	24,447,763,305.12
Construction in progress		1,798,639,941.58	1,813,889,136.42
Productive biological assets			
Oil and gas assets			
Intangible assets		142,163,903.40	145,470,040.68
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		98,480,706.23	93,555,276.54
Other non-current assets		988,475,426.53	696,351,867.38
Total non-current assets		30,841,332,474.20	30,254,936,357.30
Total assets		62,286,414,036.26	57,576,609,110.94

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 2020
(Expressed in Renminbi unless otherwise indicated)

Liabilities and shareholders' equities	Notes 14	31 Dec, 2020	31 Dec, 2019
Current liabilities			
Short-term loans		9,107,731,000.00	11,851,478,000.00
Financial liability held for trading			
Derivative financial liabilities			
Notes payable		8,348,607,405.21	10,225,969,445.22
Accounts payable		6,280,468,684.34	4,909,389,629.86
Prepayments			5,597,707,687.22
Contract liabilities		5,324,357,761.83	

Liabilities and shareholders' equities	Notes 14	31 Dec, 2020	31 Dec, 2019
Employee benefits payable		23,981,010.53	21,872,906.71
Current tax liabilities		42,514,891.31	274,181,048.14
Other payables		368,374,954.61	384,125,032.59
Liabilities held for sale			
Non-current liabilities due within one year		1,308,030,361.43	234,474,657.99
Other current liabilities		692,166,509.04	
Total current liabilities		31,496,232,578.30	33,499,198,407.73
Non-current liabilities			
Long term loans		3,502,934,427.65	4,849,675,910.73
Bonds payable		5,752,229,339.52	
Including: Preferred stock			
Perpetual bond			
Long-term payables		1,108,412,163.50	516,939,408.14
Long-term employee benefits payable			
Estimated liabilities			
Deferred income		154,451,833.23	208,955,407.30
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		10,518,027,763.90	5,575,570,726.17
Total liabilities		42,014,260,342.20	39,074,769,133.90
Shareholder's equity:			
Share capital		3,875,371,532.00	3,875,371,532.00
Other equity instruments		1,146,290,662.42	
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		120,972.62	53,330.99
Surplus reserves		961,105,529.85	961,105,529.85
Undistributed Profits		2,366,206,832.00	1,742,251,419.03
Total shareholder's equity		20,272,153,694.06	18,501,839,977.04
Total liabilities and shareholder's equity		62,286,414,036.26	57,576,609,110.94

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 2020
(Expressed in Renminbi unless otherwise indicated)

Items	Notes 5	Current period	Previous period
1. Total operating income		48,684,792,685.58	52,741,353,582.28

Bengang Steel Plates Co., Ltd. Annual Report 2020

Items	Notes 5	Current period	Previous period
Including: Operating income	(35)	48,684,792,685.58	52,741,353,582.28
Interest income			
Premium earned			
Income from handling charges and commission			
2. Total operating cost		47,900,922,736.61	52,124,252,623.88
Including: Operating cost	(35)	46,392,180,562.59	49,211,414,645.62
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	(36)	215,871,820.10	271,580,080.03
Selling and distribution expenses	(37)	97,279,280.21	1,096,688,903.70
General and administrative expenses	(38)	792,826,294.81	831,945,841.56
Research and development expenses	(39)	37,989,623.28	30,780,463.74
Financial expenses	(40)	364,775,155.62	681,842,689.23
Including: Interest expense		1,028,857,436.14	948,799,627.90
Interest income		378,523,984.03	333,750,262.79
Add: Other income	(41)	81,305,181.92	83,916,607.12
Income on investment (“-” for loss)	(42)	13,951,362.33	1,058,377.90
Including: Income from associates and joint ventures		374,119.86	452,582.71
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)	(43)	-304,019,761.75	-6,541,900.62
Asset impairment loss (“-” for loss)	(44)	-67,185,869.37	-43,256,982.72
Assets disposal gains (“-” for loss)	(45)	325,651.61	3,441,646.67
3. Operational profit (“-” for loss)		508,246,513.71	655,718,706.75
Add: Non-operating income	(46)	4,328,563.52	10,306,462.87
Less: Non-operating expenses	(47)	95,724,280.44	90,209,742.22
4. Total profit (“-” for loss)		416,850,796.79	575,815,427.40
Less: Income tax expenses	(48)	25,371,230.56	18,954,938.42
5. Net profit (“-” for loss)		391,479,566.23	556,860,488.98
1. Classification by continuing operating			
1. Net profit from continuing operation (“-” for loss)		391,479,566.23	556,860,488.98
2. Net profit from discontinued operation (“-” for loss)			
2. Classification by ownership			
1. Net profit attributable to the owners of parent company (“-” for loss)		384,252,740.78	555,646,971.40
2. Net profit attributable to non-controlling shareholders (“-” for loss)		7,226,825.45	1,213,517.58
6. Other comprehensive income			
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 which can be reclassified into profit or loss			
2) Changes in fair value of other debt investments			
3) Amount of financial assets reclassified into other comprehensive income			

Items	Notes 5	Current period	Previous period
4) Credit impairment provision of other debt investments			
5) Cash flow hedges reserve			
6) Translation differences in foreign currency financial statements			
7) Others			
Other comprehensive income attributable to non-controlling shareholders' equity after tax			
7. Total comprehensive income		391,479,566.23	556,860,488.98
Total comprehensive income attributable to the owner of the parent company		384,252,740.78	555,646,971.40
Total comprehensive income attributable to non-controlling shareholders		7,226,825.45	1,213,517.58
8. Earnings per share			
1) Basic earnings per share		0.099	0.143
2) Diluted earnings per share		0.099	0.143

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 2020
(Expressed in Renminbi unless otherwise indicated)

Items	Notes 14	Current period	Previous period
1. Total operating income	(5)	48,811,106,474.73	52,605,113,207.02
Less: Operating cost	(5)	46,742,700,421.70	49,734,189,460.60
Tax and surcharges		182,486,280.99	219,994,347.76
Selling and distribution expenses		86,927,530.44	640,211,381.70
General and administrative expenses		738,689,535.43	775,147,352.42
Research and development expenses		37,989,623.28	30,780,463.74
Financial expenses		339,059,288.37	654,332,095.34
Including: Interest expense		973,520,152.09	889,827,373.77
Interest income		348,394,576.76	302,622,279.00
Add: Other income		80,671,964.84	83,594,522.47
Income on investment ("-" for loss)	(6)	13,577,242.47	27,594,915.42
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)		1,333,341.31	-4,408,068.83
Assets impairment loss ("-" for loss)		-67,185,869.37	-43,256,982.72
Assets disposal gains ("-" for loss)		325,651.61	3,488,648.92
2. Operational profit ("-" for loss)		711,976,125.38	617,471,140.72
Add: Non-operating income		3,588,687.69	10,128,386.99
Less: Non-operating expenses		95,171,437.11	90,098,761.28
3. Total profit ("-" for loss)		620,393,375.96	537,500,766.43
Less: Income tax expenses		-3,562,037.01	2,664,726.46
4. Net profit ("-" for loss)		623,955,412.97	534,836,039.97
1. Net profit from continuing operation ("-" for loss)		623,955,412.97	534,836,039.97
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			

Items	Notes 14	Current period	Previous period
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) Amount of financial assets reclassified into other comprehensive income			
4) Credit impairment provision of other debt investments			
5) Cash flow hedges reserve			
6) Translation differences in foreign currency financial statements			
7) Others			
6. Total comprehensive income		623,955,412.97	534,836,039.97
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 2020
(Expressed in Renminbi unless otherwise indicated)

Items	Notes 5	Current period	Previous period
1. Cash flow from operating activities			
Cash received from sale of goods or rendering of services		38,849,024,657.06	47,399,776,780.22
Net increase of customers' deposit and interbank deposit			
Net increase of loan from central bank			
Net increase of loans from other financial institutions			
Cash received for premium of original insurance contract			
Net cash received for reinsurance business			
Net increase of deposit and investment of the insured			
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		396,399,799.91	364,095,520.25
Other cash received relating to operating activities	(48)	816,954,704.43	377,085,656.22
Subtotal of cash inflows from operating activities		40,062,379,161.40	48,140,957,956.69
Cash paid for goods and services		38,688,312,946.57	37,675,995,353.53
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		1,973,351,870.94	2,109,471,410.71

Items	Notes 5	Current period	Previous period
Cash paid for all types of taxes		952,434,837.20	1,054,705,726.35
Other cash paid relating to operating activities	(48)	487,279,719.98	322,961,424.94
Subtotal of cash outflows from operating activities		42,101,379,374.69	41,163,133,915.53
Net cash flows from operating activities		-2,039,000,213.29	6,977,824,041.16
2. Cash flows from investing activities			
Cash received from disposal of investments			52,773,000.00
Cash received from return on investments		13,852,296.30	871,060.75
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		185,442.47	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		14,037,738.77	53,984,827.07
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,013,928,829.62	4,546,086,687.86
Cash paid for acquisition of investments		5,200,000,000.00	52,773,000.00
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		6,213,928,829.62	4,598,859,687.86
Net cash flows from investing activities		-6,199,891,090.85	-4,544,874,860.79
3. Cash flows from financing activities			
Proceeds from investment			
Including: Proceeds from investment of non-controlling shareholders of subsidiary			
Proceeds from borrowings		21,667,514,000.00	15,913,409,000.00
Other proceeds relating to financing activities	(48)	1,329,876,314.56	1,571,269,971.97
Subtotal of cash inflows from financing activities		22,997,390,314.56	17,484,678,971.97
Cash repayments of borrowings		18,115,736,896.61	17,121,821,388.69
Cash payments for distribution of dividends, profit or interest expenses		749,821,254.37	1,172,008,803.59
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)	75,509,135.49	10,343,406.67
Subtotal of cash outflows from financing activities		18,941,067,286.47	18,304,173,598.95
Net cash flows from financing activities		4,056,323,028.09	-819,494,626.98
4. Effect of foreign exchange rate changes on cash and cash equivalents		-29,429,117.41	75,411,813.22
5. Net increase in cash and cash equivalents		-4,211,997,393.46	1,688,866,366.61
Add: Cash and cash equivalents at the beginning of the period		13,441,414,988.58	11,752,548,621.97
6. Cash and cash equivalents at the ending of the period		9,229,417,595.12	13,441,414,988.58

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 2020
(Expressed in Renminbi unless otherwise indicated)

Items	Notes 14	Current period	Previous period
1. Cash flow from operating activities			
Cash received from sale of goods or rendering of services		43,332,373,821.90	45,925,314,655.54
Tax rebate received		324,045,932.64	318,311,209.48
Other cash received relating to operating activities		786,085,304.22	289,883,909.31
Subtotal of cash inflows from operating activities		44,442,505,058.76	46,533,509,774.33

Items	Notes 14	Current period	Previous period
Cash paid for goods and services		43,585,984,954.05	35,992,848,593.70
Cash paid to and on behalf of employees		1,870,605,772.33	1,975,902,597.93
Cash paid for all types of taxes		824,396,654.24	897,467,468.84
Other cash paid relating to operating activities		476,274,984.82	231,467,233.26
Subtotal of cash outflows from operating activities		46,757,262,365.44	39,097,685,893.73
Net cash flows from operating activities		-2,314,757,306.68	7,435,823,880.60
2. Cash flows from investing activities			
Cash received from disposal of investments			
Cash received from return on investments		13,577,242.47	27,594,915.42
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,637.16	
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		13,578,879.63	27,594,915.42
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,013,911,078.29	4,500,165,073.02
Cash paid for acquisition of investments		5,200,000,000.00	
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		6,213,911,078.29	4,500,165,073.02
Net cash flows from investing activities		-6,200,332,198.66	-4,472,570,157.60
3. Cash flows from financing activities			
Proceeds from investment			
Cash received from borrowings		20,607,514,000.00	14,603,409,000.00
Other cash received relating to financing activities		1,294,921,225.43	1,484,945,138.77
Subtotal of cash inflows from financing activities		21,902,435,225.43	16,088,354,138.77
Cash repayments of borrowings		16,715,736,896.61	15,794,901,388.69
Cash payments for distribution of dividends, profit or interest		701,262,726.60	1,101,521,395.66
Other cash payments relating to financing activities		72,689,078.37	8,731,273.67
Subtotal of cash outflows from financing activities		17,489,688,701.58	16,905,154,058.02
Net cash flows from financing activities		4,412,746,523.85	-816,799,919.25
4. Effect of foreign exchange rate changes on cash and cash equivalents		-29,414,313.38	75,337,651.52
5. Net increase in cash and cash equivalents		-4,131,757,294.87	2,221,791,455.27
Add: Cash and cash equivalents at the beginning of the period		13,029,616,298.47	10,807,824,843.20
6. Ending balance of cash and cash equivalents		8,897,859,003.60	13,029,616,298.47

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 2020
(Expressed in Renminbi unless otherwise indicated)

Items	Current period													
	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	3,875,371,532.00				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
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			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
3. Changes in current year ("-" for decrease)				1,146,290,662.42				87,724.73			384,252,740.78	1,530,631,127.93	7,226,825.45	1,537,857,953.38
1) Total comprehensive income											384,252,740.78	384,252,740.78	7,226,825.45	391,479,566.23
2) Capital increase and decrease by shareholders				1,146,290,662.42								1,146,290,662.42		1,146,290,662.42
(1) Common share invested by shareholders														
(2) Capital input by the holder of other equity instruments				1,146,290,662.42								1,146,290,662.42		1,146,290,662.42
(3) Share-based payment attributable to owners' equity														
(4) Others														
3) Profit distribution														
(1) Appropriation to surplus reserves														
(2) Appropriation to general risk reserve														
(3) Profit distribution to shareholders														
(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	Current period												
	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		
Preference shares		Perpetual bond	Others										
5) Special reserves							87,724.73				87,724.73		87,724.73
(1) Provision of special reserves							54,000,536.58				54,000,536.58		54,000,536.58
(2) Use of special reserves							53,912,811.85				53,912,811.85		53,912,811.85
6) Others													
4. Ending balance of current year	3,875,371,532.00			1,146,290,662.42	12,343,209,847.29		300,412.14	961,105,529.85		2,692,018,405.40	21,018,296,389.10	532,388,405.68	21,550,684,794.78

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 2020
(Expressed in Renminbi unless otherwise indicated)

Items	Previous period													
	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	3,875,371,532.00				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 increase)							-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														

Items	Previous period													
	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											
(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														
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.
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020
(Expressed in Renminbi unless otherwise indicated)

Items	Current period										
	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			53,330.99	961,105,529.85	1,742,251,419.03	18,501,839,977.04
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			53,330.99	961,105,529.85	1,742,251,419.03	18,501,839,977.04
3. Changes in current year ("-" for decrease)				1,146,290,662.42			67,641.63			623,955,412.97	1,770,313,717.02
1) Total comprehensive income										623,955,412.97	623,955,412.97
2) Capital increase and decrease by shareholders				1,146,290,662.42							1,146,290,662.42
(1) Common share invested by shareholders											
(2) Capital input by the holder of other equity instruments				1,146,290,662.42							1,146,290,662.42
(3) Share-based payment attributable to shareholders' equity											
(4) Others											
3) Profit distribution											
(1) Appropriation of surplus reserves											
(2) Profit distribution to shareholders											
(3) Others											
4) Transfers within shareholders' equity											
(1) Capital reserves transferred into paid-in capital (or stock)											
(2) Surplus reserves transferred into paid-in capital (or stock)											
(3) Surplus reserves to recover loss											
(4) Net changes of defined contribution plans transferred into Retained Earnings											
(5) Other comprehensive income transferred into retained earnings											
(6) Others											
5) Special reserves								67,641.63			67,641.63
(1) Provision of special reserves								47,926,472.22			47,926,472.22
(2) Use of special reserves								47,858,830.59			47,858,830.59

Items	Current period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehen- sive income	Special reserves	Surplus reserves	Undistributed profits	Total shareholder's equity
		Preference shares	Perpetual bond	Others							
6) Others											
4. Ending balance of current year	3,875,371,532.00			1,146,290,662.42	11,923,058,165.17			120,972.62	961,105,529.85	2,366,206,832.00	20,272,153,694.06

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 2020
(Expressed in Renminbi unless otherwise indicated)

Items	Previous period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehen- sive 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											

Items	Previous period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehen sive income	Special reserves	Surplus reserves	Undistributed profits	Total shareholder's equity
		Preference shares	Perpetual bond	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
(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.

