

Bengang Steel Plates Co., Ltd.

Annual Report 2022

【Disclosure Time】

2022 Annual Report

SECTION 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 omissions in this report, and individually and collectively accept full responsibility for the authenticity, accuracy and integrity of the information contained in this report.

Li Yan, the person in charge of the Company, Zheng Zhengli, the person in charge of accounting work, and Sun Yanbin, the person in charge of the accounting department (accounting officer in charge), have pledged 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 risks and countermeasures in detail in this report, please refer to Section III. XI "Risks to the Company and countermeasures". *China Securities Journal*, *Securities Times*, the website of Shenzhen Stock Exchange and Cninfo Website are the media selected by the Company for information disclosure. All information of the Company shall be based on the information published in the above designated media, and investors are advised to pay attention to the investment risks.

The Company plans not to pay cash dividends, not to send bonus shares, and not to increase its share capital by transferring its public reserves.

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Reference File Directory

1. Financial statements containing the signatures and seals of the person in charge of the Company, the person in charge of accounting work and the person in charge of the accounting institution;
2. The original audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant.
3. The original copies of all Company documents and announcements that have been publicly disclosed during the reporting period;
4. Annual reports published in other securities markets.

Definition

Interpretation items	Refers to	Interpretation content
Bengang Steel Plates, Company, the Company, listed company	Refers to	Bengang Steel Plates Co., Ltd.
Ansteel	Refers to	Ansteel Group Co., Ltd.
Bengang Group	Refers to	Bengang Group Co., Ltd.
Benxi Iron & Steel, Bengang Company	Refers to	Benxi Iron & Steel (Group) Co., Ltd.
SSE	Refers to	Shenzhen Stock Exchange
Liaoning Provincial State-asset Administration	Refers to	Liaoning State-owned Asset Supervisory and Management Committee
Bengang Puxiang	Refers to	Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.
Ansteel Finance Company	Refers to	Ansteel Group Finance Co., Ltd.
Angang	Refers to	Angang Steel Company Limited
Vanadium & Titanium Company	Refers to	Pangang Group Vanadium & Titanium Resources Co., Ltd.

SECTION II. COMPANY PROFILE AND MAIN FINANCIAL INDEX

I. Company information

Stock abbreviation	Bengang Steel Plates, Bengang Steel Plates plate 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	Li Yan		
Registration address	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province		
Postal code of registration address	117000		
Changes in the Company's registered address history	None		
Office address	No.1-1, Steel Road, Pingshan District, Benxi City, Liaoning Province		
Postal code of office address	117000		
Company website	None		
E-mail	zhengzhengli76@126.com		

II. Contact person and contact information

	Secretary of Board of Directors	Representative of Securities Affairs
Name	Zheng Zhengli	
Contact address	No.1-1, Steel Road, Pingshan District, Benxi City, Liaoning Province	
Telephone	024-47827003	
Fax	024-47827004	
E-mail	zhengzhengli76@126.com	

III. Information disclosure and place for consulting

Website of the stock exchange where the Company discloses the annual report	http://www.SSE.cn
Name and website of the media in which the Company discloses the annual report	<i>China Securities Journal, Securities Times</i> , http://www.cninfo.com.cn
Place for inquiry of the annual report	Secretary Office of the Board, Bengang Steel Plates Co., Ltd.

IV. Change of business registration

Uniform social credit code	91210000242690243E
Changes of principal business activities since listing (if any)	No change

Historical changes in controlling shareholders (if any)	On August 20 th , 2021, Liaoning State-owned Asset Supervisory and Management Committee, the former actual controller of the Company, and Ansteel Group Co., Ltd. signed the <i>Agreement between Liaoning State-owned Asset Supervisory and Management Committee and Ansteel Group Co., Ltd. on the Free Transfer of Bengang Group Co., Ltd. State-owned Equity</i> , in which Liaoning Provincial State-asset Administration transferred 51% of its equity interest in Bengang Group Co., Ltd. to Ansteel without compensation. On October 12 th , 2021, the change of business was completed and Ansteel Group Co., Ltd. became the indirect controlling shareholder of the Company. The direct controlling shareholder of the Company remains unchanged as Benxi Iron & Steel (Group) Co., Ltd.
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V. Other relevant information

Accounting firm engaged by the Company

Name of the accountants' firm	ShineWing Certified Public Accountants LLP
Address of the accountants' firm	8/F, Block A, Fu Hua Mansion, No.8, Chaoyangmen Beidajie, Dongcheng District, Beijing, 100027, P.R. China
Name of signatory accountants	Fan Jianping, Chen Jian

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, Jing'an District, Shanghai	Yuan Yechen, 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 is required to retroactively adjust or restate prior years' accounting data

Yes No

	FY2022	FY2021	Increase or decrease compared with the previous year	FY2020
Operating income (RMB)	62,616,621,627.60	77,912,144,981.46	-19.63%	48,684,792,685.58
Net profit attributable to shareholders of the listed company (RMB)	-1,232,976,557.37	2,500,582,902.58	-149.31%	384,252,740.78
Net profit after non-recurring gain or loss attributable to shareholders of the listed company (RMB)	-1,416,415,028.51	2,517,758,656.14	-156.26%	381,469,784.99
Net cash flow from operating activities (RMB)	1,276,362,965.56	413,473,454.04	208.69%	-2,039,000,213.29
Basic earnings per	-0.300	0.600	-150.00%	0.1000

	FY2022	FY2021	Increase or decrease compared with the previous year	FY2020
share (RMB/share)				
Diluted earnings per share (RMB/share)	-0.300	0.496	-160.48%	0.1000
Weighted average return on net assets	-5.68%	11.88%	-17.56%	1.90%
	End of FY2022	End of FY2021	Increase or decrease compared with the end of the previous year	End of FY2020
Total assets (RMB)	44,114,652,440.64	55,147,123,275.30	-20.01%	65,007,470,749.20
Net assets attributable to shareholders of listed companies (RMB)	18,789,151,216.62	22,500,969,014.30	-16.50%	21,018,296,389.10

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

Yes No

VII. Differences in accounting data under domestic and foreign accounting standards

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

Applicable Not applicable

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

2. Differences in net profit and net assets between financial reports disclosed simultaneously in accordance with foreign accounting standards and in accordance with Chinese accounting standards

Applicable Not applicable

There are no differences between the net profit and net assets of the Company in the financial reports disclosed in accordance with foreign accounting standards and in accordance with Chinese accounting standards in the reporting period.

VIII. Main financial index by quarter

Unit: RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	16,621,491,876.35	18,393,685,428.63	12,824,043,663.20	14,777,400,659.42
Net profit attributable to shareholders of the listed company	433,939,380.46	127,795,996.95	-819,660,438.85	-975,051,495.93
Net profit after non-recurring gain or loss attributable to shareholders of the listed company	423,326,955.85	98,892,471.08	-850,929,263.53	-1,087,705,191.91
Net cash flow from operating activities	289,055,672.76	-61,603,830.55	1,632,616,396.48	-583,705,273.13

Whether the above financial indicators or the sum of such indicators are significantly different from the relevant financial

indicators in the disclosed quarterly and semi-annual reports of the Company

Yes No

IX. Non-recurring gain or loss items and amounts

Applicable Not applicable

Unit: RMB

Item	FY2022 amount	FY2021 amount	FY2020 amount	Description
Gain or loss on disposal of non-current assets (including the offsetting portion of the provision for asset impairment)	3,648,546.62	-60,100,706.71	-92,695,525.95	
Government subsidies included in current profit or loss (except government subsidies that are closely related to the Company's normal business operations, in accordance with national policies and continuously enjoyed in accordance with certain standards and in fixed or quantitative amounts)	72,300,830.48	66,345,976.64	81,193,591.56	
Gains or losses from entrusting others to invest or manage assets	2,879,850.07	2,436,869.33	0.00	
Gains and losses from debt restructuring	1,274,270.98		32,800.02	
Gains or losses from changes in fair value of financial assets and liabilities held for trading, and investment income from the disposal of financial assets and liabilities for trading and available-for-sale financial assets, except for effective hedging activities related to the Company's normal business operations		-37,205,991.34	13,500,000.00	
Non-operating income and expenses other than the items mentioned above	13,507,766.62	5,176,371.41	1,592,660.62	
Other profit or loss items that meet the definition of non-recurring gain or loss	92,174,927.78			
Less: Income tax effect	1,956,581.46	-5,969,319.73	786,094.20	
Effect of minority interests (after tax)	391,139.95	-202,407.38	54,476.26	
Total	183,438,471.14	-17,175,753.56	2,782,955.79	--

Details of other profit and loss items that meet the definition of non-recurring profit or loss:

Applicable Not applicable

- Description of "other profit and loss items that meet the definition of non-recurring profit or loss" and items that are defined as non-recurring profit or loss according to the nature and characteristics of the Company's normal business operations

Item	Amount	Reason
Other profit and loss items that meet the definition of non-recurring profit or loss	4,154,883.39	Gain arising from remeasurement of the remaining equity interest at fair value after losing control over Shenyang Baojin
Other profit and loss items that meet the definition of non-recurring profit or loss	88,020,044.39	Investment income from the disposal of long-term equity investment in Liaoyang Qiutuan

Explanation of the definition of non-recurring items of profit or loss listed in the *Explanatory Announcement No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss* as recurring items of profit or loss

Applicable Not applicable

The Company does not have any non-recurring items of profit or loss listed in *Explanatory Announcement No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss* that are defined as items of recurring profit or loss.