Notes to the financial statements

For the year ended 31 December 2020

(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 2020, 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 26 April 2021.

(2) Consolidation scope

As at 31 December 2020, 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, (24) 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.

(8) Recognition of cash and cash equivalents

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.

(10) Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments

1. Classification of financial instruments

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

The Company may make an election at initial recognition for non-trading equity instrument investments whether it is designated as a financial asset (equity instrument) that is measured at fair value through other comprehensive income. The designation is made on the basis of a single investment, and the related investment meets the definition of an equity instrument from the issuer's perspective.

Other financial assets other than these are classified as financial assets measured at fair value through profit or loss. At the initial recognition, in order to eliminate or significantly reduce accounting mismatches, financial assets that should be classified as measured at amortized value or financial assets measured at fair value through other comprehensive income can be designated as financial assets measured at fair value through profit or loss.

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.

2. Recognition and measurement of financial instruments

(1) Financial assets measured at amortised cost

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

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

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

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

instruments)

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

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

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

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

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

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

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

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

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

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

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

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

(6) Financial liabilities measured at amortised cost

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

3. Termination of recognition of financial assets and financial assets transfer

When one of the following conditions is met, the company terminates the recognition of financial assets.

- Termination of contractual rights to receive cash flows from financial assets;
- The financial assets have been transferred, and almost all the risks and rewards in the ownership of the financial assets have been transferred to the transferee;

- The financial assets have been transferred. Although the company has neither transferred nor retained almost all the risks and rewards of the ownership of the financial assets, it has not retained control of the financial assets.

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 terminated the recognition of the existing financial liability or part of it, and at the same time recognize the financial liability after revising the contractual stipulations as a new financial liability.

Where the recognition of a financial liability is totally or partially terminated, the 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)

The Company recognize the expected credit loss on financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (debt instruments) , financial guarantee contract, and so on, on the individual or portfolio basis.

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

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.

The measurement of expected credit loss depends on whether there is a significant increase in credit risk of financial assets since the initial recognition.

The company compares the risk of default on the balance sheet date of financial instruments with the risk of default on the date of initial recognition to determine the relative change in the risk of default during the expected life of the financial instrument to assess whether there is a significant increase in credit risk of financial assets since the initial recognition. 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 and contract assets recognized according to Accounting Standards for Business Enterprises No. 14 Revenue (2017), 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 lease receivables, the Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses.

(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.

Inventory is initially measured at cost. Inventory cost includes purchase cost, processing cost and other expenditures incurred to bring inventory to its current location and state.

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

On the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. When the cost of inventories is higher than its net realizable value, provision for inventory impairment loss shall be made. The net realizable value refers to the amount of the estimated selling price of the inventory minus the estimated costs that will occur at the time of completion, estimated selling expenses, and relevant taxes in daily activities.

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.

After the inventory impairment is withdrawn, if the factors that previously affected the write-down of the inventory value have disappeared, causing the net realizable value of the inventory to be higher than its book value, it shall be reversed within the amount of the inventory impairment that has been withdrawn, and the reverted amount shall be included in the current profit and loss.

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) Contract asset**Accounting Policies Adopted After January 1, 2020****1. Recognition methods and criteria of contract assets**

When either party to a contract has performed, the Company shall present the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Company's performance and the customer's payment. If the Company have the rights to receive consideration (the right is conditioned on factors other than the passage of time) by transferring goods or services to a customer, the entity shall present the contract as a contract asset. Contract assets and contract liabilities under the same contract are disclosed in net amount. An entity shall present any unconditional rights to consideration (only the passage of time is required) separately as a receivable.

2. Expected credit loss of contract assets

For the accounting policy of the expected credit loss of contract assets, please refer to Note (10) 6. Impairment provision of the financial assets under "3. Significant accounting policies and accounting estimates"

(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.

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 investor's interest in the fair values of an investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial cost is less than the investor's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference shall be credited to profit or loss for the current period, and the cost of long-term equity investment shall be adjusted accordingly.

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

The investor shall recognize its share of the investee's net profits or losses after making appropriate adjustments 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, except the transaction of investment or sale of assets is a business. Any losses resulting from transactions between the investor and investee which are attributable to asset impairment shall be recognized in full.

The company's net losses incurred by joint ventures or associates, in addition to assuming additional loss obligations, are limited to the book value of long-term equity investments and other long-term equity that essentially constitutes net investment in joint ventures or associates. If a joint venture or associated enterprise realizes net profits in the future, the company resumes recognizing its share of profits after the share of profits makes up for the share of unrecognized losses.

(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.

Partial disposal of long-term equity investments accounted for by the equity method, and the remaining equity is still accounted for by the equity method, the other comprehensive income recognized by the original equity method shall be carried forward according to the same basis as the direct disposal of related assets or liabilities by the investee. All other changes in the interests of the holders are carried forward to the current profit and loss on a pro rata basis.

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, 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. Other owner's equity change shall be transferred into profit or loss of current period in full when the Company cease to adopt the equity method.

When an investor can no longer control the investee due to partial disposal, when the individual financial statements are prepared, the remaining equity can exercise joint control or significant influence on the investee, the equity method shall be used to account for the remaining equity. It is deemed that the equity method is adopted for adjustment since the acquisition, and the other comprehensive income recognized before the control of the investee is obtained is carried forward on the same basis as the direct disposal of related assets or liabilities by the investee, because the equity method is used for accounting. The confirmed changes in other owners' equity are carried forward to the current profit and loss on a pro rata basis. If the remaining equity cannot exercise joint control or exert significant influence on the investee, it shall be recognized as a financial asset, and the difference between its fair value and book value on the date when control is lost shall be included in the current profit and loss, and other comprehensive income and other owner's interests previously recognized shall be transferred to profit or loss in full.

If the equity investment of a subsidiary is disposed through multiple transactions until it loses control, which is

a package transaction, each transaction shall be accounted as a transaction that disposes of the equity investment of the subsidiary and loses control. Each transaction before the loss of control, the difference between the disposal price and the book value of the corresponding disposed part of long-term equity investment is firstly recognized as other comprehensive income in individual financial statements, and then transferred to the current profit and loss when the control is lost. If it is not a package transaction, each transaction shall be accounted separately.

(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).

Subsequent expenditures related to investment property are included in the cost of investment property when the relevant economic benefits are likely to flow in and their costs can be reliably measured. Otherwise, they are included in the current profit and loss when incurred.

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.

Fixed assets are initially measured at cost (and considering the impact of expected dismantling cost factors).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the related economic benefits are likely to flow in and their costs can be reliably measured; the book value of the replaced part is derecognized; all other subsequent expenditures are incurred shall be included in the current profit and loss.

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	10-45 years	0.00	2.22-10.00
Machinery	straight line method	10-28 years	3.00	3.46-9.70
Transportation and other equipment	straight line method	8-22 years	3.00	4.41-12.13

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;
- (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; and
- (5) The leased assets are of a special nature, and unless major renovations are made, only the lessee can use it.

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.

4. Disposal of fixed assets

When a fixed asset is disposed, or it is expected that no economic benefits will be generated through use or disposal, the recognition of fixed asset shall be terminated. The amount of disposal income of fixed assets raising from sell, transfer, scrapping or damage shall be included in the current profit and loss after deducting its book value and related taxes.

(16) Construction in progress

Construction in progress is measured at the actual cost incurred. The actual cost includes construction costs, installation costs, borrowing costs that meet the capitalization conditions, and other necessary expenditures

incurred before the construction in progress reaches its intended use status.

Construction in progress is transferred to fixed asset when it has reached its working condition for its intended use and depreciation will be accrued from the next month.

(17) Borrowing costs

1. Principle of the recognition of capitalized borrowing costs

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 property, 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.

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.

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.

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.

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.

During the capitalization period, the exchange difference between the principal and interest of the foreign currency special loan is capitalized and included in the cost of the assets that meet the capitalization conditions. Exchange differences arising from the principal and interest of foreign currency borrowings other than foreign currency special borrowings are included in the current profits and losses.

(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.

(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

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 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) Contract liability

Accounting Policies Adopted After January 1, 2020

When either party to a contract has performed, the Company shall present the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Company's performance and the customer's payment. If a customer pays consideration, or the Company has a right to an amount of consideration before the Company transfers a good or service to the customer, the Company shall present the contract as a contract liability. Contract assets and contract liabilities under the same contract are disclosed in net amount.

(22) 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 welfare expenses incurred by the company are included in the current profit and loss or related asset costs based on the actual amount when they actually occur. Among them, non-monetary benefits are measured at fair value.

2. Accounting treatment of post-employment benefits

(1) Defined contribution plan

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

(2) Defined benefit plan

None

3. Accounting treatment of termination benefits

The Company 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.

(23) Estimated liabilities

The obligation pertinent to a contingency 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.

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.

The company reviews the book value of the estimated liabilities on the balance sheet date. If there is conclusive evidence that the book value does not reflect the current best estimate, the book value will be adjusted according to the current best estimate.

(24) Revenue

Accounting policy adopted after Jan 1, 2020

(1) The general principle of revenue recognition and measurement

The company shall recognise revenue when (or as) the company satisfies a performance obligation when (or as) the customer obtains control of a promised good or service. Control of a promised good or service refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from it.

If the contract contains two or more performance obligations, the company shall allocate the transaction price to each individual performance obligation based on the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation on the date of the contract. The company measures revenue based on the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties or amounts expected to be returned to customers. The company shall consider the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the company shall consider the effects of all of the following: variable consideration, the existence of a significant financing component in the contract, non-cash consideration, and consideration payable to a customer. The company determines the transaction price that includes variable consideration at an amount that does not exceed the amount of accumulated recognized revenue that is unlikely to be materially reversed when the relevant uncertainty is eliminated. If there is a significant financing component in the contract, the company shall recognise revenue at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer, and use the effective interest method to amortize the difference between the transaction price and the contract consideration during the contract period. If the interval between the transfer of control and the payment by the customer does not exceed one year, the financing component will not be considered.

The company transfers control of a good or service over time and, therefore, satisfies a performance obligation

and recognises revenue over time, if one of the following criteria is met. Otherwise, the company satisfies the performance obligation at a point in time.

- (a) the customer simultaneously receives and consumes the benefits provided by the company's performance as the company performs;
- (b) the company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

The company shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation, except where the performance progress cannot be reasonably determined. The company considers the nature of the goods or services and adopts the output method or the input method to determine the progress of performance. Where the performance progress cannot be reasonably determined, but the company expects to recover the costs incurred in satisfying the performance obligation, the company shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligations satisfied at a certain point in time, the company shall recognise revenue at the point when the customer obtains control of the relevant goods or services. To determine the point in time at which a customer obtains control of a promised goods or services, the company shall consider requirements as follows:

- (a) The company has a present right to payment for the promised goods or services and the customer is presently obliged to pay for that;
- (b) The company has transferred the legal title of the goods to the customer, that is, the customer has the legal title to the goods;
- (c) The company has transferred physical possession of the goods to the customer, that is, the customer has taken possession of the goods;
- (d) The company has transferred the significant risks and rewards of ownership of the goods to the customer, that is, the customer has the significant risks and rewards of ownership of the goods;
- (e) The customer has accepted the promised goods or services.

(2) The specific criteria of revenue recognition and measurement

Commodity sales contracts between companies and customers usually only include performance obligations for the transfer of steel and other commodities. This type of performance obligation is a performance obligation performed at a certain point in time.

The company recognizes revenue when the customer obtains control of the relevant goods or services. When judging whether the customer has obtained control of goods or services, the company considers the following signs:

The company obtains the current right of collection of receivables, the legal ownership of the goods is transferred to the customer, the physical assets of the goods are transferred to the customer, the company transfers the main risks and rewards of the ownership of the goods to the customer, and the customer has accepted the goods.

Accounting policy adopted before Jan 1, 2020

(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.

(25) Contract costs

Accounting policy adopted before Jan 1, 2020

Contract costs include costs to fulfill a contract and incremental costs of obtaining a contract.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard, for example, Inventories, Property, Plant and Equipment or Intangible Assets, the company shall recognise an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

(a) the costs relate directly to a contract or to an expected contract;

(b) the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and

(c) the costs are expected to be recovered.

The company shall recognise as an asset the incremental costs of obtaining a contract with a customer if the

company expects to recover those costs.

An asset recognised in accordance with contract costs shall be amortised in consistent with the transfer to the customer of the goods or services to which the asset relates. The company may recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset is one year or less.

The company shall recognise an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract assets exceeds:

- (a) the remaining amount of consideration that the company expects to receive in exchange for the goods or services to which the asset relates; less
- (b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

The company shall recognise in profit or loss a reversal of some or all of an impairment loss previously recognised when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the carrying amount that if no impairment loss had been recognised previously.

(26) 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.

(27) Deferred tax assets and deferred tax liabilities

Income tax includes current income tax and deferred income tax. Except for income tax arising from business mergers and transactions or events that are directly included in owner's equity (including other comprehensive income), the company will include current income tax and deferred income tax in current profit and loss.

Deferred income tax assets and deferred income tax liabilities are calculated and confirmed based on the difference (temporary difference) between the tax base of assets and liabilities and their book value.

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).

For taxable temporary differences related to investments in subsidiaries, associates and joint ventures, deferred income tax liabilities are recognized, unless the company can control the timing of the reversal of the

temporary differences and the temporary differences are likely not to be transferred back in the foreseeable future. For deductible temporary differences related to investments in subsidiaries, associates and joint ventures, when the temporary differences are likely to be reversed in the foreseeable future and are likely to be used to deduct the taxable income of deductible temporary differences in the future, income tax assets are recognized.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be recovered in accordance with the provisions of the tax law.

On the balance sheet date, the company reviews the book value of deferred income tax assets. If it is probable that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred income tax assets, the book value of the deferred income tax assets shall be written down. When it is possible to obtain sufficient taxable income, the reduced amount shall be reversed.

When the Company has the statutory right to offset and intend to offset or obtain assets and pay off liabilities at the same time, the current income tax assets and current income tax liabilities are presented at the net amount after offsetting.

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.

(28) 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.

(29) 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.

The profit and loss from continuing operations and the profit and loss from discontinued operations are separately listed in the income statement. Operational gains and losses such as impairment losses and reversal amounts and disposal gains and losses from discontinued operations are reported as discontinued operation gains and losses. For the discontinued operations reported in the current period, the Company adjusts the information previously disclosed as continuing operations profits and losses in the current financial statements as the discontinued operations profits and losses for the comparable accounting period.

(30) 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 cannot reliably obtain the public market price of assets (or asset groups), and cannot 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.

(31) Change of significant accounting policy and accounting estimate

A. Change of major accounting policy during this reporting period

(1) Implementation of "Accounting Standards for Business Enterprises No. 14-Revenue" (revised in 2017) (hereinafter referred to as "New Revenue Standards")

The Ministry of Finance revised the "Accounting Standards for Business Enterprises No. 14-Revenue" in 2017. The revised standard stipulates that for the first implementation of the standard, the amount of retained earnings and other related items in the financial statements at the beginning of the year should be adjusted according to the cumulative impact, and the information for the comparable period should not be adjusted.

The Company implemented the new revenue standard from January 1, 2020. According to the standard, the Company only adjusts the retained earnings at the beginning of 2020 and the amount of other related items in the financial statements for the cumulative impact of contracts that have not been completed on the date of first implementation, and does not make adjustments to the comparative financial statements.