SECTION III. MANAGEMENT DISCUSSION AND ANALYSIS

I. Industry situation of the company during the reporting period

The Company belongs to the steel industry, which is an important basic industry of China's national economy, an important support for building a modern and powerful country, and an important area for achieving green and low-carbon development.

In 2022, the steel industry operating environment is more challenging, downstream demand is less than expected, energy prices are firm, steel prices have fallen, the industry's economic benefits have declined, the global steel market is in the doldrums, and the benefits of steel companies have fallen year on year. First, steel production fell year-on-year and consumption intensity weakened. According to the National Bureau of Statistics, the national pig iron and crude steel production in 2022 was 863.83 million tons and 10,133 billion tons, decreasing by 0.8% and 2.1% year-on-year, respectively. Second, steel import and export volume rose and fell, according to the General Administration of Customs data, the country's cumulative exports of steel were 67.32 million tons, an increase of 0.9% year-on-year. Cumulative steel imports of 10.57 million tons, a decrease of 25.9%. Third, steel prices rose slightly at the end of the year, according to the China Iron and Steel Industry Association monitoring, the China Steel Composite Price Index was 113.25 points at the end of December, up 4.32 points, or 4.0%. Fourth, fuel costs rose significantly, and the cumulative import of ore remained falling. According to data from the General Administration of Customs, the national import of iron ore and its concentrates amounted to 1.10686 billion tons, a decrease of 1.5% year-on-year.

2023 is the beginning of the year to fully implement the spirit of the 20th Party Congress, which is also the implementation of the "14th Five-Year Plan" to carry on the important year, China's economy in the expansion of domestic demand stabilization policy will gradually return to the normal growth track. At the same time, at a time when uncertainty was the norm, large fluctuations in steel prices and dynamic changes in the market environment and production conditions have significantly increased the complexity of business decisions, putting higher requirements on the Company's operational planning and decision-making capabilities. With the domestic optimization of the epidemic prevention and control policy, the domestic market is expected to improve, steel prices continue to rise, and the domestic market for steel is expected to improve. At the same time, due to the rise in domestic steel prices and the sharp appreciation of the RMB, China's export offers is higher, the price advantage has declined, and short-term steel exports will be under pressure. In addition, China's steel industry is still facing the "double" constraints of promoting capacity reduction and replacement, as well as low-carbon development and increased energy efficiency. The country has put forth the goal of striving to achieve a carbon peak by 2030 and carbon neutrality by 2060, which has put forward new requirements for the development of the steel industry and stimulated new momentum for the high-quality development of the steel industry.

II. Main business of the Company during the reporting period

1. Main business, main products and their uses

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 state-of-the-art 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.

2. Business model

Procurement mode: The Company's procurement mode includes domestic procurement and foreign procurement. Domestic material procurement is carried out through centralized procurement, unified bidding, price comparison and negotiation. The procurement of foreign materials is carried out through the modes of long-association procurement, direct procurement, open and invited bidding, inquiry and comparison, competitive negotiation and negotiation procurement, which are mainly represented by Benxi Iron & Steel (Group) International Economic and Trading Co., Ltd.

Sales model: The Company's sales are divided into domestic sales and foreign sales, domestic sales are mainly based on agreement account sales, sales channels are based on direct supply, circulation and engineering, organizing contract orders in advance by month, and organizing required production according to contract orders. According to different regions, different channels, different industry characteristics, the implementation of futures mode, one plant and one policy, index pricing and other price policy sales method; export sales mainly use the Benxi Iron & Steel (Group) International Economic and Trading Co., Ltd. over the years in the international trade accumulated strong marketing network, the Company's products exported by its agent, and pay Benxi Iron & Steel (Group) International Economic and Trading Co., Ltd. agency fees.

3. Main performance drivers

The Company has seized a favorable opportunity during Anben's restructuring, carried out the three-year action of state-owned enterprise reform and three systematic reforms, closely focused on Ansteel's "7531" strategic goal and Bengang Group's "1357" working guidelines, experienced the transformation of deepening reform, the refinement of market decline and the challenge of epidemic prevention and control, continuously deepened the potential and improved against the standard, and gathered the powerful energy of all cadres and workers to "lead the new Ansteel, support the new Ansteel", and fully promoted the implementation of "1+2+3" important work. Establish a management and control model based on comprehensive budget and planned value management, centered on efficiency, with sales as the leader, finance as the core, benchmarking as the grasp, and the consistent management of the automobile board as the leader, closely linking "sales, research and production", vigorously promoting the consistent management of the whole process quality, firmly establishing the sense of responsibility of "seeking benefits from reform and promoting revitalization by reform", adhere to the innovation drive, create a "source" of original technology, adhere to the strategy of "talent development", enhance the precise incentive role of job performance assessment, accelerate the pace of innovation and development to build "a highly competitive international high-quality plate base led by automotive plates", and achieve hard-won production and management and enterprise reform performance.

During the reporting period, there was no change in the Company's main business or business model.

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. Focusing on economic benefits, the Company firmly grasps market opportunities, implements the production and management idea of "the upper process follows the lower process and the whole process follows the market", adheres to the innovation-driven and "manufacturing + service" strategies, seizes market opportunities, efficiently cooperates with production lines and the market, continuously optimizes the product structure, and continuously improves the Company's profitability. Deepen the benchmarking and digging potential, increase cost control, absorb the impact of upstream price increases, and continuously improve management efficiency.

2. Equipment transformation and upgrading. In 2022, the Company issued a fixed asset investment plan of RMB 1.82 billion. Implemented the upgrading and transformation of electric furnace of special steel, transformation of special steel rolling mill, environmental protection transformation of storage one coal yard, environmental protection transformation of storage two coal yard, acid production from desulfurization waste liquid in the main plant of plate ironmaking, upgrading and transformation of dry quenching boiler No.1 of coke two in the main plant of plate ironmaking, ultra-low emission transformation of 360 m²sintering flue gas desulfurization and denitrification, ultra-low emission transformation of 2x265 m² sintering flue gas desulfurization and denitrification, ultra-low emission transformation of 566 m²sintering flue gas desulfurization and denitrification, etc. and key projects represent a new round of large-scale technical transformation and ultra-low emission transformation. At present, the special steel electric furnace upgrade project has put into operation an electric furnace and supporting refining equipment and continuous casting equipment.

3. New product development capabilities. The annual plan is to develop 38 new products, the actual completion of 41, including 14 grades of cold-rolled products, 19 grades of hot-rolled products and 8 grades of special steel products. Successfully developed hot-dip galvanized duplex steel CR330Y590T-DH to fill the gap in the research field of galvanized DH steel. Cultivated "wide hot-rolled high-strength steel series products", the first domestic unique extreme width (2000mm) thin specification high-strength tank steel 550GT-TH, exclusive supply in the regional market.

4. Technological innovation ability. In terms of scientific and technological cooperation, the Company has signed 9 external contracts with the University of Science and Technology Beijing, the Chinese Society for Metals, the Institute of Metallurgical Industry Information Standards, the Institute of Metallurgical Industry Planning and Research, etc. The Company has also carried out 10 cooperative projects with Dalian University of Technology, Northeastern University and Liaoning University of Science and Technology, which are members of the "Liaoning Iron and Steel Industry University-Research Innovation Alliance". In terms of intellectual property rights, it participated in 4 national standards, hosted 2 group standards and participated in 1 group standard. The number of accepted patents in the year was 283, and the number of authorized patents was 136, among which 31 were authorized invention patents. In terms of scientific and technological achievements, "2000MPa Hot Press Forming Steel" won the "First Prize of Technical Innovation in Automotive Lightweighting Application of China Society of Automotive Engineering", "Research and Development of Low-Cost High Strength Corrosion Resistant Steel Series for Land Transportation Containers" won the "Second Prize of Science and Technology of China Society of Corrosion and Protection", "Development of High-Quality Economic Nb Microalloyed Automotive Galvanized Duplex Steel Series" won the "Second Prize of Technical Progress Award of CITIC Niobium Steel", and "Research on Stability Improvement of Roll Bearing Block in Hot Rolling Mill" won the "First Line Worker Award of Ansteel Iron and Steel Science and Technology Award".

5. Green development capability. According to the national and Liaoning Province on the steel industry and local ultra-low emission policy requirements, the Company is brave to assume social responsibility, relying on professional planning and research institutions, the preparation of environmental protection to enhance the planning and annual implementation plan, 2023 planning and sorting out a total of more than 20 ultra-low emission projects, have all been included in the investment plan, has launched the construction or preliminary work, through the transformation of the yard, flue gas emission treatment, desulfurization and denitrification of ultra-low emission transformation and other comprehensive excellent improvements, and

strive to achieve ultra-low emission by the end of 2023, the Company will become a harmonious development with the city of "ecological steel plant".

6. Intelligent manufacturing capabilities. The Company strongly promotes the construction of information technology, intelligence and other intelligent manufacturing-related projects, and has carried out intelligent transformation in 2022, such as the integration of information system construction, the overall improvement of steel industry management and information support, the centralized control of plate energy, blast furnace intelligent management system, steel industry daily cost management system, and the improvement of production and manufacturing management system. Keep pace with the development of enterprises in the era of big data to achieve high-quality development.

IV. Management discussion and analysis

1. General

In 2022, the annual production of pig iron was 10.003 million tons, an increase of 165,300 tons; crude steel production was 10.552 million tons, an increase of 114,000 tons; hot-rolled plate production was 13.2874 million tons, an increase of 70,500 tons; cold-rolled plate production was 5.948 million tons, and special steel production was 443,400 tons. Reviewing the work of the whole year, it is mainly reflected in the following aspects:

(1) Production-oriented to operation-oriented transformation, the Company's operation quality continues to improve

The management and control model based on comprehensive budget and planned value management, centered on efficiency, sales as the leader, finance as the core, benchmarking as the grip, and the consistent management of the automobile board as the leader has been established, and the management consciousness of all staff has been enhanced significantly. The Company intensified its market development efforts and set up 12 technical service teams for priority customers to provide personalized services. Closely linking "sales, research and production", the annual output of automobile plates reached a record high. Strengthen financial control, improve the efficiency of capital operation in all aspects, and significantly reduce the balance of "two funds" compared with the beginning of the year. Vigorously promote the consistent management of the whole process quality, and the "quality storm" is effective. Build a star production line, equipment operation efficiency continued to improve, and each unit set new capacity records many times.

(2) Continuing to promote marketization and deepening reform of enterprises

The Company firmly establishes the sense of responsibility of "seeking benefits from reform and promoting revitalization by reform", and actively and steadily promotes the three-year action of reforming state-owned enterprises in a thorough and practical manner. The Company has implemented the "recruitment competition with indicators and contract" and 100% coverage of "two systems and one contract" and "double contract" management. Comprehensively implement the full post-performance assessment, and continuously enhance the precise incentive role of post-performance assessment. Highlighting the typical lead the way, "authorization + the same benefit" market-oriented reform to activate the micro subject motivation, selected grass-roots operation area as a pilot unit combined with their own characteristics to develop a personalized reform program, the indicators have repeatedly achieved good results, regional workers fully enjoyed the reform dividend, income level has increased significantly. In accordance with the Korean Puxiang model, the Company will promote the standardized operation of Bengang Puxiang, create a "special zone" and a "model" for reform and development, and lead Bengang Steel Plates to be on par with world-class enterprises.

(3) Consolidation of standardized operation and significant enhancement of corporate governance

Risk management-oriented, improving the internal control system, deeply analyzing the risk points of each process, dynamic evaluation, and real-time control. Establish a list management model, realize the list of authority and responsibility boundaries, institutionalize procedural norms, and streamline the decision-making operation. The Company builds a full-cycle authorization and evaluation system from three aspects, including corporate governance, standardization of exercise of authority, the effectiveness of exercise of authority, and implements dynamic management to ensure that the authority is "released, accepted, and stable". The Company will further strengthen investor relations, improve capital market operations, and pay cash dividends of RMB 2.465 billion to all shareholders in 2022 to effectively reward investors.

(4) Optimize system management system and improve management efficiency and effectiveness

Taking the promotion of consistent management as a guide, the Company has developed "system" thinking, continued to improve the construction of the system, optimized the process control points item by item, built a closed-loop control network, and continuously improved management efficiency and effectiveness. Insist on "safety first", promote "safety storm" special action, investigate and correct hidden dangers, and achieve full coverage of safety training. Build up the concept of green development and build the beautiful home of Bengang Steel Plates together. The Company completed 10 ultra-low emission projects according to the planned nodes throughout the year; the synchronous operation rate of environmental protection facilities and production facilities was 100%, and the environment of the plant was significantly improved.

(5) Adhere to the innovation-driven, to create the original technology "Source"

Implemented 9 collaborative projects in Anben Science and Technology, 9 innovative cooperation projects in Liaoning Steel Association's Industry-University-Research Alliance, and 203 scientific research projects. Vigorously promote the digitalization construction, introduce the integrated operation mode of cross-regional multi-bases in the main steel industry and the "manufacturing + service" system of multi-bases synergy, and realize business innovation and process reengineering. The "one-touch steelmaking" in the steel mill was recognized by the industry; the iron front centralized control, the energy centralized control and the intelligent manufacturing project with the three cold rolling mills as the pilot were all implemented as planned, laying a solid foundation for the sustainable development of the Company.

(6) Strengthen the leadership of Party building, the work of the group organizations is full of highlights

The main line of learning and propaganda to implement the spirit of the 20th CPC National Congress, through a variety of ways to grasp the political theory and professional business learning of party members and cadres, so that learning becomes a source of strength to gather strength and overcome difficulties, and a fundamental guarantee to serve the masses and promote work. The Company has promoted the standardized construction of party organizations, selected and strengthened the cadres of the party group system, and promoted the comprehensive improvement, standardization and hardening of the grassroots party construction work. Adhering to the strategy of "talent development", the Company has established a talent pool and made efforts to build Bengang Steel Plates' own expert team. To carry out labor competitions and various special activities for youth to build up their work, all workers overcome difficulties together, establish a new image of young people of Bengang Steel Plates, and cultivate the main force for the future development of the enterprise.

(7) Deeply rooted in people-oriented, to create a beautiful home for plate workers

The Company strongly promotes the construction of people's livelihood projects, takes the workers' affairs as the top priority and implements them into action, making every effort to create a "family culture" across the board. The establishment of the "voice of workers" direct line and the regular promotion of "doing practical things for the masses" has greatly enhanced the sense of belonging and happiness of the masses of workers. To build a "AAA" level scenic garden factory as a basis, and strive to improve the plant environment.

2. Income and cost

(1) Breakdown of operating income

Unit: RMB

	FY2022		FY2021		Change over last year
	Amount	Proportion	Amount	Proportion	
Total operating income	62,616,621,627.60	100%	77,912,144,981.46	100%	-19.63%
By Industries					
Industry	62,616,621,627.60	100.00%	77,912,144,981.46	100.00%	-19.63%
By products					
Steel plate	59,395,642,984.38	94.86%	69,992,675,798.60	89.84%	-15.14%
Others	3,220,978,643.22	5.14%	7,919,469,182.86	10.16%	-59.33%
By regions					
Northeast	23,156,472,367.43	36.98%	31,503,298,043.72	40.43%	-26.50%
North China	2,727,436,320.34	4.36%	3,199,355,088.45	4.11%	-14.75%
East China	28,747,114,756.97	45.91%	33,516,981,788.40	43.02%	-14.23%
Northwest	49,874,139.13	0.08%	68,888,026.23	0.09%	-27.60%
Southwest	0.00	0.00%	135,459,678.97	0.17%	-100.00%
Central south	2,903,291,017.72	4.64%	3,152,641,431.89	4.05%	-7.91%
Export	5,032,433,026.01	8.04%	6,335,520,923.80	8.13%	-20.57%
By sales model					
Sales in domestic market	57,584,188,601.59	91.96%	71,576,624,057.66	91.87%	-19.55%
Sales in export market	5,032,433,026.01	8.04%	6,335,520,923.80	8.13%	-20.57%

(2) Industry, product and regions accounting for the Company's operating income or profit over 10%

Applicable Not applicable

Unit: RMB

	Operating income	Operating costs	Gross margin	Operating income change over last year	Operating costs change over last year	Gross margin changes over last year
By industries						
Industry	62,616,621,627.60	62,259,334,854.72	0.57%	-19.63%	-13.40%	-7.80%
By products						
Steel plate	59,395,642,984.38	59,110,682,153.73	0.48%	-15.14%	-8.74%	-7.58%
Others	3,220,978,643.22	3,148,652,700.99	2.25%	-59.33%	-55.78%	-8.91%
By regions						
Northeast	23,156,472,367.43	23,031,001,219.05	0.54%	-26.50%	-20.41%	-8.33%
North China	2,727,436,320.34	2,712,587,336.95	0.54%	-14.75%	-7.49%	-8.56%
East China	28,747,114,756.97	28,591,540,849.21	0.54%	-14.23%	-8.00%	-7.30%
Northwest	49,874,139.13	49,638,921.44	0.47%	-27.60%	-22.38%	-7.25%
Southwest	0.00	0.00	0.00%	-100.00%	-100.00%	-7.35%
Central south	2,903,291,017.72	2,881,938,977.49	0.74%	-7.91%	-0.07%	-8.57%
Export	5,032,433,026.01	4,992,627,550.58	0.79%	-20.57%	-14.96%	-7.11%
By sales model						
Sales in domestic market	57,584,188,601.59	57,266,707,304.14	0.55%	-19.55%	-13.26%	-7.86%
Sales in export	5,032,433,026.01	4,992,627,550.58	0.79%	-20.57%	-14.96%	-7.11%

	Operating income	Operating costs	Gross margin	Operating income change over last year	Operating costs change over last year	Gross margin changes over last year
market						