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

Change of accounting policy content and reason	Affected items	Amount of impact on the balance on Jan 1, 2020	
		Consolidated Financial statement	Parent company financial statement
The Company implemented the "Accounting Standards for Business Enterprises No. 14-Revenue" (referred to as "New Revenue Standards") promulgated by the Ministry of Finance in 2017 on January 1, 2020	Advance from customers	-4,429,821,526.79	-5,597,707,687.22
	Contract liabilities	3,920,196,041.41	4,953,723,617.01
	Other current liabilities	509,625,485.38	643,984,070.21

Compared with the original revenue standards, the impact of the implementation of the new revenue standards on the relevant items of the financial statements for the period of 2020 is as follows (increase/(decrease)):

Affected items in the statement of financial position	Amount of impact on the balance on Dec 31, 2020	
	Consolidated Financial statement	Parent company financial statement
Advance from customers	-5,038,299,156.48	-6,016,524,270.87
Contract liabilities	4,458,671,819.90	5,324,357,761.83
Other current liabilities	579,627,336.58	692,166,509.04

Affected items in the statement of comprehensive income	Impact amounts to the period of 2020	
	Consolidated Financial statement	Parent company financial statement
Operating costs	1,112,122,323.44	655,370,940.93
Selling and distribution expenses	-1,112,122,323.44	-655,370,940.93

(2) Implementation of "Accounting Standards for Business Enterprises No. 13 "

The Ministry of Finance issued the "Accounting Standards for Business Enterprises Interpretation No. 13" (Cai Kuai [2019] No. 21, hereinafter referred to as "Interpretation No. 13") on December 10, 2019, which will come into force on January 1, 2020. No requirement of retrospective adjustment.

a. The recognition of related parties

Interpretation No. 13 clarifies that the following circumstances constitute a related party: a joint venture or joint venture between an enterprise and other member units (including parent companies and subsidiaries) of the enterprise group to which it belongs; a joint venture of the enterprise and other joint ventures or joint ventures of the enterprise. In addition, Interpretation No. 13 also clarifies that only two or more companies that are significantly affected by one party do not constitute related parties. It also adds that joint ventures include joint ventures and their subsidiaries.

b. The definition of business

Interpretation No. 13 completes the three elements of business composition, refines the judgment conditions of the business composition, and introduces the "concentration test" option to simplify to a certain extent the judgment of whether a combination obtained under the same control constitutes a business, etc. .

The company implemented Interpretation No. 13 from January 1, 2020, and the comparative financial statements will not be adjusted. Implementation Interpretation No. 13 has not had a significant impact on the company's financial position and operating results.

(3) Implementation of the "Interim Provisions on Accounting Treatment of Carbon Emissions Trading"

On December 16, 2019, the Ministry of Finance issued the "Interim Provisions on the Accounting Treatment of Carbon Emissions Trading" (Cai Kuai [2019] No. 22), which is applicable to the related companies in the key emission enterprises (hereinafter referred to as key emission companies) that conduct carbon emission rights business in accordance with the "Interim Measures for the Administration of Carbon Emissions Trading" and other relevant regulations. This regulation came into effect on January 1, 2020, and key emission companies should adopt the prospective application to apply this regulation.

The Company implemented the above regulation from January 1, 2020, and the comparative financial statements will not be adjusted. The implementation of this regulation has not had a significant impact on the company's financial position and operating results.

(4) Implement the "Regulations on Accounting Treatment of Rental Concessions Related to the Coronavirus Pandemic"

On June 19, 2020, the Ministry of Finance issued the "Regulations on Accounting Treatment of Rental Concessions Related to the Coronavirus Pandemic" (Caikuai (2020) No. 10), which came into effect on June 19, 2020, allowing companies to adjust the relevant rental concessions that occurred between Jan 1, 2020 and the implementation date of this regulation. According to the regulation, companies can choose to adopt simplified methods for accounting treatments for rent reductions and deferred payment of rents directly caused by the Coronavirus Pandemic that meet the conditions.

The company chooses to adopt a simplified method for accounting treatment for all rent concessions that fall within the scope of the regulation, and adjusts the relevant rent concessions that occur between January 1, 2020 and the effective date of the regulation accordingly.

The implementation of the regulations did not have a significant impact on the company's financial position and operating results.

B. Change of accounting estimate during the reporting period

Items	Approval procedure	Application date	Affected items	Affected amounts
Change in depreciation period	Approved by the eighth meeting of the eighth board of directors	Jan 1, 2020	Accumulated depreciation	633,195,486.72
			Operating costs	616,340,171.08
			General and administrative expenses	16,855,315.64
			Total profit	633,195,486.72

Items	Approval procedure	Application date	Affected items	Affected amounts
			Net profit	474,896,615.04

C. The first implementation of the new revenue standard adjustment to the financial statements at the beginning of the year

Consolidated Statement of Financial Position

Items	Ending balance of the last period	Beginning balance of the current period	Adjusted amounts		
			Reclassification	Remeasurement	Total
Advance from customers	4,429,821,526.79		- 4,429,821,526.79		-4,429,821,526.79
Contract liabilities		3,920,196,041.41	3,920,196,041.41		3,920,196,041.41
Other current liabilities		509,625,485.38	509,625,485.38		509,625,485.38

Statement of Financial Position of the Parent Company

Items	Ending balance of the last period	Beginning balance of the current period	Adjusted amounts		
			Reclassification	Remeasurement	Total
Advance from customers	5,597,707,687.22		- 5,597,707,687.22		-5,597,707,687.22
Contract liabilities		4,953,723,617.01	4,953,723,617.01		4,953,723,617.01
Other current liabilities		643,984,070.21	643,984,070.21		643,984,070.21

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	6%, 10%, 13%

	services revenue in accordance with the tax laws after subtracting the deductible input VAT of the period	
City maintenance and construction tax	Based on VAT and business tax actually paid	7%, 5%
Enterprise income tax	Based on taxable profit	25%

(2) Tax Preference

None.

5. Notes to the consolidated financial statements**(1) Cash at bank and on hand**

Items	20201231	20191231
Cash on hand	3,026.68	5,588.98
Cash at bank	9,229,414,568.44	13,441,409,399.60
Other monetary funds	3,897,249,320.14	4,974,429,409.19
Total	13,126,666,915.26	18,415,844,397.77

Including: Total amount deposited abroad

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

Items	20201231	20191231
Margin for bank acceptance bill	3,306,509,320.14	4,803,950,250.12
Margin for letter of credit	78,000,000.00	166,527,026.07
Time deposit or notice deposit for guarantee	512,000,000.00	
Loan deposit	740,000.00	3,330,000.00
Other		622,133.00
Total	3,897,249,320.14	4,974,429,409.19

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

Items	20201231	20191231
Within 1 year (inclusive)	245,084,695.28	187,728,755.63
1-2 years (inclusive)	57,537,987.36	31,659,160.02
2-3 years (inclusive)	251,762,129.07	24,710,744.49
Over 3 years	179,465,975.74	177,928,572.30
Sub-total	733,850,787.45	422,027,232.44
Less: Provision for bad debts	488,633,604.79	186,330,966.78
Total:	245,217,182.66	235,696,265.66

2. Accounts receivable disclosed by bad debt accrual method

Items	20201231				
	Carrying amount		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Bad debts ratio (%)	
Provision for bad debts individually	352,985,418.30	48.10	352,985,418.30	100.00	
Provision for bad debts based on portfolio	380,865,369.15	51.90	135,648,186.49	35.62	245,217,182.66
Include:					
Portfolio 1: Aging portfolio	380,865,369.15	51.90	135,648,186.49	35.62	245,217,182.66
Total	733,850,787.45	100.00	488,633,604.79		245,217,182.66

Items	20191231				
	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

Accounts receivables tested for impairment individually:

Items	20201231			
	Carrying amount	Provision for bad debts	Bad debts ratio (%)	Reason
	Brilliance Automotive Group Holdings Co., Ltd.	305,223,081.12	305,223,081.12	100.00
Benxi Nanfen Xinhe Metallurgical Furnace Material Co., Ltd	47,762,337.18	47,762,337.18	100.00	Discontinued

Total	352,985,418.30	352,985,418.30
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Provision for bad debts by portfolio: Aging analysis

Items	Account Receivable	20201231	
		Provision for bad debts	Bad debt ratio (%)
Within 1 year (inclusive)	240,240,563.27	2,402,405.64	1.00
1-2 year (inclusive)	2,420,911.77	242,091.18	10.00
2-3 year (inclusive)	6,500,255.55	1,300,051.11	20.00
Over 3 year	131,703,638.56	131,703,638.56	100.00
Total	380,865,369.15	135,648,186.49	

3. The provision for bad debts accrued, reversed or recovered in the current period

The amount of bad debt provision accrued in the current period is RMB 302,302,638.01.

4. No accounts receivable has been written off this year.

5. Top five debtors at the year-end

Company	20201231		
	Amount	Percentage of total Accounts receivable (%)	Provision for bad debts
The first	305,223,081.12	41.59	305,223,081.12
The second	104,634,496.36	14.26	1,046,344.96
The third	56,158,745.71	7.65	561,587.46
The fourth	47,762,337.18	6.51	47,762,337.18
The fifth	26,929,400.04	3.67	269,294.00
Total	540,708,060.41	73.68	354,862,644.72

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.

(3) Accounts receivable financing**1. Details of accounts receivable financing**

Items	20201231	20191231
Notes Receivable	4,189,977,871.92	2,117,763,147.67
Including: Bank acceptance bill	1,875,594,439.85	2,108,970,139.40
Commercial acceptance bill	2,314,383,432.07	8,793,008.27
Accounts receivable		311,779,314.21
Total	4,189,977,871.92	2,429,542,461.88

Notes: Accounts receivable financing reflects notes receivable and accounts receivable that are measured at fair value through other comprehensive income on the balance sheet date.

2. The pledged acceptance bill at the year-end

Item	The pledged acceptance bill at the year-end
Bank acceptance bill	484,093,073.28
Commercial acceptance bill	403,379,971.01
Total	887,473,044.29

3. 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	19,140,766,051.06	
Commercial acceptance bill		2,277,888,430.86
Total	19,140,766,051.06	2,277,888,430.86

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

(4) Prepayments

1. Prepayments disclosed by aging

Aging	20201231		20191231	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	2,096,232,640.14	99.44	1,284,678,069.97	99.51
1-2 years	11,812,137.51	0.56	6,279,487.94	0.49
2-3 years			53,900.20	
Over 3 years			36,000.00	
Total	2,108,044,777.65	100.00	1,291,047,458.11	100.00

Notes: As of December 31, 2020, there were no outstanding prepayments over 1 year.

2. Top five prepaid companies at the year-end

Name of the company	Amount	Percentage (%)
The First	1,146,621,194.17	54.39
The Second	134,979,953.65	6.40
The Third	133,093,798.08	6.31
The Fourth	125,253,186.74	5.94
The Fifth	96,036,913.74	4.56
Total	1,635,985,046.38	77.60

(5) Other receivables

Items	20201231	20191231
Interest receivables	33,685,359.01	20,504,422.47
Dividend receivables		
Other receivables	108,415,992.26	152,302,614.30
Total	142,101,351.27	172,807,036.77

1 . Interest receivable

(1) Interest receivable disclosed by category

Items	20201231	20191231
Deposit interest	33,685,359.01	20,504,422.47
Subtotal	33,685,359.01	20,504,422.47
Less: provision for bad debts		
Total	33,685,359.01	20,504,422.47

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

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

Items	20201231	20191231
Within 1 year (inclusive)	53,420,775.41	135,162,016.85
1-2 years (inclusive)	42,323,476.43	15,306,496.22
2-3 years (inclusive)	12,988,305.06	3,479,413.70
Over 3 years	68,267,923.76	65,222,052.19
Sub-total	177,000,480.66	219,169,978.96
Less: Provision for bad debts	68,584,488.40	66,867,364.66
Total:	108,415,992.26	152,302,614.30

(2) Information of provision for bad debts

Provision for bad debts	Stage one	Stage two	Stage three	Total
	12-month expected credit losses	lifetime expected credit losses (credit impairment has not occurred)	lifetime expected credit losses (credit impairment has already occurred)	
Beginning balance		9,494,109.69	57,373,254.97	66,867,364.66
--Transfer to the second stage				
--Transfer to the third stage		-768,390.73	768,390.73	
--Write-back to the second stage				
--Write-back to the first stage	6,592.60	-6,592.60		
Accrual for the current period	351,990.79	2,816,265.57	656,152.83	3,824,409.19

	Stage one	Stage two	Stage three	
Provision for bad debts	12-month expected credit losses	lifetime expected losses (credit impairment has not occurred)	lifetime expected credit losses (credit impairment has already occurred)	Total
Reversal during the current period	6,207.34	220,683.79		226,891.13
Write-back of the current period		1,747,858.43	132,535.89	1,880,394.32
Write-off during the current period				
Other changes				
Ending balance	352,376.05	9,566,849.71	58,665,262.64	68,584,488.40

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

	Stage one	Stage two	Stage three	
Book value	12-month expected credit losses	lifetime expected losses (credit impairment has not occurred)	lifetime expected credit losses (credit impairment has already occurred)	Total
Beginning balance	137,511,976.11	24,284,747.88	57,373,254.97	219,169,978.96
--Transfer to the second stage				
--Transfer to the third stage		-1,369,740.15	1,369,740.15	
--Write-back to the second stage				

Book value	Stage one	Stage two		Stage three		Total
	12-month expected credit losses	lifetime losses (credit impairment has not occurred)	expected credit	lifetime credit (credit impairment has already occurred)	expected credit losses	
--Write-back to the first stage	14,813.42		-14,813.42			
Increase	376,415,795.03		6,006,395.62		54,905.00	382,477,095.65
Termination of confirmation	416,212,048.83		8,302,009.23		132,535.89	424,646,593.95
Other changes						
Ending balance	97,730,535.73		20,604,580.70		58,665,364.23	177,000,480.66

(3) No other accounts receivable actually written off in the current period**(4) Other receivables disclosed by nature**

Nature	20201231	20191231
Accounts	167,775,115.62	209,700,618.22
Others	9,225,365.04	9,469,360.74
Total	177,000,480.66	219,169,978.96

(5) Top five debtors at the year-end

Company	Nature	Amount	Aging	Percentage of total other receivables (%)	Provision for bad debts
The First	Accounts	6,012,104.38	within 1 year	3.40	
The Second	Accounts	5,492,200.00	within 1 year	3.10	54,922.00
The Third	Accounts	3,408,537.26	within 1 year	1.93	
The Fourth	Accounts	2,783,078.98	within 1 year to over 3 year	1.57	2,538,389.24
The Fifth	Accounts	2,394,571.41	within 1 year	1.35	
Total		20,090,492.03		11.35	2,593,311.24

(6) There is no other receivables relates to any government subsidies in the reporting period.

(7) There is no other receivables derecognized due to the transfer of financial assets in the reporting period

(8) There no assets and liabilities formed by transfer of other receivables and continued involvement in the reporting period

(6) Inventories

1. Inventories disclosed by category

Items	20201231			20191231		
	Carrying amount	Impairment	Book value	Carrying amount	Impairment	Book value
Raw material and main material	4,535,270,857.67	26,986,533.69	4,508,284,323.98	3,737,655,945.87	26,986,533.69	3,710,669,412.18
Work in process and self-made semi-finished product	1,732,705,334.71	1,946,088.69	1,730,759,246.02	1,302,249,713.48	25,995,508.16	1,276,254,205.32
Finished goods	2,805,646,918.75	4,625,146.10	2,801,021,772.65	2,730,735,542.67	17,261,474.56	2,713,474,068.11
Total	9,073,623,111.13	33,557,768.48	9,040,065,342.65	7,770,641,202.02	70,243,516.41	7,700,397,685.61

2. Provision for inventory impairment and provision for impairment of contract performance costs

Category	20191231	20200101	Increase		Decrease		20201231
			Provision	Others	Write-back or write-off	Others	
Raw material and main material	26,986,533.69	26,986,533.69					26,986,533.69
Work in process and self-made semi-finished product	25,995,508.16	25,995,508.16	1,946,088.69		25,995,508.16		1,946,088.69
Finished goods	17,261,474.56	17,261,474.56	4,625,146.10		17,261,474.56		4,625,146.10
Total	70,243,516.41	70,243,516.41	6,571,234.79		43,256,982.72		33,557,768.48

(7) Other current assets

Items	20201231	20191231
Prepaid tax	183,320,437.20	182,484,616.27
VAT input tax	86,091,954.53	130,420,207.82
Time deposit	5,254,234,444.28	
Total	5,523,646,836.01	312,904,824.09

(8) Long-term equity investment

Investees	20191231	Add Invest ment	Reduce Investme nt	Investment Gains and Losses Recognized under the Equity Method	Increase/decrease					20201231	Total Impairme nt Ending Balance
					Other Comprehen sive Income Adjustment	Other Equity Changes	Declaration of Cash Dividends or Profit	Provision	Others		
Joint Venture											
Zhejiang Bengang Jingrui Steel Processing Co., Ltd..	2,642,998.70			374,119.86			-275,053.83			2,742,064.73	
Subtotal	2,642,998.70			374,119.86			-275,053.83			2,742,064.73	
Total	2,642,998.70			374,119.86			-275,053.83			2,742,064.73	

(9) Other equity instrument investments

Item	20201231	20191231
Equity of Suzhou Bengang Industrial Co., Ltd.	3,888,980.00	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	1,037,735,849.00
Equity of Guangzhou Benpu Automobile Panel Sales Co., Ltd.	200,000.00	200,000.00
Equity of Wuhan Bengang Yuanhong Trading Co., Ltd.	200,000.00	
Total	1,042,024,829.00	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.