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	FY2022	FY2021	Change over last year
Steel rolling processing industry	Sales	ton	14,022,304.90	13,883,661.11	1.00%
	Production	ton	13,892,713.60	13,996,055.15	-0.74%
	Inventory	ton	472,324.93	601,916.23	-21.53%

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

Applicable Not applicable

(4) Performance of significant sales and purchase contracts signed up in this reporting period

Applicable Not applicable

(5) Breakdown of operating cost

Industry classification

Industry classification

Unit: RMB

Industry classification	Item	FY2022		FY2021		Change over last year
		Amount	Proportion	Amount	Proportion	
Steel rolling processing industry	Raw material	32,656,346,258.98	52.45%	37,341,970,406.79	51.94%	0.51%
Steel rolling processing industry	Supplementary materials	2,471,539,945.40	3.97%	2,839,512,165.81	3.95%	0.02%
Steel rolling processing industry	Spare parts and tools	664,918,489.57	1.07%	785,960,965.25	1.09%	-0.02%
Steel rolling processing industry	Fuel	19,516,799,781.80	31.35%	22,184,848,601.81	30.86%	0.49%
Steel rolling processing industry	Energy	2,654,880,861.12	4.26%	3,182,838,986.67	4.43%	-0.17%
Steel rolling processing industry	Salary and benefits	1,890,550,009.31	3.04%	2,582,531,198.03	3.59%	-0.55%
Steel rolling processing industry	Depreciation	1,941,797,897.36	3.12%	2,333,028,229.90	3.25%	-0.13%
Steel rolling processing industry	Others	462,501,611.18	0.74%	640,907,782.70	0.89%	-0.15%
Steel rolling processing industry	Total	62,259,334,854.72	100.00%	71,891,598,336.96	100.00%	0.00%

Instruction:

None

(6) Whether changes occurred in consolidation scope in the reporting period

Yes No

Chongqing Liaoben Steel Trading Co., Ltd., Harbin Nanjing Bengang Economic Trading Co., Ltd., Nanjing Bengang Material Sales Co., Ltd. and Wuxi Bengang Steel Sales Co., Ltd. were cancelled during the reporting period.

Benxi Steel Baojin (Shenyang) Automobile New Material Technology Co., Ltd. lost control due to the capital increase of Xiamen Xianghong Investment Co., Ltd. on July 8th, 2022 and was no longer included in the scope of consolidation.

Bengang Steel Plate Liaoyang Qiutuan Co., Ltd. was sold to Benxi Iron & Steel (Group) Mining Co., Ltd. on September 30th, 2022.

(7) Relevant information on significant changes or adjustments of the business, product or service in the reporting period

Applicable Not applicable

(8) Information of main customers and main suppliers

Information about the Company's main customers

Total sales amount of the top five customers (RMB)	12,044,601,335.68
Total sales amount of the top five customers accounted for the proportion of total annual sales	19.24%
The proportion of the total sales of the related parties in the top five customers	0.00%

Information on the top 5 customers

No.	Name	Amount (RMB)	Proportion
1	SINO-ORDINS (SHANGHAI) Co., Ltd.	4,733,513,419.58	7.56%
2	Ningbo AUX Trade Co., Ltd.	2,291,124,107.81	3.66%
3	Xiamen Jian Fa Metal Co., Ltd.	1,924,217,733.92	3.07%
4	Shanghai Xiangyu Musheng Trading Co., Ltd.	1,554,697,112.29	2.48%
5	Shanghai Ouyeel Supply Chain Co., Ltd.	1,541,048,962.08	2.46%
Total	--	12,044,601,335.68	19.24%

Other information about principal customers

Applicable Not applicable

Information on the Company's main suppliers

Total purchase amount of the top five suppliers (RMB)	26,231,620,231.03
Total purchase amount of the top five suppliers accounted for the proportion of total purchase	42.13%
The proportion of the total purchase of the related parties in the top five suppliers	31.85%

Information on the top 5 suppliers

No.	Name	Amount (RMB)	Proportion
1	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	14,514,254,816.98	23.31%
2	Benxi Steel & Iron (Group) Mining Co., Ltd.	5,318,150,084.18	8.54%
3	Heilongjiang Dragon Coal Group Co., Ltd.	3,407,948,503.54	5.47%
4	Liaoning Electric Power Co., Ltd. Benxi Electric Power Supply Company	2,048,164,867.34	3.29%
5	Jiaozuo Guolong Logistics Co., Ltd.	943,101,958.99	1.51%
Total	--	26,231,620,231.03	42.13%

Other information about principal suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

	FY2022	FY2021	Change over last year	Notes to significant change
Selling and distribution expenses	128,489,696.80	141,394,565.57	-9.13%	
General and administrative expenses	663,080,654.45	1,187,239,442.10	-44.15%	Affected by decreases in salaries, repair costs, and labor costs
Financial expenses	523,070,165.35	536,593,635.06	-2.52%	
Research and development expenses	58,088,008.14	56,401,594.44	2.99%	

4. Research and development input

Applicable Not applicable

Main R&D project name	Project purpose	Project progress	Intended goal	Expected impact on the future development of the Company
Key technology research on smelting of special quality bearing steel	Through process technology research, realize the industrialized production of special quality bearing steel to provide support for high-speed trains, automobiles, wind power and other high-end equipment fields, and meet the raw material needs of domestic and international high-end bearing manufacturing enterprises.	Oxygen, titanium, calcium and inclusions control process research is underway, and production process trials are being conducted.	Achieve stable control of chemical composition, inclusions, low-frequency organization, and rolling contact fatigue life of bearing steel greater than 107 cycles.	It helps Bengang to enter the high-end bearing steel market, improve the economic efficiency of the enterprise, and can lead the overall special steel process technology progress, laying the foundation for building a high-quality special steel production base.
Long life technology study of blast furnace No.5	Through blast furnace breakage investigation, furnace design analysis, resistant material performance analysis, binder simulation experiment and mechanism analysis, blast furnace operation analysis, and blast furnace rapid repair technology analysis, we analyze the causes of furnace cylinder breakage and take effective measures to improve the cylinder life.	Completed breakage investigation, refractory erosion mechanism research, formed <i>Blast Furnace Lining Erosion Characteristics Analysis</i> and <i>Blast Furnace Cylinder Binder Physical Phase and Performance Analysis</i> two analysis reports, completed the mid-term node.	Clarify the mechanism of furnace cylinder breakage, improve the blast furnace life by 1 year on the basis of design, and reach 3.5 years of castable material life.	The exploration of the safe life cycle of castables is of great significance to Bengang, and the successful development of new furnace cylinder technology can fundamentally solve the problem of the short life of large blast furnaces.
High-grade cold-rolled automotive outer plate surface quality improvement	Improve the surface quality of high-grade cold-rolled automotive outer plates to meet user needs and reduce manufacturing costs.	Through improving the cleanliness of the strip, optimizing the acid rolling speed and changing the rolling mode of the flattening machine from constant elongation to constant	Batch production qualification rate of 72% or more.	Expand the market order quantity of cold-rolled automobile outer plates, improve the visibility of cold-rolled automobile outer plate products, enhance market

Main R&D project name	Project purpose	Project progress	Intended goal	Expected impact on the future development of the Company
		rolling force mode, optimizing the final rolling temperature of the hot rolling and the pressing rate of the cold rolling, the focus is on solving the longitudinal stamping stripe and wide plate scooping defects of the high-grade outer plate.		competitiveness, and create considerable economic benefits.
Research and development of steel for wide high strength tank series	At present, processing enterprises mainly purchase 1500mm-based high-strength tank steel, materials, equipment production efficiency is low, the efficiency of personnel is low, while because of more welding seams led to an increase in man-hours, aesthetics and other defects. The market is in urgent need of extra-wide specification tank steel (width $\geq 1800\text{mm}$), which can effectively improve the utilization rate of materials, equipment, personnel and production efficiency of processing enterprises. Using the advantages of the production line of Bensteel 2300 unit to produce wide specification high strength steel, the development of wide high strength tank body series with steel to meet market demand.	Completed laboratory research, industrial trial production, has achieved batch stable supply.	With efficiency as the focus, according to the light weight demand of steel for commercial vehicle tanks, the Company has developed a wide range of high-strength steel for tank series.	Take advantage of the 2300 unit to produce high strength, thin specification and wide width, expand the market of such products, form unique products, fill the gaps in the industry and improve market competitiveness.
Micro-alloyed series of automotive structural high-strength steel performance stability technology research	Based on the study of microstructure, grain boundary characteristics, precipitation phase characteristics, strengthening mechanism and other mechanisms of micro-alloyed automotive structural high-strength steel, the micro-alloyed series of hot-rolled automotive structural high-strength beam steel, compartment steel and automotive structural steel performance stability is	Based on the metallographic tests, the grain size of the micro-alloyed series of automotive structural high-strength steels was measured using Image-Pro Plus software, and the contribution of precipitation strengthening to yield strength was back-calculated from the actual performance test results, and then the differences of	For the current Ti micro-alloyed 500MPa \sim 750MPa hot-rolled automotive structural beam steel, compartment steel and hot-rolled pickled plate, etc., to achieve the average tensile strength $\pm 50\text{MPa}$ range hit rate from the current 78.71% to 85.00%, the use of increased Ti content, reduce	This project focuses on increasing sales by improving customer satisfaction.