9.93% equity of Northeast Special Steel Group Co., Ltd. held by the Company has been pledged to Bank of Dalian, Shenyang branch.

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

Items	20201231	20191231
Fixed assets	26,284,567,956.44	26,123,375,492.40
Disposal of fixed assets		
Total	26,284,567,956.44	26,123,375,492.40

2. Details of fixed assets				
Items	Houses and buildings	Mechanical equipment	Transportation and other equipment	Total
1. Total original value				
20191231	12,321,783,218.79	47,625,624,131.28	908,284,781.31	60,855,692,131.38
Increase in current period	692,077,508.12	1,828,190,321.00	7,904,567.97	2,528,172,397.09
Including: Purchase		14,642,922.72	3,900,232.67	18,543,155.39
Transferred from construction in progress	692,077,508.12	1,813,547,398.28	4,004,335.30	2,509,629,241.70
Merging				
Decrease in current period	21,686,964.04	533,554,926.88	3,269,036.43	558,510,927.35
Including: Disposal or scrapping	21,686,964.04	514,479,792.15	3,269,036.43	539,435,792.62
Others		19,075,134.73		19,075,134.73
20201231	12,992,173,762.87	48,920,259,525.40	912,920,312.85	62,825,353,601.12
2. Total accumulated depreciation				
20191231	5,843,160,062.67	28,243,587,548.42	604,346,279.82	34,691,093,890.91
Increase in current period	300,111,149.37	1,862,985,952.81	27,973,536.13	2,191,070,638.31
Including: Provision	300,111,149.37	1,862,985,952.81	27,973,536.13	2,191,070,638.31
Decrease in current period	9,982,342.40	427,152,414.07	3,187,684.13	440,322,440.60
Including: Disposal or scrapping	9,982,342.40	427,152,414.07	3,187,684.13	440,322,440.60
20201231	6,133,288,869.64	29,679,421,087.16	629,132,131.82	36,441,842,088.62
3. Total impairment				
20191231	38,596,028.99	2,626,719.08		41,222,748.07
Increase in current period		60,614,634.58		60,614,634.58
Including: accrued		60,614,634.58		60,614,634.58
Others				
Decrease in current period	1,632,408.07	1,261,418.52		2,893,826.59
Including: Disposal or scrapping	1,632,408.07	1,261,418.52		2,893,826.59
20201231	36,963,620.92	61,979,935.14		98,943,556.06
4. Total net book value of Fixed assets				
20201231	6,821,921,272.31	19,178,858,503.10	283,788,181.03	26,284,567,956.44
20191231	6,440,027,127.13	19,379,409,863.78	303,938,501.49	26,123,375,492.40

3. Fixed assets idled temporarily

Items	Gross value	Accumulated depreciation	Impairment	Net book value	Notes
Houses and buildings	94,707,444.27	59,005,241.87	35,702,202.40		
Mechanical equipment	539,534,736.81	474,785,348.84	63,241,353.66	1,508,034.31	
Transportation and other equipment	1,042,125.89	1,042,125.89			
Total	635,284,306.97	534,832,716.60	98,943,556.06	1,508,034.31	

4. Fixed assets leased in through financial leasing

As of the end of this reporting period, the value of the fixed assets leased in through financial leasing was RMB 1,114,232,362.74, all of which were leased from the related party Liaoning Hengyi Financial Leasing Co., Ltd.

5. Fixed assets leased out through financial leasing

Item	Ending balance
Houses and buildings	6,755,257.55
Total	6,755,257.55

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

Items	Book value	Reason
Houses and buildings	1,145,596,922.34	Being processed

(11) Construction in progress**1. Construction in progress and Construction materials**

Items	20201231	20191231
Construction in progress	1,837,160,389.66	1,820,264,689.19
Project materials	2,773,325.92	13,588,883.39
Total	1,839,933,715.58	1,833,853,572.58

2. Details of construction in progress

Items	20201231			20191231		
	Gross value	Total impairment	Net book value	Gross value	Total impairment	Net book value
Special Steel Electric Furnace Capacity Replacement Project	358,101,195.01		358,101,195.01	62,311,284.01		62,311,284.01
CCPP power generation project	300,907,874.71		300,907,874.71	85,320,752.59		85,320,752.59
Special steel rolling mill renovation project	151,433,585.06		151,433,585.06	126,479,522.35		126,479,522.35
Advanced Treatment and Reuse Project of Reclaimed Water in General Energy Plant	98,563,871.96		98,563,871.96	1,300,481.22		1,300,481.22
360 square meter sintering machine	82,878,409.99		82,878,409.99	60,930,506.79		60,930,506.79
No. 7 blast furnace dry dust removal and energy-saving transformation of TRT power generation	70,402,228.77		70,402,228.77	40,993,916.95		40,993,916.95
Environmental protection overhaul project of No. 6 blast furnace	66,322,604.36		66,322,604.36	30,937,257.41		30,937,257.41
360 square meter sintering machine waste heat utilization	56,547,049.50		56,547,049.50	55,089,094.50		55,089,094.50
One-tower desulfurization revamp in the coking plant	31,893,853.65		31,893,853.65	8,469,241.97		8,469,241.97

Items	20201231			20191231		
	Gross value	Total impairment	Net book value	Gross value	Total impairment	Net book value
The overall improvement of Benxi Steel's manufacturing management	29,824,289.00		29,824,289.00	20,685,421.72		20,685,421.72
Flue gas desulfurization and denitrification of No. 7 coke oven in the plate coking plant	28,774,283.25		28,774,283.25	17,437,798.33		17,437,798.33
Energy General Plant No. 1 Converter Gas Tank System Transformation Project	24,008,553.86		24,008,553.86			
Cold rolled high-strength steel renovation project	23,961,023.15		23,961,023.15			
220kV Substation Project of General Energy Plant	23,302,571.03		23,302,571.03	773,057.78		773,057.78
Chemical Coke Oven Gas Project – Bengang transferred to Liaoning	21,840,791.70		21,840,791.70	21,840,791.70		21,840,791.70
5#Blast furnace relocation overhaul				491,069,345.30		491,069,345.30
1700 Hot Rolling Improvement				39,806,201.09		39,806,201.09
Environmental protection				69,541,903.74		69,541,903.74

Items	20201231			20191231		
	Gross value	Total impairment	Net book value	Gross value	Total impairment	Net book value
transformation of No. 4-6 converter						
1# converter energy saving and environmental protection transformation				148,803,402.52		148,803,402.52
Newly built 8# single-strand slab caster project				100,460,943.24		100,460,943.24
5#-7# Oxygen Generator Nitrogen-increasing and Energy-saving Modification				34,339,392.96		34,339,392.96
8#9# Coke oven wastewater advanced treatment				20,335,268.74		20,335,268.74
Transformation of No. 2 Casting Machine in Steelmaking Plant				81,419,913.88		81,419,913.88
Other	468,398,204.66		468,398,204.66	301,919,190.40		301,919,190.40
Total	1,837,160,389.66		1,837,160,389.66	1,820,264,689.19		1,820,264,689.19

3. The change of major construction in progress

Project	Budget (in 10 thousand yuan)	20191231	Increase	Transfer to FA	Other decrea se	20201231	Input of Budget (%)	Prog ress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capi taliza tion rate	Source of fund
Special Steel Electric Furnace Capacity Replacement Project	161,761.00	62,311,284.01	295,789,911.00			358,101,195.01	22.00	20.00				Self-raised fund
CCPP power generation project	106,000.00	85,320,752.59	215,587,122.12			300,907,874.71	28.00	30.00	6,359,003.29	3,831,836.54	4.35	Self-raised fund & Loan
Special steel rolling mill renovation project	59,607.00	126,479,522.35	29,779,762.70	4,825,699.99		151,433,585.06	26.00	25.00	3,905,897.06	1,923,970.35	4.35	Self-raised fund & Loan
Advanced Treatment and Reuse Project of	17,000.00	1,300,481.22	97,263,390.74			98,563,871.96	57.00	60.00				Self-raised fund

Project	Budget (in 10 thousand yuan)	20191231	Increase	Transfer to FA	Other decrea se	20201231	Input of Budget (%)	Prog ress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capi taliza tion rate	Source of fund
Reclaimed Water in General Energy Plant												
No. 7 blast furnace dry dust removal and energy-saving transformation of TRT power generation	9,332.00	40,993,916.95	29,408,311.82			70,402,228.77	75.00	70.00	293,980.07	123,401.63	4.35	Self-raised fund & Loan
Environmental protection overhaul project of No. 6 blast furnace	25,225.00	30,937,257.41	35,385,346.95			66,322,604.36	75.00	70.00				Self-raised fund
One-tower	7,000.00	8,469,241.97	23,424,611.68			31,893,853.65	45.00	40.00				Self-raised

Project	Budget (in 10 thousand yuan)	20191231	Increase	Transfer to FA	Other decrea se	20201231	Input of Budget (%)	Prog ress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capi taliza tion rate	Source of fund
desulfurization revamp in the coking plant												fund
5#Blast furnace relocation overhaul	124,086.50	491,069,345.30	335,096,315.94	826,165,661.24		-	66.00	70.00	31,410,224.05	13,027,763.86	4.35	Self-raised fund & Loan
1700 Hot Rolling Improvement	25,000.00	39,806,201.09	139,473,010.30	179,279,211.39		-	71.00	70.00				Self-raised fund
No. 7 blast furnace of the plate iron plant builds a new 4# hot blast furnace	4,200.00		31,557,158.36	31,557,158.36		-	75.00	100.0 0				Self-raised fund
Perfect function of hot blast stove in	6,332.00		45,544,017.06	45,544,017.06		-	71.00	100.0 0				Self-raised fund

Project	Budget (in 10 thousand yuan)	20191231	Increase	Transfer to FA	Other decrea se	20201231	Input of Budget (%)	Prog ress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capi taliza tion rate	Source of fund
plate ironmaking plant												
Environmental protection transformation of No. 4-6 converter	27,000.00	69,541,903.74	92,467,786.33	162,009,690.07		-	60.00	95.00	2,799,798.26	1,548,185.22	4.35	Self-raised fund & Loan
1# converter energy saving and environmental protection transformation	21,800.00	148,803,402.52	17,992,331.86	140,247,061.81	26,54 8,672. 57	-	64.00	70.00	1,770,758.63	821,940.53	4.35	Self-raised fund & Loan
Newly built 8# single-strand slab caster project	64,341.00	100,460,943.24	249,198,752.55	349,659,695.79		-	54.00	60.00				Self-raised fund
5#-7# Oxygen	4,726.10	34,339,392.96	4,947,418.50	39,286,811.46		-	83.00	85.00				Self-raised

Project	Budget (in 10 thousand yuan)	20191231	Increase	Transfer to FA	Other decrea se	20201231	Input of Budget (%)	Prog ress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capi taliza tion rate	Source of fund
Generator Nitrogen- increasing and Energy-saving Modification												fund
The cold rolling mill (three cold process) pickling rolling and continuous stripping galvanizing line have perfect functions	5,600.00		54,854,105.81	54,854,105.81		-	97.00	100.0 0				Self-raised fund
Renewal of 2#	5,800.00		56,302,688.85	56,302,688.85		-	97.00	100.0				Self-raised

Project	Budget (in 10 thousand yuan)	20191231	Increase	Transfer to FA	Other decrea se	20201231	Input of Budget (%)	Prog ress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capi taliza tion rate	Source of fund
and 7# Casting Machine Equipment in Plate Steelmaking Plant								0				fund
The cold rolling mill (first cold process) silicon steel production line has perfect functions	5,200.00		48,647,411.29	48,647,411.29		-	93.00	100.0 0				Self-raised fund
8#9# Coke oven wastewater advanced treatment	2,306.00	20,335,268.74		20,335,268.74		-	88.00	100.0 0				Self-raised fund

Project	Budget (in 10 thousand yuan)	20191231	Increase	Transfer to FA	Other decrea se	20201231	Input of Budget (%)	Prog ress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capi taliza tion rate	Source of fund
Upgrading and Transformation of 4#, 5# Converter Equipment in Plate Steelmaking Plant	3,800.00		35,253,273.23	35,253,273.23		-	92.00	100.00				Self-raised fund
Transformation of No. 2 Casting Machine in Steelmaking Plant	10,090.00	81,419,913.88	1,418,076.05	82,837,989.93		-	82.00	85.00	284,551.59	155,425.89	4.35	Self-raised fund & Loan
Total		1,341,588,827.97	1,839,390,803.14	2,076,805,745.02	26,548,672.57	1,077,625,213.52			46,824,212.95	21,432,524.02		

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

Items	20201231			20191231		
	Gross value	Impairment	Net Book Value	Gross value	Impairment	Net Book Value
Construction materials	2,773,325.92		2,773,325.92	13,588,883.39		13,588,883.39
Total	2,773,325.92		2,773,325.92	13,588,883.39		13,588,883.39

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

Items	Land use right	Software	Total
1. Total gross value			
20191231	327,028,797.84	310,401.55	327,339,199.39
Increase			
Including: Purchase			
Internal Research and Development			
Merger			
Decrease			
Including: Disposal			
Invalid and terminated confirmation			
20201231	327,028,797.84	310,401.55	327,339,199.39
2. Total of Accumulated Amortization			
20191231	55,717,267.98	121,908.07	55,839,176.05
Increase	6,540,576.22	26,794.58	6,567,370.80
Including: Accrued	6,540,576.22	26,794.58	6,567,370.80
Decrease			
Including: Disposal			
Invalid and terminated confirmation			
20201231	62,257,844.20	148,702.65	62,406,546.85
3. Total Impairment			
20191231			
Increase			
Including: Accrued			
Decrease			
Including: Disposal			
Invalid and terminated confirmation			
20201231			
4. Total Net value			
20201231	264,770,953.64	161,698.90	264,932,652.54
20191231	271,311,529.86	188,493.48	271,500,023.34

2. Land use right without Certificate of Land use right at the year-end

None.

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

Items	20201231		20191231	
	Deductible temporary differences	Deferred tax asset	Deductible temporary differences	Deferred tax asset
Impairment of assets	398,431,973.43	99,607,993.35	378,651,125.80	94,662,781.44
Internal unrealized profit	74,424,898.92	18,606,224.73	53,312,397.14	13,328,099.29
Depreciation of fixed assets	333,978,859.03	83,494,714.76	333,978,859.03	83,494,714.76
Total	806,835,731.38	201,708,932.84	765,942,381.97	191,485,595.49

2. Unrecognized deferred tax assets

Items	20201231	20191231
Deductible temporary differences	305,702,137.30	428,163.12
Deductible losses	54,629,940.42	653,832,187.01
Total	360,332,077.72	654,260,350.13

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

Items	20201231	20191231	Notes
Year 2020		19,216,380.38	
Year 2021	10,945,961.04	10,981,383.41	
Year 2022	1,001,166.72	589,299,581.01	
Year 2023	14,114,953.21	16,327,268.19	
Year 2024	17,910,573.13	18,007,574.02	
Year 2025	10,657,286.32		
Total	54,629,940.42	653,832,187.01	

(14) Other non-current assets

Items	20201231			20191231		
	Gross value	Impairment	Net book value	Gross value	Impairment	Net book value
Prepaid long-term assets	995,840,320.65		995,840,320.65	708,502,552.50		708,502,552.50
Total	995,840,320.65		995,840,320.65	708,502,552.50		708,502,552.50

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

Items	20201231	20191231
Pledge loans		
Mortgage loans		
Guaranteed loans	9,687,731,000.00	12,731,478,000.00
Credit loans	380,000,000.00	420,000,000.00
Total	10,067,731,000.00	13,151,478,000.00

2. There is no short-term loans that were overdue at the end of the reporting period**(16) Notes payable**

Items	20201231	20191231
Bank acceptance bill	7,747,043,186.29	8,897,442,732.91
Commercial acceptance bill	857,106,162.13	1,174,963,839.77
Domestic letter of credit	1,210,000,000.00	1,756,108,104.27
Total	9,814,149,348.42	11,828,514,676.95

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

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

Items	20201231	20191231
Accounts payable for goods	5,122,416,750.84	3,481,176,373.75
Accounts payable for labor	18,697,483.74	56,959,052.87
Accounts payable for project and equipment	513,842,739.32	581,909,120.17
Repair expense and others	259,271,282.92	407,468,483.48
Total	5,914,228,256.82	4,527,513,030.27

(2) Significant accounts payable aging over one year

Items	Ending balance	Of which: more than one year
Company 1	36,218,300.00	36,218,300.00
Company 2	35,081,745.24	30,361,745.24

Company 3	23,579,692.14	23,379,692.14
Company 4	15,810,625.07	15,810,625.07
Company 5	14,200,000.00	14,200,000.00
Company 6	14,126,435.78	12,651,035.78
Total	139,016,798.23	

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

(18) Advance from customers

1. Advance from customers disclosed by category

Items	20201231	20191231
Advance for goods		4,429,821,526.79
Total		4,429,821,526.79

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

(19) Contract liabilities

1. Details of contract liabilities

Items	20201231
Advance for goods	4,458,671,819.90
Total	4,458,671,819.90

As of December 31, 2020, the value-added tax received in advance from customers was RMB 579,627,336.58 (December 31, 2019: RMB 509,625,485.38) and disclosed as other current liabilities.

(20) Employee benefits payable

1. Employee benefits payable

Items	20191231	Increase	Decrease	20201231
Short-term employee benefits	22,208,442.94	1,813,558,032.80	1,810,017,573.44	25,748,902.30
Post-employment benefits - defined contribution plans	62,312.32	166,603,750.88	166,665,480.25	582.95
Termination benefits	1,427,419.30	43,733.23	1,471,152.53	
Other benefits due within one year				
Total	23,698,174.56	1,980,205,516.91	1,978,154,206.22	25,749,485.25

2. Short-term employee benefits

Items	20191231	Increase	Decrease	20201231
(1) Salary, bonus, allowance and subsidy	12,974,335.94	1,389,001,397.17	1,385,384,616.00	16,591,117.11

Items	20191231	Increase	Decrease	20201231
(2) Employee welfare		137,995,433.01	137,995,433.01	
(3) Social Insurance	756,616.34	131,390,670.04	131,493,573.64	653,712.74
Including: Medical insurance	106,650.30	102,065,806.41	102,168,773.60	3,683.11
Work injury insurance	649,966.04	27,066,935.19	27,066,871.60	650,029.63
Maternity insurance		2,257,928.44	2,257,928.44	
(4) Housing funds	6,855,601.00	119,143,709.00	119,140,115.00	6,859,195.00
(5) Union funds and staff education fee	1,621,889.66	36,026,823.58	36,003,835.79	1,644,877.45
(6) Short-term compensated absences				
(7) Short-term profit - sharing scheme				
Total	22,208,442.94	1,813,558,032.80	1,810,017,573.44	25,748,902.30

3. Defined contribution plans

Items	20191231	Increase	Decrease	20201231
Basic pension fund	60,423.10	161,461,180.42	161,521,038.24	565.28
Unemployment insurance	1,889.22	5,142,570.46	5,144,442.01	17.67
Total	62,312.32	166,603,750.88	166,665,480.25	582.95

(21) Taxes payable

Items	20201231	20191231
Value-added tax	22,541,925.74	246,921,117.21
Corporate income tax	9,589,798.62	6,250,204.39
City maintenance and construction tax	4,490,656.56	11,416,274.65
House property tax	3,661,600.13	3,445,290.84
Educational surcharges	3,211,296.48	8,146,826.78
Land holding tax	1,180,402.66	1,128,141.09
Environmental tax	8,398,902.77	5,264,008.42
Others	2,227,498.00	2,253,951.42
Total	55,302,080.96	284,825,814.80

(22) Other payables

Items	20201231	20191231
Interest payables		10,818,986.30
Dividends payables		

Items	20201231	20191231
Other payables	709,448,301.92	651,882,758.67
Total	709,448,301.92	662,701,744.97

1. Interests payable

Items	20201231	20191231
Loan interests		10,818,986.30
Total		10,818,986.30

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

Items	20201231	20191231
Deposit	1,713,563.89	1,933,435.69
Margin	98,316,454.89	86,166,961.89
Accounts	525,775,209.97	454,536,559.31
Others	83,643,073.17	109,245,801.78
Total	709,448,301.92	651,882,758.67

(2) No significant other payables aged over one year**(23) Non-current liabilities due within one year**

Items	20201231	20191231
Long-term loans due within one year	1,287,630,361.43	234,474,657.99
Bond payables due within one year	20,400,000.00	
Long-term payables due within one year		
Total	1,308,030,361.43	234,474,657.99

Notes: RMB 255,943,331.43 of long-term due within one year is guaranteed loans, and RMB 1,031,687,030.00 is credit loans.

(24) Other current liabilities

Items	20201231	20191231
Output tax to be transferred	579,627,336.58	509,625,485.38
Total	579,627,336.58	509,625,485.38

Please refer to “Note 3 (31) Changes in Important Accounting Policies and Accounting Estimates” for details of the difference between the beginning balance and the ending balance of the previous year (December 31, 2019).

(25) Long-term loans

Long-term loans disclosed by category

Categories	20201231	20191231
Pledged loans	622,600,000.00	622,600,000.00
Mortgage loan		
Guaranteed loans	798,714,362.65	1,106,159,800.73
Credit loans	2,081,620,065.00	3,120,916,110.00
Total	3,502,934,427.65	4,849,675,910.73

(26) Bonds payables**(1) Bonds payables disclosed by category**

Items	20201231	20191231
Convertible Bond	5,752,229,339.52	
Total	5,752,229,339.52	

(2) Changes in Bonds payables (Excluding other financial instruments such as preferred stocks and perpetual bonds classified as financial liabilities)

Items	Book value	Issue date	Term to maturity	Issuance amount	Balance at the end of the previous year	Current issue	Interest accrued at face value	Premium and discount amortization	Balance at the end of the current year
Convertible Bond (Bond code:127018)	6,800,000,000.00	Jun 29, 2020	6 years	6,800,000,000.00		6,800,000,000.00	20,400,000.00	1,047,770,660.48	5,752,229,339.52
Total	6,800,000,000.00			6,800,000,000.00		6,800,000,000.00	20,400,000.00	1,047,770,660.48	5,752,229,339.52

Description:

Approved by the China Securities Regulatory Commission "Zheng Jian Xu Ke [2020] No. 46", the Company publicly issued 68 million convertible corporate bonds on June 29, 2020, each with a face value of 100 yuan and a total issuance of RMB 6.8 billion. The term to maturity is 6 years from June 29, 2020 to June 28, 2026. The bond coupon rate is 0.6% in the first year, 0.8% in the second year, 1.5% in the third year, 2.9% in the fourth year, 3.8% in the fifth year, and 5.0% in the sixth year. The interest payment method is once a year, and the starting date of interest calculation is the first day of issuance of the convertible bond, that is, June 29, 2020. The interest payment date of each year is the first day of the issuance of convertible bonds (June 29, 2020) on the day of each full year. If that day is a legal holiday or a rest day, it will be postponed to the next working day, and no interest will be paid during the postponement period. Every two adjacent interest payment dates constitute an interest calculation year.

In the initial measurement of the convertible corporate bonds issued by the Company this time, the fair value of the corresponding liability component after deducting the allocated issuance expenses is RMB 5,612,624,636.40, which is included in the bonds payable; the fair value of the corresponding equity component

after deducting the allocated issuance cost of the Company is RMB 1,146,290,662.42, which is included in other equity instruments. In the subsequent measurement, the liability part is measured and adjusted by amortized cost using the effective interest rate method.

(3) Description of the conditions and time for conversion of convertible corporate bonds

Approved by Shenzhen Stock Exchange "Shen Zheng Shang [2020] No. 656", the Company's RMB 6.80 billion convertible corporate bonds will be listed on the Shenzhen Stock Exchange on August 4, 2020, and the abbreviation is "Bengang Convertible Bonds". The bond code is "127018". The conversion period of the convertible corporate bonds issued this time is from the first trading day after six months of the issuance of the convertible corporate bonds (July 3, 2020) to the maturity date of the convertible corporate bonds, that is, from January 4, 2021 to June 28, 2026. The initial conversion price of the convertible bonds is RMB 5.03 per share.

(4) Notes to other financial instruments classified as financial liabilities

None.

(27) Long-term payables

Items	20201231	20191231
Long-term payables	1,114,232,362.74	516,939,408.14
Special payables		
Total	1,114,232,362.74	516,939,408.14

Long-term payables

Items	20201231	20191231
Financing lease payments	1,114,232,362.74	516,939,408.14
Including: unrealized financing expenses	779,232,152.85	427,091,325.39
Total	1,114,232,362.74	516,939,408.14

Notes: At the end of the reporting period, the amount of unrealized financing expenses due to finance lease payments was RMB 779,232,152.85.

The minimum financial lease payment to be paid after the balance sheet date was RMB 1,893,464,515.59.

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.

(28) Deferred income

Items	20191231	Increase	Decrease	20201231	Reason
Government subsidy	208,955,407.30	27,056,919.00	81,560,493.07	154,451,833.23	
Total	208,955,407.30	27,056,919.00	81,560,493.07	154,451,833.23	

Projects of government subsidies:

Items	20191231	Increase	Transfer to current profit and loss	Other decrease	20201231	Related to assets or income
Cold-rolled high-strength steel reconstruction project	150,000,000.00		50,000,000.00		100,000,000.00	Assets
7 sets of 130 tons combustion boiler flue gas desulfurization project in power plant	14,400,000.00		4,800,000.00		9,600,000.00	Assets
Production line of high-grade electro-galvanized sheet for automobile	8,208,000.00		8,208,000.00			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
Power plant three power plant cogeneration reform project	6,000,000.00		2,000,000.00		4,000,000.00	Assets
Industrial enterprise energy management center construction demonstration project	4,640,000.00		2,320,000.00		2,320,000.00	Assets
Introduce special funds for overseas advanced and applicable technologies	4,000,000.00		2,000,000.00		2,000,000.00	Assets
Desulfurization and Denitrification Project of Coal-fired Boiler in High-pressure Workshop of Bengang Power Plant	4,200,000.00		600,000.00		3,600,000.00	Assets
Research and development of high-strength steel for the third generation of automobiles	2,900,000.00		580,000.00		2,320,000.00	Assets
Energy saving and environmental protection project for sintering machine in ironworks	1,160,000.00		1,160,000.00			Assets
Bengang Group Co., Ltd. Automotive Panel Engineering Laboratory Project Construction	1,000,000.00		1,000,000.00			Assets
Automatic air quality monitoring system	105,000.00		70,000.00		35,000.00	Assets
Liaoning Artisan Subsidy	100,002.97		99,981.08		21.89	Assets
“Steel for high-strength pipelines under low-temperature and high-pressure service conditions” Project national support	121,000.00		90,322.26		30,677.74	Assets

Items	20191231	Increase	Transfer to current profit and loss	Other decrease	20201231	Related to assets or income
funds						
2018 Municipal Skill Master Workstation Fee	187,039.34		120,423.00		66,616.34	Assets
Construction Project of Bengang Automotive Sheet Engineering Laboratory	1,000,000.00			-1,000,000.00		Assets
Research and development of anti-oxidation hot forming steel PHS1500A	250,000.00		84,847.73		165,152.27	Assets
Construction of professional technology innovation platform for automobile steel industry	1,000,000.00		800,000.00		200,000.00	Assets
Research on the Influence Mechanism and Control of Rare Earth Oxide Sulfide on Automobile Steel Plasticity	184,364.99				184,364.99	Assets
2019 Municipal Skills Master Workstation Cost		180,000.00			180,000.00	Assets
2020 Ecological Civilization Construction Project (Special Steel Electric Furnace Upgrade Project)		20,000,000.00			20,000,000.00	Assets
Liaoning Province "Hundred, Thousand, Thousand, Thousand Talents Project" funding project in 2018		250,000.00			250,000.00	Assets
Supplementary Fund for Relocation of Railway Transport		1,626,919.00	1,626,919.00			Income
Liaoning Provincial Local Financial Supervision and Administration Bureau to support the development of special funds for enterprises to go public		5,000,000.00	5,000,000.00			Income
Total	208,955,407.30	27,056,919.00	80,560,493.07	-1,000,000.00	154,451,833.23	

(29) Share capital

Items	20191231	Increase/decrease (+ , -)				Subtotal	20201231
		Issuing of new share	Bonus shares	Transferred from reserves	Others		
Capital shares	3,875,371,532.00						3,875,371,532.00

(30) Other equity instruments**1. Information of other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period**

The Company's other equity instruments at the end of the period are the equity part of convertible corporate bonds. For details, please refer to "Note 5 (26) Bonds payable".

2. Changes in financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

Notes:

Items	20191231		Increase		Decrease		20201231	
	Number	Book value	Number	Book value	Number	Book value	Number	Book value
Convertible corporate bonds			68,000,000	1,146,290,662.42			68,000,000	1,146,290,662.42
Total			68,000,000	1,146,290,662.42			68,000,000	1,146,290,662.42

As of December 31, 2020, the convertible corporate bonds issued this time have not yet reached the conversion period, and there is no conversion into A-share ordinary shares in this period.