Main R&D project name	Project purpose	Project progress	Intended goal	Expected impact on the future development of the Company
	improved through the control of steel-making composition and precise control of the hot rolling process.	precipitation strengthening with different Ti contents and its contribution to yield strength were analyzed.	the amount of precious alloy.	

Information on research and development personnel by the Company

	FY2022	FY2021	Change over last year
Number of research and development staff	1,601	1,798	-10.96%
Proportion of number of research and development staff	10.83%	9.53%	1.30%
Educational structure of research and development staff			
Bachelor	1,158	1,233	-6.08%
Master's degree	164	162	1.23%
Age composition of research and development staff			
Under the age of 30	82	109	-24.77%
30 to 40 years old	471	586	-19.62%

Information on research and development input by the Company

	FY2022	FY2021	Change over last year
Amount of research and development investment (RMB)	1,923,920,000.00	2,343,822,000.00	-17.92%
Proportion of research and development investment to operating income	3.07%	3.01%	0.06%
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%

Reasons for and effects of significant changes in the composition of the Company's R&D staff

Applicable Not applicable

Reasons for the significant change in total R&D investment as a proportion of operating income compared to the previous year

Applicable Not applicable

Reasons for the significant change in the capitalization rate of R&D investment and its reasonableness

Applicable Not applicable

5. Cash flow

Unit: RMB

Item	FY2022	FY2021	Change over last year
Subtotal of cash inflows from operating activities	51,680,631,749.58	56,328,587,878.30	-8.25%
Subtotal of cash outflows from operating activities	50,404,268,784.02	55,915,114,424.26	-9.86%
Net cash flows from operating activities	1,276,362,965.56	413,473,454.04	208.69%
Subtotal of cash inflows from investing activities	145,128,645.47	11,402,720,358.72	-98.73%
Subtotal of cash outflows from investing activities	1,707,467,068.85	7,504,976,365.56	-77.25%
Net cash flows from investing activities	-1,562,338,423.38	3,897,743,993.16	-140.08%
Subtotal of cash inflows from financing activities	4,759,751,595.78	8,162,945,228.08	-41.69%
Subtotal of cash outflows from financing activities	9,497,398,695.88	15,363,346,740.69	-38.18%
Net cash flows from financing activities	-4,737,647,100.10	-7,200,401,512.61	-34.20%
Net increase in cash and cash equivalents	-5,002,436,380.28	-2,930,318,531.64	70.71%

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

Applicable Not applicable

(1) Net cash flow from operating activities increased by 208.69% compared with the previous period, mainly due to the decrease in profit for the period, the decrease in income tax paid and the receipt of incremental retained tax refund for value-added tax in

the period.

(2) The subtotal cash inflow from investing activities decreased by 98.73% compared with the previous period, mainly due to the decrease in time deposits in the current period.

(3) The subtotal of cash outflow from investing activities decreased by 77.25% compared with the previous period, which was mainly due to the absence of investment and financial management activities in the current period.

(4) Net cash flow from investing activities decreased by 140.08% compared with the previous period, mainly due to the decrease in time deposits collected and the absence of investment and financial management activities in the current period.

(5) The subtotal of cash inflow from financing activities decreased by 41.69% compared with the previous period, mainly due to the decrease of borrowings in the current period.

(6) The subtotal of cash outflow from financing activities decreased by 38.17% compared with the previous period, mainly due to the decrease in repayment of loans and interest on loans, and the decrease in restricted monetary funds in the current period.

(7) Net cash flow from financing activities decreased by 34.2% compared with the previous period, mainly due to the decrease in repayment of loans and interest on loans in the current period.

(8) Net increase in cash and cash equivalents increased by 70.71% compared with the previous period, mainly due to the decrease in borrowings and dividend payment in the current period.

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

Applicable Not applicable

V. Analysis of non-core business

Applicable Not applicable

Unit: RMB

	Amount	Proportion of total profit	Reason for formation	Whether it is sustainable or not
Investment Income	89,589,183.44	-8.29%	Investment income from disposal of long-term equity investments	No
Asset impairment	-33,475,219.25	0.40%	Due to the increase in the provision for inventory impairment	No
Non-operating income	40,130,944.39	-3.71%	Due to the income from disposal of non-current assets	No
Operating expenses	26,623,177.77	-2.46%	Due to the disposal of assets in the current period	No

VI. Analysis of assets and liabilities

1. Significant change of assets components

Unit: RMB

	Ending balance of 2022		Beginning balance of 2022		Proportion change	Notes to significant change
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Cash and cash equivalents	1,461,145,641.87	3.31%	8,831,095,737.85	16.01%	-12.70%	Due to repayment of borrowings by the Company
Accounts receivable	897,230,896.06	2.03%	256,850,782.71	0.47%	1.56%	
Contract assets					0.00%	
Inventory	8,463,728,475.18	19.19%	10,190,166,138.98	18.48%	0.71%	
Investment properties					0.00%	

Long-term investments	equity	51,030,777.18	0.12%	2,981,784.07	0.01%	0.11%	
Fixed assets		24,836,556,422.90	56.30%	25,480,674,048.94	46.20%	10.10%	
Construction progress	in	3,158,195,899.65	7.16%	2,434,182,101.13	4.41%	2.75%	
Right-of-use assets		1,379,990,713.89	3.13%	1,440,365,248.31	2.61%	0.52%	
Short-term loans		49,200,000.00	0.11%	4,053,088,140.00	7.35%	-7.24%	Due to repayment of borrowings by the Company
Contract liabilities		3,794,115,592.29	8.60%	4,708,188,093.78	8.54%	0.06%	
Long-term borrowings		1,726,938,302.30	3.91%	4,222,821,771.74	7.66%	-3.75%	
Lease liabilities		1,384,348,462.18	3.14%	1,424,667,169.15	2.58%	0.56%	

High proportion of abroad assets

Applicable Not applicable

2. Assets and liabilities measured at fair value

Applicable Not applicable

3. Restricted assets by the end of the period

Items	Closing balance	Restricted reasons
Bank acceptance margin	164,482,958.67	Margin on bills
Letter of credit margin	355,701,965.15	Pledge and endorsement discounting not yet due
Loan margin	1,016,420,266.27	Release of pledge agreement has been signed and application for release of registration of equity pledge is in process
Time deposit or notice deposit for guarantee	85,164,490.39	Mortgage to obtain funds for borrowing
Restricted deposits	35,260,567.22	Mortgage to obtain funds for borrowing
Total	1,657,030,247.70	

VII. Analysis of the investment situation

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: RMB 10,000

Year	Method of raising funds	Total amount of raised funds	Used amount of raised fund this period	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	4,520.32	338,726.62				57,853.38	Deposit	
2020	Issue of convertible bonds	675,920	62,608.05	423,676.46				252,243.54	Deposit	101,479
Total	--	1,072,500	67,128.37	762,403.08	0	0	0.00%	310,096.92	--	101,479

Description of the overall use of raised funds**1. Status of use of funds for investment projects with raised funds**

Details of the actual use of proceeds in FY2022 of the Company are set out in Appendix I *Comparison Table on the Use of Proceeds from Non-public Offering of Shares* and Appendix II *Comparison Table on the Use of Proceeds from Public Offering of Convertible Bonds*.

2. Status of changes in the implementation location and implementation method of the projects invested by raised funds

During the reporting period, there is no situation of change in the investment projects of raised funds or their implementation locations and implementation methods.

3. Status of preliminary investment and replacement of raised funds for investment projects**(1) Status of preliminary investment and replacement of funds raised from non-public offering of stocks**

At the 14th meeting of the 7th Board of Directors and the 10th meeting of the 7th Board of Supervisors of the Company, *About the Use of Raised Funds to Replace Pre-Invested Raised Funds for Investment Projects* was reviewed and approved. Before the raised funds arrive in the account, in order to ensure the smooth implementation of the raised investment projects, the Company uses self-raised funds for project construction. As of February 28th, 2018, the pre-invested amount of self-raised funds replaced by raised funds was RMB 1,822,749,211.07, including RMB 1,484,133,089.39 for the cold-rolled high-strength steel reconstruction project and RMB 338,616,121.68 for the hot-dip galvanizing production line project of the third cold rolling plant.

During the period from March 1st, 2018 to February 28th, 2019, the Company paid RMB 88,296,207.56 for the construction of projects with self-raised funds, of which RMB 86,709,830.40 was invested in the cold-rolled high-strength steel reconstruction project, and the third cold-rolling plant was hot-dip galvanized. The zinc production line project is RMB 1,586,377.16 (not yet replaced from the special account of raised funds). The Company transferred RMB 86,709,830.40 from the fundraising account to the general deposit account in 2020.

During the period from March 1st, 2019 to May 31st, 2021, the Company paid RMB 62,608,242.01 for the construction of the project

with self-raised funds, of which RMB 50,391,999.49 was invested in the cold-rolled high-strength steel reconstruction project, and the third cold-rolling plant was hot-dip galvanized. The zinc production line project is RMB 12,216,242.52. The Company has transferred the above amount from the fundraising account to the general deposit account in 2021.