(31) Capital reserves

Items	20191231	Increase	Decrease	20201231
Capital premium	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

(32) Special Reserves

Items	20191231	Increase	Decrease	20201231
Safety production cost	212,687.41	54,000,536.58	53,912,811.85	300,412.14
Total	212,687.41	54,000,536.58	53,912,811.85	300,412.14

(33) Surplus Reserves

Items	20191231	20200101	Increase	Decrease	20201231
Statutory surplus reserves	961,105,529.85	961,105,529.85			961,105,529.85
Total	961,105,529.85	961,105,529.85			961,105,529.85

(34) Undistributed Profits

Items	2020	2019
Before adjustments: undistributed profits at last year-end	2,307,765,664.62	1,945,887,269.82
Adjustments of the beginning distributed profits (increase + / decrease -)		
After adjustments: undistributed profit at this year-beginning	2,307,765,664.62	1,945,887,269.82
Add: undistributed profit belonging to parent company	384,252,740.78	555,646,971.40
Less: Statutory surplus reserves		
Discretionary reserves		
General risk reserves		
Common shares dividend payable		193,768,576.60
Common shares dividend transferred to paid-in capital		
Ending balance of undistributed profits	2,692,018,405.40	2,307,765,664.62

(35) Operating income and operating cost

Items	2020		2019	
	Revenue	Cost	Revenue	Cost
Principal business	45,321,849,577.55	43,322,474,075.93	46,805,252,792.90	43,900,514,006.74
Other business	3,362,943,108.03	3,069,706,486.66	5,936,100,789.38	5,310,900,638.88
Total	48,684,792,685.58	46,392,180,562.59	52,741,353,582.28	49,211,414,645.62

Details for operating income:

Item	Principal business	Other business
Classified by business area	45,321,849,577.55	3,362,943,108.03
Including: Domestic	40,766,384,160.23	3,362,943,108.03
Abroad	4,555,465,417.32	
Classified by the time of commodity transfer	45,321,849,577.55	3,362,943,108.03
Including: recognize at a certain point in time	45,321,849,577.55	3,362,352,384.22
recognize over a certain period of time		590,723.81
Total	45,321,849,577.55	3,362,943,108.03

(36) Tax and surcharges

Items	2020	2019
City maintenance and construction tax	39,002,807.95	74,291,089.29
Educational surcharge	28,155,477.26	53,346,630.36
Housing property tax	79,753,764.80	77,359,590.55
Land use right tax	13,090,099.93	13,076,581.16
Environmental tax	28,417,193.46	22,681,208.92
Stamp duty	26,523,801.64	29,816,392.95
Others	928,675.06	1,008,586.80
Total	215,871,820.10	271,580,080.03

(37) Selling and distribution expenses

Items	2020	2019
Freight		912,729,271.74
Port surcharges		70,973,850.23
Import and export agency fee	55,316,442.53	63,097,328.89
Salary and benefits	25,955,134.20	25,965,599.95
Package fee	6,179,183.22	7,564,585.54
Others	9,828,520.26	16,358,267.35
Total	97,279,280.21	1,096,688,903.70

(38) General and administrative expenses

Items	2020	2019
Salary and benefits	368,149,507.51	374,106,639.18
Repair expense	216,309,807.28	230,168,663.91
Land use right fee	65,600,418.40	59,957,197.92
Depreciation	39,060,982.28	44,362,834.97
Heating fee	25,929,633.73	28,855,893.31
Water resources fee	18,956,412.81	27,515,155.10
Sewage charges	13,186,781.11	11,345,616.35
Others	45,632,751.69	55,633,840.82
Total	792,826,294.81	831,945,841.56

(39) Research and development expenses

Items	2020	2019
Depreciation, materials and compensation, etc.	37,989,623.28	30,780,463.74
Total	37,989,623.28	30,780,463.74

(40) Financial expenses

Items	2020	2019
Interest expenditure	1,028,857,436.14	948,799,627.90
Less: Interest income	378,523,984.03	333,750,262.79
Exchange loss	-307,919,937.19	44,724,851.35
Others	22,361,640.70	22,068,472.77
Total	364,775,155.62	681,842,689.23

(41) Other income

Items	2020	2019
Government subsidy	81,193,591.56	83,914,522.47
Others	111,590.36	2,084.65
Total	81,305,181.92	83,916,607.12

(42) Income on investment

Items	2020	2019
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Income on long-term equity investment by equity method	374,119.86	452,582.71
Income on disposal of financial assets holding for trading	13,500,000.00	
Dividend income obtained during the holding period of other equity instrument investments	77,242.47	
Income on bank short-term financial products		605,795.19
Total	13,951,362.33	1,058,377.90

(43) Credit impairment losses

Items	2020	2019
Loss from bad debts of account receivable	302,302,638.01	4,618,663.91
Loss from impairment of account receivable financing		
Loss from bad debts of other receivables	1,717,123.74	1,923,236.71
Total	304,019,761.75	6,541,900.62

Note: Loss is shown as positive figures

(44) Assets impairment loss

Items	2020	2019
Impairment of inventory and contract performance costs	6,571,234.79	43,256,982.72
Impairment of fixed assets	60,614,634.58	
Total	67,185,869.37	43,256,982.72

Note: Loss is shown as positive figures

(45) Asset disposal income

Items	2020	2019	The amount recognized in non-recurring profit
Disposal gains or losses arising from disposal of fixed assets not held for sale	325,651.61	3,441,646.67	325,651.61

Items	2020	2019	The amount recognized in non-recurring profit
Total	325,651.61	3,441,646.67	325,651.61

(46) Non-operating income

Items	2020	2019	The amount recognized in non-recurring profit
Non-current assets scrapped gains	2,703,102.88	9,476,065.29	2,703,102.88
Debt restructuring gain	32,800.02	50,640.00	32,800.02
Others	1,592,660.62	779,757.58	1,592,660.62
Total	4,328,563.52	10,306,462.87	4,328,563.52

(47) Non-operating expense

Items	2020	2019	The amount recognized in non-recurring profit
Donations			
Non-current assets scrapped loss	95,724,280.44	90,209,742.22	95,724,280.44
Others			
Total	95,724,280.44	90,209,742.22	95,724,280.44

(48) Income tax expenses**1. Income tax expenses**

Items	2020	2019
Income tax payable for the current year	35,594,567.91	18,987,986.70
Adjustment of deferred income tax	-10,223,337.35	-33,048.28
Total	25,371,230.56	18,954,938.42

2. Accounting profit and income tax expense adjustment process

Items	2020
Total profit	416,850,796.79
Income tax expense calculate according to the official or applicable tax rate	104,212,699.20
Effect of different tax rates applied by subsidiaries	
Effect of adjustment of the income tax expense of prior period	2,107,736.22

Items	2020
Effect of non-taxable income	-93,529.97
Effect of undeductible costs, expenses or losses	122,123.16
Effect of use of deductible losses of unrecognized deferred tax asset of prior period	-158,710,195.23
Effect of deductible temporary differences or deductible losses of unrecognized deferred tax asset of current period	77,732,397.18
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	25,371,230.56

(49) Earnings 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	2020	2019
Consolidated net profit attributable to ordinary shareholders of parent company	384,252,740.78	555,646,971.40
The weighted average number of common shares issued by the company	3,875,371,532.00	3,875,371,532.00
Basic earnings per share	0.099	0.143
Including: basic earnings per share for continuing operations	0.099	0.143
Basic earnings per share for discontinued operations		

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):

Since convertible bonds have caused anti-dilution, diluted earnings per share are disclosed in accordance with basic earnings per share.

(50) Notes of statement of cash flows

1. Cash received related to other operating activities

Items	2020	2019
Withdraw of current accounts, advance for another	415,131,996.05	80,209,527.36
Interest income	365,343,047.49	289,867,473.89
Special subsidy income	27,624,696.63	3,378,441.11
Non-operating income	673,106.88	9,799.92
Others	8,181,857.38	3,620,413.94
Total	816,954,704.43	377,085,656.22

2. Cash paid related to other operating activities

Items	2020	2019
Current accounts, advance for another	347,552,655.29	67,238,789.58
Sales expenses	72,862,184.48	139,977,333.30
Administrative expenses	44,664,338.51	77,588,717.78
Bank charges	20,710,711.34	14,562,642.52
Others	1,489,830.36	23,593,941.76
Total	487,279,719.98	322,961,424.94

3. Cash received related to other financing activities

Items	2020	2019
Margin for bill, letter of guarantee and letter of credit	1,076,807,422.35	1,571,269,971.97
Proceeds from negotiation	253,068,892.21	
Total	1,329,876,314.56	1,571,269,971.97

4. Cash paid related to other financing activities

Items	2020	2019
Margin for bill, letter of guarantee and letter of credit	34,424,434.31	1,612,133.00
Convertible bond issuance costs	41,084,701.18	
Others		8,731,273.67
Total	75,509,135.49	10,343,406.67

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

Items	2020	2019
1. A reconciliation of net profit to cash flows from operating activities:		
Net profit	391,479,566.23	556,860,488.98
Add: Credit impairment loss	304,019,761.75	6,541,900.62
Impairment of assets	67,185,869.37	43,256,982.72
Depreciation of fixed assets	2,191,070,638.31	2,432,266,554.80
Amortization of intangible assets	6,567,370.80	6,562,417.70
Amortization of long-term deferred expenses		
Losses proceeds from disposal of fixed assets, intangible assets and other long-term assets (Earnings marked“—”)	-325,651.61	-3,441,646.67
Scrapped losses from fixed assets (Earnings marked“—”)	93,021,177.56	80,733,676.93
Loss from changes in fair value (Earnings marked“—”)		
Financial expenses (Earnings marked“—”)	720,937,498.95	1,009,666,817.96
Investment losses (Earnings marked“—”)	-13,951,362.33	-1,058,377.90
Deferred tax assets reduction (Addition marked“—”)	-10,223,337.35	-33,048.28
Deferred tax liabilities increased (Reduction marked“—”)		
Reduction of inventory (Addition marked“—”)	-1,302,981,909.11	2,992,064,351.09
Operating receivable items reduction (Addition marked“—”)	-2,847,086,786.29	1,617,190,398.59
Operating payable items increase (Less marked“—”)	-1,638,713,049.57	-1,762,786,475.38
Others		
Net cash flows generated from operating activities	-2,039,000,213.29	6,977,824,041.16
2. Payments of investing and financing activities not involving cash:		
Liabilities transferred to capital		
Convertible corporate bonds due within one year		
Fixed assets financed by leasing		
3. The net increase in cash and cash equivalents:		
Ending balance of cash	9,229,417,595.12	13,441,414,988.58
Less: Beginning balance of cash	13,441,414,988.58	11,752,548,621.97
Add: Ending balance of cash equivalents		
Less: Opening balance of cash equivalents		
The net increase in cash and cash equivalents	-4,211,997,393.46	1,688,866,366.61

2. The structure of cash and cash equivalents

Items	20201231	20191231
1. Cash	9,229,417,595.12	13,441,414,988.58
Including: Cash on hand	3,026.68	5,588.98
Bank deposits available on demand	9,229,414,568.44	13,441,409,399.60

Items	20201231	20191231
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	9,229,417,595.12	13,441,414,988.58
Including: Cash and cash equivalents limited to use by the parent company of other subsidiary in the group		

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

Items	Ending balance	Reason
Cash at bank and on hand	3,897,249,320.14	Deposit for notes and letter of credit
Receivables financing	887,473,044.29	Pledged for acceptance bill
Other equity instrument investments	1,037,735,849.00	Pledged for loans
Fixed assets	94,790,118.09	Mortgage for fund borrowing
Intangible assets	37,116,386.66	Mortgage for fund borrowing
Total	5,954,364,718.18	

(53) 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			470,322,450.33
Including: USD	71,983,473.35	6.5249	469,684,965.31
EUR	50,753.26	8.0250	407,294.97
HKD	273,514.80	0.8416	230,190.05
Short-term loans			1,239,731,000.00
Including: USD	190,000,000.00	6.5249	1,239,731,000.00
Non-current liabilities due within one year			108,050,361.43
Including: USD	4,700,000.00	6.5249	30,667,030.00
EUR	9,460,158.74	8.0250	75,917,773.89
JPY	23,176,000.00	0.0632	1,465,557.54

Items	Ending balance in foreign currency	Exchange rate at the year-end	Ending balance translated to RMB
Long-term loans			388,134,427.65
Including: USD	11,850,000.00	6.5249	77,320,065.00
EUR	37,635,016.95	8.0250	302,021,017.45
JPY	139,056,000.00	0.0632	8,793,345.20

2. The Company has no overseas operating entities.

(54) 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
			2020	2019	
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	Other income
Environmental Pollution Control Project	26,170,000.00	Deferred income		3,620,000.00	Other income
Introduce special funds for overseas advanced	14,420,000.00	Deferred	2,000,000.00	2,884,000.00	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
			2020	2019	
and applicable technologies		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	Other income
Special funds for environmental protection	5,800,000.00	Deferred income		1,160,000.00	Other income
Energy saving and environmental protection project for sintering machine in ironworks	5,800,000.00	Deferred income	1,160,000.00	1,160,000.00	Other income
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	2,400,000.00	Deferred		340,000.00	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
			2020	2019	
comprehensive prevention and control projects for regional river basin environmental protection		income			
Iron Smelter 360 Sintering Machine Flue Gas Desulfurization Project	1,000,000.00	Deferred income		200,000.00	Other income
Research on the Influence Mechanism and Control of Rare Earth Oxide Sulfide on Automobile Steel Plasticity	357,520.00	Deferred income		173,155.01	Other income
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	90,322.26	67,000.00	Other income
2018 Municipal Skill Master Workstation Fee	240,000.00	Deferred income	120,423.00	52,960.66	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
			2020	2019	
Research and development of the third-generation high-strength steel for automobiles	2,900,000.00	Deferred income	580,000.00		Other income
Bengang Group Co., Ltd. Automotive Sheet Engineering Laboratory Engineering Construction Fund	1,000,000.00	Deferred income	1,000,000.00		Other income
Research and development of anti-oxidation hot forming steel PHS1500A	250,000.00	Deferred income	84,847.73		Other income
Construction of a professional technology innovation platform for the automotive steel industry	1,000,000.00	Deferred income	800,000.00		Other income
Liaoning craftsman subsidy	100,002.97	Deferred income	99,981.08		Other income

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
		2020	2019	
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
Supplementary Fund for Relocation of Railway Transport	1,626,919.00	1,626,919.00		Other income
Liaoning Provincial Local Financial Supervision and Administration Bureau to support the development of special funds for enterprises to go public	5,000,000.00	5,000,000.00		Other income
Job stabilization subsidy	19,151.07	19,151.07		Other 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
		2020	2019	
Subsidy for training by work	44,400.00	44,400.00		Other income
Tax refund	569,547.42	569,547.42		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	10,501,387.54		506,134,000.89

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

20201231						
Name of the subsidiaries	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bengang POSCO Cold-rolled Sheet Co., Ltd.	3,799,519,376.39	1,384,600,108.47	5,184,119,484.86	3,159,583,481.30		3,159,583,481.30

20191231						
Name of the subsidiaries	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

2020					
Name of the subsidiaries		Operating income	Net profit	Total comprehensive income	Net cash flows from operating activities
Bengang POSCO Cold-rolled Sheet Co., Ltd.		7,327,060,880.66	42,005,550.17	42,005,550.17	301,022,342.34

2019					
Name of the subsidiaries		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

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

	20201231/2020	20191231/2019
Joint ventures:		
Total book value of investment:	2,742,064.73	2,642,998.70
The total amount of the following items calculated according to the shareholding ratio		
—Net profit	374,119.86	452,582.71
—Other comprehensive income		
—Total comprehensive income	374,119.86	452,582.71

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	46,968.50	40.73	23.02		47,032.25
Liabilities	134,771.81	37,793.88		1,025.89	173,591.58

Items	Beginning 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

On December 31, 2020, 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 47,459,800 (on December 31, 2018: RMB 91,721,600). 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	20201231				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Trade and other payables	1,643,593.66			111,423.24	1,755,016.90
Loans and interests	1,137,576.14	25,647.04	321,586.21	3,060.20	1,487,869.59
Total	2,781,169.80	25,647.04	321,586.21	114,483.44	3,242,886.49

(In 10 Thousand Yuan)

Items	20191231				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Trade and other payables	1,700,791.05			51,693.94	1,752,484.99
Loans and interests	1,339,677.16	328,523.94	133,765.16	22,678.49	1,824,644.75
Total	3,040,468.21	328,523.94	133,765.16	74,372.43	3,577,129.74

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				

Item	Fair value at the end of the period			Total
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	
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 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				

Item	Fair value at the end of the period			Total
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	
◆ Accounts receivable financing			4,189,977,871.92	4,189,977,871.92
◆ Other debt investments				
◆ Investment in other equity instruments			1,042,024,829.00	1,042,024,829.00
◆ Other non-current financial assets				
(1) Financial assets measured at fair value and whose changes are 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				

Item	Fair value at the end of the period			Total
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	
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			5,232,002,700.92	5,232,002,700.92
◆ Financial liabilities held for trading				
Including:				
Issued trading bonds				
Derivative financial liabilities				
Others				
◆ Designated as a financial liability measured at fair value and its				

Item	Fair value at the end of the period			Total
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	
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

Name of parent company	Place of Registry	Notes of Business	Registered capital	Share proportion (%)	Voting rights (%)
Benxi Steel & Iron (Group) Co., Ltd.	Benxi, Liaoning	Manufacturing	62.92	62.18	62.18

Note:

The ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of the People's Government 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 Bengxi Steel and Iron (Group) Co., Ltd.
Guangzhou Free Trade Zone Bengang Sales Co., Ltd.	Belongs to Bengxi Steel and Iron (Group) Co., Ltd.
Benxi Steel & Iron (Group) General Hospital	Belongs to Bengxi 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	2020	2019
Benxi Steel & Iron (Group) Co., Ltd.	Repair expense	30,206.47	27,611.81
Benxi Steel & Iron (Group) Co., Ltd.	Raw material and supplementary material	2,121.13	
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Products	22.39	171.87
Benxi Steel & Iron (Group) Mining Co., Ltd.	Labor cost	3,213.23	864.66
Benxi Steel & Iron (Group) Mining Co., Ltd.	Raw material and supplementary material	514,193.50	466,510.90
Benxi Steel & Iron (Group) Mining Co., Ltd.	Freight	1,227.47	1,318.16
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Raw material and supplementary material	34,303.84	27,932.17
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Processing fee	63.22	127.67
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Raw materials		3,648.95
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Spare parts	5,984.04	11,131.68
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Repair services	2,773.62	2,922.74
Benxi Steel & Iron (Group) Construction Co., Ltd.	Spare parts	1,624.97	787.21
Benxi Steel & Iron (Group) Construction Co., Ltd.	Project fee	20,274.33	18,016.18
Benxi Steel & Iron (Group) Construction Co., Ltd.	Repair services	18,022.98	21,561.78
Benxi Steel & Iron (Group) Construction Co., Ltd.	Raw material and supplementary material	1,241.22	236.10
Benxi Steel & Iron (Group) Construction Co., Ltd.	Freight	51.39	502.47
Benxi Steel & Iron (Group) Industrial Development Co.,	Raw material and	21,095.06	19,118.00

Ltd.	supplementary material		
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Repair services	1,537.66	2,157.65
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Freight		446.80
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Project fee	107.01	235.00
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Raw material & supplementary materials & spare parts	228.18	256.76
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Project fee	1,911.38	4,998.34
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Repair expense	17,475.94	19,506.98
Bengang Electronics and Gas Co., Ltd.	Raw material and supplementary material	13,856.30	13,763.00
Bengang Electronics and Gas Co., Ltd.	Repair services	3,063.31	1,879.36
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	Spare parts	39.00	26.63
Benxi New Career Development Co., Ltd.	Repair services		487.81
Benxi New Career Development Co., Ltd.	Raw material and supplementary material and food	1,028.90	907.16
Liaoning Metallurgy Technician College	Spare parts	933.26	1,202.01
Liaoning Metallurgy Vocational Technical College	Project fee		
Liaoning Metallurgy Vocational Technical College	Repair services	648.24	580.5
Bengang Group International Economic and Trading Co., Ltd.	Raw material and supplementary material	508,961.39	
Bengang Group International Economic and Trading Co., Ltd.	Agency fee	5,531.64	6,309.73
Bengang Group International Economic and Trading Co., Ltd.	Port surcharges	9,279.98	7,099.20
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Spare parts	850.35	785.28
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Project fee	1,121.38	1,942.52
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Repair services	1,732.50	3,483.24
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Heating costs	119.00	115.25

Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Raw material and supplementary material	71.04	70.93
Benxi Steel & Iron (Group) Designing Institute	Design fees	125.98	1,323.40
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Raw material and supplementary material	492,390.02	1,154,378.53
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Energy & Power	46,589.86	54,489.91
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Freight	407.53	571.46
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Labor cost	7,190.62	8,663.23
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Spare parts	1,710.81	1,308.45
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Raw material and spare parts	8,336.02	8,758.96
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Repair services	661.14	
Liaoning Hengtai Heavy Machinery Co., Ltd.	Raw material and spare parts	138.59	231.09
Liaoning Hengtai Heavy Machinery Co., Ltd.	Repair and labor cost	716.99	1,930.35
Bengang Group Co., Ltd.	Property management fee		
Bengang Group Co., Ltd.	Labor cost	18,876.38	15,507.90

Company as the seller

(In 10 Thousand Yuan)

Name	The content of related party transactions	2020	2019
Bengang Electronics and Gas Co., Ltd.	Energy & Power	72.4	76.74
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Raw material & supplementary materials & spare parts	138,409.84	500,154.15
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Products	2,150.96	1,286.59
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Energy & Power	22,602.26	21,662.54
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Energy & Power	8.65	10.44
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Energy & Power	25.88	36.79
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Products		89.25
Benxi Steel & Iron (Group) Machinery	Products	1,898.85	980.32

Name	The content of related party transactions	2020	2019
Manufacture Co., Ltd.			
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Energy & Power	2,088.72	2,137.30
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Raw material & supplementary materials & spare parts	338.56	641.3
Benxi Steel & Iron (Group) Construction Co., Ltd.	Energy & Power	699.16	593.8
Benxi Steel & Iron (Group) Construction Co., Ltd.	Raw material & supplementary materials & spare parts	6,452.06	5,781.00
Benxi Steel & Iron (Group) Mining Co., Ltd.	Energy & Power	62,020.89	64,747.81
Benxi Steel & Iron (Group) Mining Co., Ltd.	Raw material & supplementary materials & spare parts	9,678.23	10,078.34
Benxi Steel & Iron (Group) Mining Co., Ltd.	Freight revenue	743.9	1,031.79
Benxi Steel & Iron (Group) Mining Co., Ltd.	Products	1,107.48	502.82
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Energy & Power	2,995.62	2,639.73
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Raw material & supplementary materials & spare parts	1,750.62	2,749.21
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Freight revenue		
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Energy & Power	824.47	827.49
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Products	3.97	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Raw material & supplementary materials & spare parts	1,914.44	2,295.96
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Energy & Power	14.64	15.87
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Energy & Power	125.15	133.05
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Raw material & supplementary materials & spare parts	368.03	93.84

Name	The content of related party transactions	2020	2019
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Energy & Power	659.84	532.33
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Raw material & supplementary materials & spare parts	26,839.91	25,018.15
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Freight revenue		
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Products	423.53	
Benxi Steel & Iron (Group) Co., Ltd.	Energy & Power	205.47	232.43
Benxi Steel & Iron (Group) Co., Ltd.	Raw material & supplementary materials & spare parts	1,013.53	796.46
Benxi New Career Development Co., Ltd.	Energy & Power	38.37	40.25
Dalian Boluole Steel Tube Co., Ltd.	Products	1,136.33	404.87
Liaoning Bengang Steel & Iron Trading Co., Ltd.	Products		
Benxi Steel & Iron (Group) General Hospital	Energy & Power		5.09
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	Energy & Power	2.16	5.22
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Energy & Power		
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Raw material & supplementary materials & spare parts	731.86	2,444.76
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Products	908.89	352.89
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Raw material & supplementary materials & spare parts		46.59
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Products	2,716.09	111.16
Suzhou Bengang Industrial Co., Ltd.	Products	49,983.82	41,269.54
Bengang Group Finance Co., Ltd.	Energy & Power	1.3	1.39
Bengang Group Co., Ltd.	Energy & Power	7.33	2.78
Bengang Group Co., Ltd.	Raw material & supplementary materials	1,539.32	

Name	The content of related party transactions	2020	2019
	& spare parts		
Liaoning Hengtai Heavy Machinery Co., Ltd.	products	29.54	

Notes:

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

Operating Lease

Company as the lessor

Currency unit: Yuan

Lessee	Lease capital category	Lease income of 2020	Lease income of 2019
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Warehouse and ancillary facilities	500,000.00	500,000.00
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Plants and ancillary facilities		122,500.03

Company as the lessee

Currency unit: Yuan

Lessor	Lease capital category	Lease charges of 2020	Lease charges of 2019
Benxi Steel & Iron (Group) Co., Ltd	Land use right 7,669,068.17 sq.m.	57,383,355.31	54,984,486.36
	Land use right 42,920.00 sq.m		
Benxi Steel & Iron (Group) Co., Ltd	2300 Hot rolling product line, related real estate	16,711,424.34	167,859,103.82

Benxi Beiyong Steel & Iron (Group) Co., Ltd.	1780 Hot rolling product line, related real estate	15,578,677.65	83,686,698.60
Bengang Group Co., Ltd.	Land use right 728,282.30 sq.m.	9,945,423.08	4,972,711.56

Notes:

1. According to the "Land Use Right Leasing Contract" and subsequent supplementary agreements signed between the Company and Bengang Steel (Group) on April 7, 1997, December 30, 2005 and subsequent, the Company leases land from Benxi Steel (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. On August 14, 2019, the Company signed the "House Lease Agreement" with Benxi Steel (Group) 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.

3. On July 15, 2019, the Company signed "Land Lease Agreement" with Bengang Group and Bengang Steel (Group) respectively, leased and used a total of 8 pieces of land from Bengang Group and Bengang Group Company, with leased areas of 42,920.00 square meters and 728,282.30 square meters. The lease term is 20 years, the rental price is 1.138 yuan per square meter per month.

Notes of 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 (including tax) in 2020 was RMB 933,008,875.20, and interest and handling fees were RMB 43,807,781.54.

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
Bengang Group Co., Ltd.	RMB 15,000,000,000.00	2020/8/13	2022/8/12	No
Bengang Group Co., Ltd.	RMB 500,000,000.00	2020/6/19	2021/6/18	No
Bengang Group Co., Ltd.	RMB 310,000,000.00	2020/5/26	2021/5/25	No
Bengang Group Co., Ltd.	RMB 670,000,000.00	2020/5/26	2021/5/25	No

Co., Ltd.					
Bengang Co., Ltd.	Group	RMB 400,000,000.00	2020/10/20	2021/10/19	No
Bengang Co., Ltd.	Group	RMB 1,280,000,000.00	2020/11/5	2021/11/4	No
Bengang Co., Ltd.	Group	RMB 400,000,000.00	2020/10/28	2021/10/27	No
Bengang Co., Ltd.	Group	RMB 1,800,000,000.00	2020/12/1	2021/12/1	No
Bengang Co., Ltd.	Group	RMB 6,024,000,000.00	2020/3/17	2021/3/17	No
Benxi Steel & Iron (Group) Co., Ltd.		RMB 5,024,000,000.00	2020/11/4	2021/11/4	No
Bengang Steel Plates Co., Ltd	Steel	RMB 250,000.00	2020/5/25	2021/5/25	No
Bengang Steel Plates Co., Ltd	Steel	RMB 490,000.00	2020/8/20	2021/8/20	No
Bengang Steel Plates Co., Ltd	Steel	RMB 200,000,000.00	2020/12/24	2021/12/24	No
Bengang Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	Group	RMB 70,000,000.00	2016/3/30	2025/3/20	No
Bengang Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	Group	RMB 430,000,000.00	2017/2/27	2025/2/20	No
Bengang Co., Ltd.	Group	RMB 622,600,000.00	2017/12/15	2024/8/20	No
Bengang Co., Ltd.	Group	RMB 87,280,000.00	2018/3/26	2024/6/21	No

Bengang Co., Ltd.	Group	RMB 24,620,000.00	2017/11/15	2021/12/21	No
Bengang Co., Ltd.	Group	RMB 30,560,000.00	2015/6/25	2021/9/21	No
Bengang Co., Ltd.	Group	RMB 24,000,000.00	2015/12/9	2022/3/21	No
Bengang Co., Ltd.	Group	EUR 166,579.87	2015/6/25	2025/9/30	No
Bengang Co., Ltd.	Group	EUR 5,691,165.00	2015/8/20	2025/9/30	No
Bengang Co., Ltd.	Group	EUR 407,161.22	2015/6/25	2026/4/30	No
Bengang Co., Ltd.	Group	EUR 4,984,751.64	2015/12/28	2026/4/30	No
Bengang Co., Ltd.	Group	EUR 2,077,667.88	2016/12/14	2026/4/30	No
Bengang Co., Ltd.	Group	EUR 6,162.48	2015/6/25	2026/4/30	No
Bengang Co., Ltd.	Group	EUR 4,069.11	2015/12/28	2026/4/30	No
Bengang Co., Ltd.	Group	EUR 779,734.95	2017/6/30	2025/10/31	No
Bengang Co., Ltd.	Group	EUR 2,733,223.28	2016/6/27	2020/4/30	No
Bengang Co., Ltd.	Group	EUR 334,941.21	2015/6/25	2025/6/30	No
Bengang Co., Ltd.	Group	EUR 9,577,728.02	2015/6/25	2025/6/30	No
Bengang Co., Ltd.	Group	EUR 294,013.70	2015/12/28	2025/6/30	No
Bengang Co., Ltd.	Group	EUR 7,585,942.33	2015/6/25	2025/10/31	No

Co., Ltd.					
Bengang Co., Ltd.	Group	EUR 3,271,319.20	2015/12/28	2025/10/31	No
Bengang Co., Ltd.	Group	EUR 8,390,619.39	2015/6/25	2025/8/31	No
Bengang Co., Ltd.	Group	EUR 180,800.00	2015/12/28	2025/8/31	No
Bengang Co., Ltd.	Group	EUR 609,296.41	2015/6/25	2025/8/31	No
Bengang Co., Ltd.	Group	JPY 162,232,000.00	1997/10/10	2027/9/10	No
Benxi Steel & Iron (Group) Co., Ltd.		RMB 12,000,000,000.00	2019/3/16	2021/9/3	No
Bengang Co., Ltd.	Group	RMB 740,000,000.00	2020/1/8	2021/1/8	No

4. Asset transfer and debt restructuring of related parties

Currency unit: Yuan

Related Party	Related transaction content	Current Amount (Excluding tax)	Amount of last period (Excluding tax)
Benxi Steel & Iron (Group) Co., Ltd.	Purchase of 2300 hot rolling mill production line		3,004,988,590.00
Benxi Beiyong 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 Beiyong 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.

5. Remuneration of key management personnel

(In 10 Thousand Yuan)

Name	2020	2019
Remuneration of key management personnel	309.04	302.23

6. Other related party transactions

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

(In 10 Thousand Yuan)

Item	Beginning balance	Increase	Decrease	Ending balance	Notes
Deposits	1,364,312.51	17,703,820.82	17,735,933.55	1,332,199.78	

1. The interests income of deposits of Bengang Group Finance Co., Ltd. is RMB 308,242.3 thousand in 2020. As at 31 December 2020, the interest receivable from Bengang Group Finance Co., Ltd. is RMB 87,919.8 thousand.

2. As at 31 December 2020, the restricted deposits in Bengang Group Finance Co., Ltd. is RMB 2,408,822.8 thousand.

3. In 2020, 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 2020. The amount of acceptance bill issued by Bengang Group Finance Co., Ltd. was RMB 4.077 billion in 2020. As of December 31, 2020, the amount of acceptance bills that the Company entrusted Finance Company had issued and not yet paid was RMB 2.409 billion, with a margin ratio of 100.00%.

(2) The company's loan and interest payment to Benxi Steel and Iron (Group) Co., Ltd.

(In 10 Thousand yuan).