During the period from June 1st, 2021 to May 31st, 2022, the Company paid the amount of RMB 37,435,207.38 for the construction of the raised fund investment project with self-raised funds, all of which was used for the construction of cold-rolled high-strength steel renovation project. As of December 31st, 2022, the Company has transferred the above amount from the fund-raising account to the general deposit account in 2022.

(2) Status of preliminary investment and replacement of funds raised from public issuance of convertible corporate bonds

After the 13th meeting of the 8th Board of Directors and the 11th meeting of the 8th Board of Supervisors of the Company, the *Proposal on Using Raised Funds to Replacing Pre-invested Raised Funds for Investment Projects and Self-raised Funds for which Issuance Fees Have Been Paid* was reviewed and approved. The Company used the raised funds to replace the self-raised funds that had been invested in the investment projects with raised funds and had paid the issuance fees, and the total replacement amount was RMB 366,180,860.17. There is no disguised change in the use of the raised funds in this replacement, and it does not affect the normal progress of the investment projects with the raised funds. The replacement time is less than 6 months from the time when the raised funds arrive in the account, which is in line with the relevant laws and regulations.

Before the raised funds arrive in the account, the Company has used self-raised funds to pre-invest in the raised investment projects according to the progress of the project. As of May 31st, 2020, the pre-invested amount of self-raised funds replaced by raised funds was RMB 365,630,860.17, including RMB 76,278,945.59 for the No. 8 casting machine project of the steelmaking plant, RMB 119,043,290.09 for the No. 5 blast furnace capacity replacement project in the ironmaking plant, and special The steel electric furnace upgrade and reconstruction project is RMB 59,948,807.90, the CCPP power generation project is 95,098,084.16 yuan, and the steel plant No. 4-6 converter environmental protection renovation project is RMB 15,261,732.43. As of July 6th, 2020, the above-mentioned issuance fee of RMB 550,00.00 paid by the Company's own funds will be replaced with the raised funds.

During the period from March 1st, 2019 to May 31st, 2021, the Company used self-raised funds to pay the raised funds to invest in the project construction amount of RMB 1,082,356,809.47, including high grade high magnetic inductance non-oriented silicon steel project RMB 180,000.00. The No. 8 casting machine project is RMB 55,364,729.08, the No. 5 blast furnace capacity replacement project in the iron plant is RMB 628,049,033.12, the special steel electric furnace upgrading project is RMB 253,298,156.22, the CCPP power generation project is RMB 115,353,050.36, and the No. 4-6 converter environmental protection renovation project in the steel plant item RMB 30,111,840.69. The Company has transferred the above amount from the fundraising account to the general deposit account in 2021.

During the period from June 1st, 2021 to May 31st, 2022, the Company paid the construction amount of RMB 614,208,698.23 for the investment projects with self-raised funds, including: No.8 casters project of steel-making plant No.8 RMB 12,881,890.61, No.5 blast furnace capacity replacement project of iron making plant RMB 17,508,088.97, electric furnace upgrade project of special steel RMB 364,155,482.35, CCPP power generation project RMB 186,441,497.75, No.4 and No.6 converters environmental improvement project of steel making plant RMB 33,221,738.55. The Company has transferred the above amount from the fund-raised account to the general deposit account in 2022.

4. Status of temporary replenishment of working capital with idle raised funds

During the reporting period, according to the construction progress of the Company's raised funds investment projects and the use plan of the raised funds, part of the funds raised by the company's non-public offering was temporarily idle. In accordance with the provisions of the *Supervisory Guidelines for Listed Companies No. 2 - Supervisory Requirements for the Management and Use of Funds Raised by Listed Companies* (Revised in 2022) (SFC Announcement [2022] No. 15) and other normative documents, in line with the principle of following the principle of maximizing the interests of shareholders, and on the premise of ensuring the capital needs of the raised funds investment projects and the normal progress of the raised funds investment projects, in order to improve the use efficiency of raised funds will further reduce the company's financial costs, reduce financial expenditures, and protect the interests of investors. The Company plans to use idle raised funds to temporarily supplement working capital. The use period shall not exceed 12 months from the date of deliberation and approval by the Board of Directors. Liquidity will save the company financial expenses.

(1) Temporary replenishment of working capital with funds raised from non-public offering of stocks

1) In March 2018, the funds raised by the non-public offering of shares temporarily supplemented the working capital

In 2018, the Company used RMB 530,000,000.00 of idle raised funds to temporarily supplement working capital, and the period of use shall not exceed 12 months from the date of approval by the Board of Directors (March 13th, 2018).

As of March 11th, 2019, the Company has returned all the above-mentioned idle raised funds of RMB 530,000,000.00 used to temporarily supplement working capital to the company's special account for raised funds.

2) In March 2019, the funds raised from the non-public offering of shares temporarily supplemented the working capital

In 2019, the Company used idle raised funds of RMB 742,000,000.00 to temporarily supplement working capital, and the period of use shall not exceed 12 months from the date of approval by the Board of Directors (March 21st, 2019).

As of March 23rd, 2020, the company has returned all the above-mentioned idle raised funds of RMB 742,000,000.00 used to temporarily supplement working capital to the Company's special account for raised funds.

3) In March 2020, the funds raised by the non-public offering of stocks temporarily supplement the working capital

The Company used idle raised funds of RMB 666,000,000.00 (RMB 370,000,000.00 for the cold-rolled high-strength steel reconstruction project, and RMB 296,000,000.00 for the hot-dip galvanizing production line project of the third cold-rolling plant) to temporarily supplement the working capital. It was reviewed and approved at the ninth meeting and the eighth meeting of the eighth supervisory committee. The independent directors of the Company issued a clear agreement, and the replenishment of working capital should not exceed 12 months.

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 *Guotai Junan Securities Co., Ltd.'s Verification Opinions on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital*.

As of July 27th, 2020, the Company has returned all the above-mentioned idle raised funds of RMB 666,000,000.00 used to temporarily supplement working capital to the company's special account for raised funds.

4) In July 2020, the funds raised by the non-public offering of stocks temporarily supplement the working capital

The Company used idle raised funds of RMB 666,000,000.00 (RMB 370,000,000.00 for the cold-rolled high-strength steel renovation project, and RMB 296,000,000.00 for the hot-dip galvanizing production line project of the third cold-rolling plant) to temporarily supplement the working capital. The fourth meeting and the 12th meeting of the 8th Supervisory Committee have been reviewed and approved, and the independent directors of the Company have issued a clear agreement, that the time for replenishing working capital should not exceed 12 months.

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 *Guotai Junan Securities Co., Ltd.'s Verification Opinions on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital*.

As of July 27th, 2021, the Company has returned all the above-mentioned idle raised funds of RMB 666,000,000.00 used to temporarily supplement working capital to the company's special account for raised funds.

5) In July 2021, the funds raised from the non-public offering of stocks will temporarily supplement working capital

The Company used idle raised funds of RMB 604,000,000.00 (RMB 320,000,000.00 for the cold-rolled high-strength steel reconstruction project, and RMB 284,000,000.00 for the hot-dip galvanizing production line project of the third cold rolling plant) to temporarily supplement the working capital. The 19th meeting and the 17th meeting of the 8th Supervisory Committee reviewed and approved, and the independent directors of the Company have expressed their clear consent, and the replenishment of working capital shall not exceed 12 months.

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 *Guotai Junan Securities Co., Ltd.'s Verification Opinions on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital*.

As of July 28th, 2022, the Company used the idle funds raised from non-public issuance of stocks to temporarily supplement the

balance of working capital of RMB 604,000,000.00.

6) In July 2022, the funds raised from the non-public offering of stocks temporarily supplemented the working capital

The Company used idle funds raised of RMB 592,000,000.00 (RMB 308,000,000.00 for the cold-rolled high-strength steel renovation project and RMB 284,000,000.00 for hot-dip galvanizing production line projects of three cold-rolling plants) to temporarily supplement the working capital at the third meeting of the 9th Board of Directors and the third meeting of the 9th Supervisory Committee of the Company held on July 28th, 2022 considered and approved, and the independent directors of the Company have expressed their clear consent to the supplemental working capital for a period not exceeding 12 months.

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 *Guotai Junan Securities Co., Ltd.'s Verification Opinions on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital*.

As of December 31st, 2022, the balance of the Company's use of the idle proceeds from the non-public offering of shares to temporarily replenish working capital was RMB 592,000,000.00.

2. Temporary replenishment of working capital with funds raised from public issuance of convertible corporate bonds

(1) Public issuance of convertible corporate bonds in July 2020 to raise funds to temporarily supplement working capital

The Company used idle raised funds of RMB 4,180,000,000.00 (RMB 1,010,000,000.00 for the high-grade high magnetic induction non-oriented silicon steel project, RMB 220,000,000.00 for the No. 8 casting machine project of the steelmaking plant, RMB 800,000,000.00 for the production capacity replacement project of the No. 5 blast furnace in the ironmaking plant, and RMB 1,300,000,000.00 for special steel electric furnace upgrade and reconstruction project, RMB 700,000,000.00 for CAPP power generation project, RMB 150,000,000.00 for steel plant No. 4-6 converter environmental protection renovation project) Temporarily supplementing working capital matters was approved on the 14th meeting of the 8th Board of Directors of the company held on July 28th, 2020, It was reviewed and approved at the 12th meeting of the 8th Supervisory Committee, and the independent directors of the company have issued a clear agreement, and the replenishment of working capital shall not exceed 12 months.