Item	Beginning balance	Increase	Decrease	Ending balance
Capital lending	7,500.00			7,500.00
Total	7,500.00			7,500.00

Notes: In 2020, the interest accrued is RMB 3,545,625.00, and as of 31 December 2020, 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	20201231		20191231	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable financing					
	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	230,217.55	-	42,342.56	-
	Benxi Steel & Iron (Group) Co., Ltd.	81.99	-	402.17	-
	Zhejiang Bengang Jingrui Steel Processing Co., Ltd.	-	-	400.00	-
Accounts Receivable					
	Bengang Group International Economic and Trading Co., Ltd.	10,463.45	104.63	5,892.34	58.92
	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	2,692.94	26.93	1,301.32	13.01
	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	188.46	1.88	188.80	1.89
	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	0.10	-	0.14	-
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	-	-	7.70	0.08
Prepayments					
	Bengang Group International Economic and Trading Co., Ltd.	114,662.12	-	-	-
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	6,470.61	-	3,559.63	-
	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	-	-	93,762.24	-
Other receivables					
	Bengang Group International Economic and Trading Co., Ltd.	601.21	-	432.77	0.20

Items	Name	20201231		20191231	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	278.31	253.84	270.17	246.52
	Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	27.05	19.96	24.60	12.30
	Liaoning Metallurgy Technician College	5.80	5.80	5.80	5.80
	Benxi Steel & Iron (Group) Medical Services Department;	-	-	94.75	85.27
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	-	-	0.02	-
Other non-current assets					
	Liaoning Hengyi Financial Leasing Co., Ltd.	86,459.06		58,419.72	

2、 Payables of the Company

(in 10 thousand yuan)

Items	Name	2020.12.31	2019.12.31
Notes payable			
	Bengang Group International Economic and Trading Co., Ltd.	345,103.76	
	Benxi Steel & Iron (Group) Mining Co., Ltd.	91,857.00	69,292.59
	Bengang Electronics and Gas Co., Ltd.	6,414.33	2,285.78
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	5,253.76	3,203.52

Items	Name	2020.12.31	2019.12.31
	Liaoning Hengyi Financial Leasing Co., Ltd.	4,602.43	1,758.01
	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	868.28	
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	255.94	186.51
	Liaoning Metallurgy Technician College	133.27	195.91
	Liaoning Hengtai Heavy Machinery Co., Ltd.	84.78	
	Liaoning Metallurgy Vocational Technical College	47.90	43.55
	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	16.62	
	Benxi Beiyong Steel & Iron (Group) Co., Ltd.		508,775.58
	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.		684.81
	Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.		189.02
	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.		71.84
	Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.		14.82
	Benxi Steel & Iron (Group) Construction		13.05

Items	Name	2020.12.31	2019.12.31
	Co., Ltd.		
	Benxi High-tech Drilling Tools Manufacture Co., Ltd.		5.71
Accounts payable			
	Benxi Steel & Iron (Group) Mining Co., Ltd.	20,807.68	8,524.77
	Liaoning Hengyi Financial Leasing Co., Ltd.	5,799.10	
	Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	5,182.75	4,443.69
	Benxi Beiyang Steel & Iron (Group) Co., Ltd.	3,172.95	
	Benxi Steel & Iron (Group) Construction Co., Ltd.	2,394.63	10,331.91
	Liaoning Hengtai Heavy Machinery Co., Ltd.	2,171.25	3,246.28
	Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	1,852.50	6,567.06
	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	1,645.14	1,033.48
	Bengang Electronics and Gas Co., Ltd.	1,500.74	1,149.26
	Liaoning Metallurgy Technician College	1,388.84	724.86
	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	1,297.91	1,487.15

Items	Name	2020.12.31	2019.12.31
	Bengang Group Co., Ltd.	1,246.38	3,148.91
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	964.33	1,143.65
	Liaoning Metallurgy Vocational Technical College	746.81	671.93
	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	616.72	521.64
	Bengang Group International Economic and Trading Co., Ltd.	579.53	70,193.27
	Benxi New Career Development Co., Ltd.	415.37	292.66
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	385.20	11,311.75
	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	178.73	144.24
	Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	65.51	16.28
	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	61.52	62.65
	Benxi High-tech Drilling Tools Manufacture Co., Ltd.	38.60	33.77
	Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	0.24	0.24
	Benxi Steel & Iron (Group) Medical		2.04

Items	Name	2020.12.31	2019.12.31
	Services Department;		
Advance from customers			
	Suzhou Bengang Industrial Co., Ltd.	5,374.03	1,635.62
	Dalian Boluole Steel Tube Co., Ltd.	181.60	85.93
	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	161.66	126.57
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	55.77	35.79
	Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	52.81	82.00
	Bengang Group International Economic and Trading Co., Ltd.	43.70	
	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.		1,582.14
Other payables			
	Benxi Steel & Iron (Group) Co., Ltd.	13,013.80	18,278.27
	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	1,681.17	
	Bengang Group International Economic and Trading Co., Ltd.	1,277.85	1,432.74
	Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	561.73	437.69

Items	Name	2020.12.31	2019.12.31
	Benxi Steel & Iron (Group) Construction Co., Ltd.	436.25	526.14
	Guangzhou Free Trade Zone Bengang Sales Co., Ltd.	267.44	267.44
	Liaoning Hengyi Financial Leasing Co., Ltd.	208.60	0.39
	Benxi New Career Development Co., Ltd.	197.61	223.84
	Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	143.59	143.59
	Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	31.33	30.42
	Liaoning Metallurgy Technician College	1.34	1.34
	Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	1.01	1.01
	Bengang Group Finance Co., Ltd.	0.98	0.60
	Benxi Beiyong Steel & Iron (Group) Co., Ltd.		6.00
Non-current Payables	Liaoning Hengyi Financial Leasing Co., Ltd.	111,423.24	51,693.94

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 Beiyong 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, 2020, 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 0.806 billion yuan.

2. Irrevocable letter of credit

As at December 31, 2020, the amount of irrevocable letter of credit that was not fulfilled was 1.21 billion yuan.

(2) Contingencies

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

12. Subsequent events

(1) Important non-adjustment matters

None

(2) Profit Distribution

Profit or
dividend to be
distributed

On April 26, 2021, the seventeenth meeting of the eighth board of directors of the company passed the 2020 dividend distribution plan. It is planned to use the total share capital of 3,875,371,532 shares at the end of 2020 as the base number to distribute a cash dividend of 0.1 yuan for every 10 shares to all shareholders (including tax), a total of 38,753,715.32 yuan of cash dividends will be distributed. This distribution will not be converted from capital reserves to share capital. The above profit distribution plan needs to be reviewed and approved by the general meeting of shareholders.

(3) Sales Return

Not applicable.

(4) Divided into assets held for sale and disposal portfolio

Not applicable.

(5) Other subsequent events

Not applicable.

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 have 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 2,409,628,094 shares of the Company, of which 712,545,000 shares were in pledged status and 102,100,000 shares were in restricted sales and frozen status.

3. Major strategic restructuring of indirect controlling shareholders

The company received a notice from Bengang Group, the controlling shareholder of the parent company, and learned that Ansteel Group Co., Ltd. is planning to reorganize the Bengang Group, which may lead to changes in the company's control. As of the audit report, the restructuring is still in the planning stage, and after the plan is determined, the approval of the relevant departments is still required.

14. Notes to the financial statements of parent company

1. Accounts receivable

(1) Accounts receivable disclosed by aging

Items	201201231	20191231
Within 1 year (inclusive)	283,561,303.90	339,851,051.52
1-2 years (inclusive)	2,420,511.80	31,642,073.27
2-3 years (inclusive)	6,500,255.55	24,708,264.04
Over 3 years	177,111,797.34	175,744,519.91
Sub-total	469,593,868.59	571,945,908.74
Less: Provision for bad debts	179,728,406.39	182,948,800.28
Total:	289,865,462.20	388,997,108.46

(2) Accounts receivable disclosed by category

Items	20201231					20191231				
	Carrying amount		Provision for bad debts		Book value	Carrying amount		Provision for bad debts		Book value
	Amount	Percent age (%)	Amount	Bad debts ratio (%)		Amount	Percentage (%)	Amount	Bad debts ratio (%)	
Provision for Bad Dept individually	47,762,337.18	10.17	47,762,337.18	100.00		47,762,337.18	8.35	47,762,337.18	100.00	
Provision for Bad Dept by portfolio	421,831,531.41	89.83	131,966,069.21	31.28	289,865,462.20	524,183,571.56	91.65	135,186,463.10	25.79	388,997,108.46
Include:										
Portfolio 1: Aging	245,720,903.60	52.33	131,966,069.21	53.71	113,754,834.39	268,981,818.03	47.03	135,186,463.10	50.26	133,795,354.93
Portfolio 2: Combined related party	176,110,627.81	37.50			176,110,627.81	255,201,753.53	44.62			255,201,753.53
Total	469,593,868.59	100.00	179,728,406.39		289,865,462.20	571,945,908.74	100.00	182,948,800.28		388,997,108.46

Accounts receivable tested for impairment individually

Items	20201231			
	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**

Items	20201231		
	Carrying amount	Provision for bad debts	Bad debts ratio (%)
Within 1 year	107,450,676.09	1,074,506.76	1.00
1-2 years	2,420,511.80	242,051.18	10.00
2-3 years	6,500,255.55	1,300,051.11	20.00
Over 3 years	129,349,460.16	129,349,460.16	100.00
Total	245,720,903.60	131,966,069.21	

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

The amount of bad debt provision reversed in the current period is 3,220,393.89 yuan

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

Company	20201231		
	Amount	Percentage of total accounts receivable (%)	Provision for bad debts
The first	176,110,627.81	37.50	
The second	56,158,745.71	11.96	561,587.46
The third	47,762,337.18	10.17	47,762,337.18
The fourth	26,929,400.04	5.73	269,294.00
The fifth	9,008,967.00	1.92	9,008,967.00
Total	315,970,077.74	67.28	57,602,185.64

(6) There is no accounts receivable derecognized due to the transfer of financial assets in the current period.**(7) There is no assets and liabilities formed by continued involvement due to the transfer of Account receivables.**

3. Accounts receivable financing

(1) Details of accounts receivable financing

Items	20201231	20191231
Notes receivable	4,143,431,412.08	2,193,319,842.60
Include: Bank acceptance bill	1,876,753,316.46	2,184,526,834.33
Commercial acceptance bill	2,266,678,095.62	8,793,008.27
Total	4,143,431,412.08	2,193,319,842.60

Other information: The "receivable financing" item reflects the notes and accounts receivable that are measured at fair value at the balance sheet date and whose changes are included in other comprehensive income.

(2) Acceptance bills pledged by the company at the end of the period

Items	Pledged amount
Bank acceptance bill	484,093,073.28
Commercial acceptance bill	403,379,971.01
Total	887,473,044.29

(3) Acceptance bills have been endorsed or discounted by the company and have not expired at the year end

Items	Derecognized amount	Not derecognized amount
Bank acceptance bill	13,819,427,581.34	
Commercial acceptance bill		2,230,183,094.41
Total	13,819,427,581.34	2,230,183,094.41

(4) 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	20201231	20191231
Interest receivables	23,028,942.73	19,658,230.77
Dividend receivables		
Other receivables	228,379,193.99	247,005,005.04
Total	251,408,136.72	266,663,235.81

1. Interest receivables

(1) Interest receivable disclosed by category

Items	20201231	20191231
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Deposit interest	23,028,942.73	19,658,230.77
Subtotal	23,028,942.73	19,658,230.77
Less: provision for bad debt		
Total	23,028,942.73	19,658,230.77

(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)	53,898,656.03	115,480,359.05
1-2 years (inclusive)	47,649,189.02	15,711,856.93
2-3 years (inclusive)	13,842,023.46	3,479,413.59
Over 3 years	180,717,695.14	177,724,723.88
Sub-total	296,107,563.65	312,396,353.45
Less: Provision for bad debts	67,728,369.66	65,391,348.41
Total:	228,379,193.99	247,005,005.04

(2) Provision for bad debt provision

	Stage one	Stage two	Stage three	Total
Provision for bad debts	12-month expected credit losses	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment occurred)	
Beginning balance		9,179,698.89	56,211,649.52	65,391,348.41
Beginning balance in current period				
--Transfer to Stage two				
--Transfer to Stage three		-768,390.73	768,390.73	
--Reversal to Stage two				
--Reversal to Stage one	6,592.60	-6,592.60		
Current period provision	801,959.46	2,816,265.56	601,252.83	4,219,477.85
Current period reversal	6,207.34			6,207.34
Current period write-back		1,745,713.37	130,535.89	1,876,249.26
Current period write-off				
Other change				

	Stage one	Stage two	Stage three	
Provision for bad debts	12-month expected credit losses	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment occurred)	Total
Ending balance	802,344.72	9,475,267.75	57,450,757.19	67,728,369.66

Changes of other receivables

	Stage one	Stage two	Stage three	
Provision for bad debts	12-month expected credit losses	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment occurred)	Total
Beginning balance	232,528,777.63	23,655,926.30	56,211,649.52	312,396,353.45
Beginning balance in current period				
--Transfer to Stage two				
--Transfer to Stage three		-1,369,740.15	1,369,740.15	
--Reversal to Stage two				
--Reversal to Stage one	14,813.42	-14,813.42		
Current period increase	149,569,647.91	6,006,395.62	5.00	155,576,048.53
Current period derecognition	163,877,950.90	7,856,351.54	130,535.89	171,864,838.33
Other change				
Ending balance	218,235,288.06	20,421,416.81	57,450,858.78	296,107,563.65

(4) Provision for bad debts accrued, reversed or recovered in the current period.

(5) There is no other accounts receivable actually written off in the current period.

(6) Other receivables disclosed by nature

Nature	20201231	20191231
Receivable and payable	288,295,814.93	304,483,575.55
Other	7,811,748.72	7,912,777.90

Total	296,107,563.65	312,396,353.45
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(7) 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	23,677,915.37	Within 1 year: 18,348,177.57 Remaining: 1-2 years	8.00	449,968.67
The Second	Receivable and payable	5,492,200.00	Within 1 year	1.85	54,922.00
The Third	Receivable and payable	2,446,897.43	Within 1 year to 3 years	0.83	2,202,207.69
The Fourth	Receivable and payable	2,261,360.00	Over 3 years	0.76	2,261,360.00
The Fifth	Receivable and payable	2,123,692.31	2-3 years	0.72	424,738.46
Total		36,002,065.11		12.16	5,393,196.82

(8) No other receivables involving government subsidies in the current period.

(9) There are no other receivables derecognized due to the transfer of financial assets in the current period.

(10) No assets and liabilities formed by continued involvement due to the transfer of other receivables in the current period.

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		

Name of entity	Beginning balance	Increase	Decrease	Ending balance	Impairment of current period	Ending balance of impairment
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

Operating income and operating cost

Items	2020		2019	
	Revenue	Cost	Revenue	Cost
Principal business	44,436,384,616.09	42,659,983,317.54	45,495,328,832.91	43,241,111,129.03
Other business	4,374,721,858.64	4,082,717,104.16	7,109,784,374.11	6,493,078,331.57
Total	48,811,106,474.73	46,742,700,421.70	52,605,113,207.02	49,734,189,460.60

Breakdown of operating income

Items	Principal Business	Other Business
Classified by business area	44,436,384,616.09	4,374,721,858.64
Including: Domestic	40,653,042,300.78	4,374,721,858.64
Abroad	3,783,342,315.31	
Classified by the time of commodity transfer	44,436,384,616.09	4,374,721,858.64

Items	Principal Business	Other Business
Including: recognize at a certain point in time	44,436,384,616.09	4,374,131,134.83
recognize over a certain period of time		590,723.81
合计	44,436,384,616.09	4,374,721,858.64

7. Income on investment

Items	2020	2019
Income from long-term equity investment (cost method)		27,594,915.42
Dividend income obtained during the holding period of other equity instrument investments	77,242.47	
Total	77,242.47	27,594,915.42

15. Supplementary information

(1) Details of non-recurring profit and loss

Items	Amount	Notes
Profit or loss from disposal of non-current assets	-92,695,525.95	
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)	81,193,591.56	
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		
Provision for asset impairment due to unavoidable factors such as natural disasters		
Profit or loss from debt restructuring	32,800.02	
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 assets, trading financial liabilities, derivative financial liabilities and other debt investments	13,500,000.00	

Items	Amount	Notes
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	1,592,660.62	
Other non-recurring profit and loss		
Subtotal	3,623,526.25	
Impact of income tax	-786,094.20	
Impact of minority interests	-54,476.26	
Total	2,782,955.79	

(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	1.90	0.099	0.099
Net profit attributable to ordinary shareholders after deducting non-recurring profit and loss	1.88	0.098	0.098

(3) Differences between Domestic and Foreign Accounting Standards**(1) The differences in net profit and net assets in financial reports disclosed under International Financial Reporting Standards and Chinese accounting standards**

applicable not applicable

(2) The difference between net profit and net assets in financial reports disclosed under overseas accounting standards and Chinese accounting standards

applicable not applicable

(3) Explanation of the reasons for differences in accounting data under domestic and foreign accounting standards. If the data that has been audited by an overseas audit institution is adjusted for differences, the name of the overseas institution should be indicated.

(4) Others

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.