The sponsor of the Company's public offering of convertible corporate bonds agreed that the Company will use idle raised funds to temporarily supplement working capital and issued the *Guotai Junan Securities Co., Ltd.'s Verification Opinions on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital*.

As of July 27th, 2021, the Company has returned all the above-mentioned idle raised funds of RMB 4,180,000,000.00 used to temporarily supplement working capital to the company's special account for raised funds.

(2) The public offering of convertible corporate bonds in July 2021 to raise funds to temporarily supplement working capital

The Company used idle raised funds of RMB 3,030,000,000.00 (RMB 1,010,000,000.00 for the high-grade high magnetic induction non-oriented silicon steel project, RMB 150,000,000.00 for the No. 8 casting machine project of the steelmaking plant, RMB 160,000,000.00 for the production capacity replacement project of the No. 5 blast furnace in the ironmaking plant, and special steel electric furnace upgrade and reconstruction project. RMB 1,000,000,000.00, CAPP power generation project RMB 590,000,000.00, steel plant No. 4-6 converter environmental protection renovation project RMB 120,000,000.00) Temporary replenishment of working capital The nineteenth meeting of the eighth Board of Directors of the company held on July 28th, 2021 It was reviewed and approved at the 17th meeting of the 8th Supervisory Committee, and the independent directors of the Company have issued a clear agreement, and the time for replenishing working capital should not exceed 12 months.

The sponsor of the Company's public offering of convertible corporate bonds agreed that the Company will use idle raised funds to temporarily supplement working capital and issued the *Guotai Junan Securities Co., Ltd.'s Verification Opinions on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital*.

As of July 28th, 2022, the Company used the idle funds raised from the public issuance of convertible corporate bonds to temporarily supplement the balance of working capital of RMB 3,030,000,000.00.

(3) In July 2022, the funds raised from the public offering of convertible bonds temporarily replenished working capital

The Company used idle proceeds of RMB 3,014,000,000.00 (RMB 1,015,000,000.00 for high grade high magnetic susceptibility non-

oriented silicon steel project, RMB 165,000,000.00 for No. 8 casters project of steel making plant, RMB 175,000,000.00 for No. 5 blast furnace capacity replacement project of iron making plant, RMB 933,000,000.00 for special steel electric furnace upgrade project, CAPP power generation project RMB 578,000,000.00, and RMB 148,000,000.00 for environmental protection improvement project of No. 4-6 converters of steel making plant), temporary supplemental working capital matters were considered and approved at the third meeting of the ninth session of the Board of Directors and the third meeting of the ninth session of the Supervisory Committee of the Company held on July 28th, 2022, and the independent The directors have expressed their clear consent to the supplemental liquidity for a period not exceeding 12 months.

The sponsor of the Company's public offering of convertible corporate bonds agreed that the Company will use idle raised funds to temporarily supplement working capital and issued the *Guotai Junan Securities Co., Ltd.'s Verification Opinions on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital*.

As of December 31st, 2022, the balance of RMB 3,014,000,000.00 was used by the Company to temporarily replenish working capital with idle proceeds from the public offering of convertible corporate bonds.

5. Cash management with idle raised funds

The Company does not use idle raised funds for cash management.

6. Use of surplus raised funds

The Company does not use the surplus funds of raised fund investment projects for other raised fund investment projects or non-raised fund investment projects

7. Use of over-raised funds

The Company does not use over-raised funds.

8. Purpose and whereabouts of unused raised funds

As of December 31st, 2021, in addition to the above-mentioned "(3) Preliminary investment and replacement of raised funds investment projects", and "(4) Temporary replenishment of working capital with idle raised funds", the company has raised funds. In addition to replacing and temporarily supplementing working capital with idle raised funds, the remaining raised funds are temporarily deposited in a special account for raised funds.

Other information on the use of raised funds

There were no other situations about the use of raised funds of the Company.

(2) Fundraising commitments

☑Applicable ☐Not applicable

Unit: RMB 10,000

Commitment to investment projects and over-raised funds	Whether the item has been changed (including some changes)	Total committed investment of raised funds	Adjusted total investment (1)	Amount invested during the reporting period	Cumulative investment amount by the end of the period (2)	Investment progress by the end of the period (3) = (2)/ (1)	Item reaches scheduled availability date	Benefits realized during the reporting period	Whether the expected benefit is achieved	Has the project feasibility changed significantly
Commitment to Investment Projects										
Cold-rolled high-strength steel renovation project	No	226,580	226,580	4,520.32	197,212.39	87.04%		-14,582.14	No	No
Hot-dip galvanizing production line project of the third cold rolling plant	No	70,000	70,000		41,514.24	59.31%		-1,797.61	Yes	No
Repay bank loan	No	100,000	100,000		100,000	100.00%			Not applicable	No
High grade high magnetic induction non-oriented silicon steel engineering project	No	101,620	101,620		141	0.14%			Not applicable	No
Steel Plant No. 8 Casting Machine Project	No	33,500	33,500	1,300.8	17,648.91	52.68%		-8,801.71	Yes	No
No. 5 blast furnace capacity replacement project in ironworks	No	96,000	96,000	1,805.68	78,499.23	81.77%		-8,672.7	No	No
Special Steel Electric Furnace Upgrade and Reconstruction Project	No	141,600	141,600	37,182.68	78,904.64	55.72%			Not applicable	No
CCPP power	No	83,300	83,300	18,996.71	40,437.02	48.54%			Not	No

Commitment to investment projects and over-raised funds	Whether the item has been changed (including some changes)	Total committed investment of raised funds	Adjusted total investment (1)	Amount invested during the reporting period	Cumulative investment amount by the end of the period (2)	Investment progress by the end of the period (3) = (2)/(1)	Item reaches scheduled availability date	Benefits realized during the reporting period	Whether the expected benefit is achieved	Has the project feasibility changed significantly
generation project									applicable	
Environmental protection renovation project of converter No. 4-6 in steelmaking plant	No	19,900	19,900	3,322.17	8,045.66	40.43%			Not applicable	No
Repay bank loan	No	200,000	200,000		200,000	100.00%			Not applicable	No
Subtotal of Committed Investment Projects	--	1,072,500	1,072,500	67,128.37	762,403.08	--	--	-33,854.16	--	--
Over-raised funds are invested in										
None										
Total	--	1,072,500	1,072,500	67,128.37	762,403.08	--	--	-33,854.16	--	--
Explanation by project, the situation and reasons for not reaching the planned progress and expected benefits (including the reasons for selecting "Not applicable" for "Whether to achieve the expected benefits")	The market environment has undergone major changes. The cold-rolled high-strength steel reconstruction project and the hot-dip galvanizing production line project of the third cold-rolling plant have reached their production capacity. During the reporting period, other projects did not meet the planned progress or expected income.									
Status of the description of material changes in project feasibility	None									

Commitment to investment projects and over-raised funds	Whether the item has been changed (including some changes)	Total committed investment of raised funds	Adjusted total investment (1)	Amount invested during the reporting period	Cumulative investment amount by the end of the period (2)	Investment progress by the end of the period (3) = (2)/ (1)	Item reaches scheduled availability date	Benefits realized during the reporting period	Whether the expected benefit is achieved	Has the project feasibility changed significantly
Status of amount, purpose and progress of use of over-raised funds	Not applicable									
Status of changes in implementation locations of raised funds investment projects	Not applicable									
Status of adjustment of the implementation method of raised funds for investment projects	Not applicable									
Status of preliminary investment and replacement of raised funds for investment projects	Applicable For details, please refer to the special report III. (3)									
Status of temporary replenishment of working capital with idle raised funds	Applicable For details, please refer to the special report III. (4)									
Reasons and amount for the balance of raised funds in	Not applicable									

Commitment to investment projects and over-raised funds	Whether the item has been changed (including some changes)	Total committed investment of raised funds	Adjusted total investment (1)	Amount invested during the reporting period	Cumulative investment amount by the end of the period (2)	Investment progress by the end of the period (3) = (2)/ (1)	Item reaches scheduled availability date	Benefits realized during the reporting period	Whether the expected benefit is achieved	Has the project feasibility changed significantly
project implementation										
Use and whereabouts of unused raised funds										For details, please refer to the special report III. (8)
Problems or other situations in the use and disclosure of raised funds										There is no problem otherwise

(3) The situation for change of fund-raising projects

Applicable Not applicable

During the reporting period, the Company did not have any changes in the fund raising project.

VIII. Significant assets and equity sold in the 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

Counterparty	Equity interests sold	Sale day	Transaction price (RMB 10,000)	Net profit contributed by the equity interest to the listed company from the beginning of the period to the date of sale (RMB 10,000)	Impact of the sale on the Company	Proportion of net profit contributed to the total net profit of the listed company from equity sales	Equity sale pricing principles	Whether it is a related transaction	Affiliation with counterparties	Whether the equity interests involved have been fully transferred	Whether the implementation is on schedule as planned, and if not, the reasons and the measures taken by the Company should be explained	Disclosure date	Disclosure index
Benxi Iron & Steel Mining Co., Ltd.	100% equity interest in Bengang Steel Plates Liaoyang Pellet Co., Ltd.	September 29 th , 2022	69,798		The transfer will help promote the Company's development strategy of "building a high-quality plate base" and further solve the problem of competition in the same industry		The transaction price is based on the equity valuation value issued by China United Assets Appraisal Group Co., Ltd.	Yes	Same subsidiary of Benxi Iron & Steel	Yes	yes	October 1 st , 2022	Announcement on Equity Transfer and Connected Transaction of Wholly-owned Subsidiary (No. 2022-058)

IX. 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: RMB

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.	Subsidiary	Processing and sales of steel	1,920,000,000	3,674,072,114.13	2,303,358,054.33	9,820,616,858.86	175,215,785.24	135,690,857.38

Acquirement and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production operations and results
Harbin Nanjing Bengang Economic Trading Co., Ltd.	Cancellation	None
Nanjing Bengang Material Sales Co., Ltd.	Cancellation	None
Chongqing Liaoben Steel Trading Co., Ltd.	Cancellation	None
Wuxi Bengang Steel Sales Co., Ltd.	Mergers and acquisitions	None
Benxi Steel Baojin (Shenyang) Automobile New Material Technology Co., Ltd.	Loss of control of the Company due to capital increase by other shareholders	None

Illustration of major holding and equity participation companies

Chongqing Liaoben Steel Trading Co., Ltd., Harbin Nanjing Bengang Economic Trading Co., Ltd. and Nanjing Bengang Material Sales Co., Ltd. were cancelled during the reporting period. Wuxi Bengang Steel Sales Co., Ltd. was absorbed and consolidated during the reporting period. Benxi Steel Baojin (Shenyang) Automobile New Material Technology Co., Ltd. was no longer included in the scope of consolidation as the Company lost control due to the capital increase of Xiamen Xianghong Investment Co., Ltd.

X. Structure entities controlled by the Company

Applicable Not applicable

XI. Prospect for future development of the Company

1. The development trend of the industry and the market competition pattern the Company faces

The year 2023 is a "challenge year" for Bengang Steel Plates to improve itself in the face of difficulties. The world economy is entering a new period of turbulence and change as the century-old changes and the epidemic of the century intertwine, economic globalization encounters a counter-current, and the game between major powers becomes increasingly fierce. At the same time, we should also clearly understand the favorable signals released by the Party's 20th National Congress, China's economic resilience, potential, long-term positive fundamentals have not changed, with the continued force of infrastructure demand and the steady growth of new energy vehicles, the steel market is expected to end the downturn and gradually stabilize.

2. Company development strategy

Overall work concept in 2023: take Xi Jinping Thoughts on Socialism with Chinese Characteristics in the New Era as the guiding principle, study and implement the spirit of the 20th Party Congress, rely on "two main lines", adhere to "three leading", follow the "1357" working policy, anchored on the standard of world-class steel enterprises, deepen and refine the "1+2+3+N" priority work, which is: focus on one center: adhere to the efficiency-centered high-quality development of listed companies; lay two foundations: the foundation of safe development and green development; focus on three enhancements: reform and innovation capacity enhancement, management level enhancement, and "N" measures to ensure a comprehensive benchmarking enhancement, and strive to build a highly competitive international high-quality plate base and a domestic first-class special steel base.

3. Business plan

In 2023, the production and operation target: strive to complete 10.3 million tons of pig iron, 11.41 million tons of crude steel, 14.29 million tons of hot-rolled plate, 5.7 million tons of cold-rolled plate and 720,000 tons of special steel.

In order to implement the above overall work concept and production and management objectives, we focus our efforts on the following aspects:

First, adhere to the efficiency as the center, and comprehensively promote the high-quality development of Bengang Steel Plates

Second, adhere to safe and green development, and enhance the development of Bengang Steel Plates security power in all aspects

Third, adhere to breaking our limits, comprehensive development of Bengang Steel Plates to create new advantages

Fourth, adhere to the Party's leadership, comprehensive leadership Bengang Steel Plates dream new journey

Fifth, adhere to the people's supremacy and play the theme of Bengang Steel Plates in an all-round way.

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) Market risk

The world economy has not yet the momentum to recover, the overall demand for steel downstream industries is weak, the steel market supply-demand relationship is weak balance, and the supply exceeds demand market pattern has not changed fundamentally. Restricted supply channels, geopolitical conflicts and other factors, the supply of energy resources factors market tightening, ore, coal and coke and other bulk raw fuel prices fluctuate upward, business operating costs increased, and the market risk highlighted.

Countermeasures: Establish predictive management thinking, strengthen market information collection, enhance analysis and judgment of market changes, accurately control the market rhythm, dynamically adjust marketing strategies and timely adjust marketing prices; strengthen regional market synergy, deepen strategic long-term cooperation and enhance the proportion of

direct supply and sales in the market; optimize product structure, adjust raw material structure, seize low-cost resources, reasonably control inventory and effectively cope with market risks.

(2) Raw material supply risk

With the release and implementation of the "Fourteenth Five-Year Plan" Comprehensive Work Plan for Energy Conservation and Emission Reduction, the double-high industry capacity production "double limit", total energy consumption intensity "double control" and carbon peak carbon neutral and other policies continue to deepen, environmental regulations are becoming increasingly stringent, the upstream coal and coke enterprises to eliminate backward production capacity and environmental governance continue to increase, coal and coke production capacity is limited, prices run high. In terms of iron ore supply, domestic supply is insufficient, foreign dependence is still high, influenced by geopolitics, capital speculation and other factors, there are many uncertainties in the supply and price of iron ore, and ore prices will maintain a wide range of oscillation pattern, which will have a serious impact on the supply chain security and business performance of steel companies.

Countermeasures: Strengthen the analysis and analysis of raw material production capacity and market demand, actively promote strategic cooperation in raw material supply, consolidate and expand domestic raw material procurement channels, deeply aggregate raw material resources, accelerate the formation of domestic and foreign double-cycle supply chain security pattern, enhance the scale of procurement price advantage; scientifically control the timing of procurement, timely adjustment of procurement strategy; continuously promote process innovation, optimize the production furnace structure, adjust the procurement of raw material structure, reasonable control of raw material inventory, adjust raw fuel winter storage policy, effectively reduce the adverse impact of raw material price fluctuations.

(3) Environmental protection risk

As the iron and steel industry continues to promote ultra-low emission policies and the "Fourteenth Five-Year Plan" Comprehensive Work Plan for Energy Conservation and Emission Reduction, the Noise Pollution Prevention and Control Law and other environmental laws and regulations are released and implemented, national and local governments are becoming increasingly stringent on environmental protection, energy conservation and emission reduction requirements, and enterprises are facing further pressure for environmental protection and green low-carbon development.

Countermeasures: Deeply implement the concept of green low-carbon development, strictly implement national environmental protection laws and regulations, focus on the "source reduction, intermediate control, terminal transformation" of the whole process of environmental management, in accordance with the "three treatment (treatment of gas, water, solid), the implementation of four (that is, cleaning, greening, beautification, culture) "environmental protection concept, promote the "higher than standard, better than the city, into the city" green steel plant construction, the full implementation of the "cleaning, greening, beautification, culture" project, accelerate the formation of "exhaust gas ultra-low emission, waste water zero discharge, solid waste does not leave the factory" green development pattern, and strive to build the national steel industry whole process ultra-low emission demonstration project and steel enterprises green development benchmark, to ensure the realization of environmental and ecological protection and green high-quality development of the "win-win" new situation.

(4) Safety production risk

The government has been increasing the supervision and punishment of enterprise safety production and occupational health. If production safety measures are not in place and responsibilities are not implemented, various types of accident hazards and safety risks are interwoven and superimposed during production and maintenance, and production safety accidents may occur, causing economic losses and adverse effects to enterprises.

Countermeasures: Implement the important remarks of General Secretary Xi Jinping on safe production, firmly establish the concept of safe development, focus on the goal of preventing and curbing serious accidents, and more in-depth assessment and grading of the risk points and danger sources identified by the special action, especially to promote the work of grading and controlling the risks of safe production, promote the scientific, information, standardization, institutionalization and standardization of accident prevention, to achieve the control of risks before the formation of hidden dangers, and eliminate hidden dangers in front of accidents.

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

Applicable Not applicable

Reception time	Reception location	Reception method	Reception type	Reception object	The main content of the conversation and the information provided	Index of basic information of the research
February 22 nd , 2022	Company	Telephone communication	Institution	CITIC Construction Investment-Wang Xiaofang, Shenwan Hongyuan-Meng Xiangwen, Chen Songtao	Company production and operation and industry situation	Transcript of investor relations activities on February 22 nd , 2022
April 8 th , 2022	Company	Others	Individual	Investors	Company production and operation and industry situation	Transcript of investor relations activities on April 8 th , 2022
May 31 st , 2022	Company	Telephone communication	Institution	Hua'an Securities-Xu Yongqi	Company production and operation and industry situation	Transcript of investor relations activities on May 31 st , 2022
June 16 th , 2022	Company	Telephone communication	Institution	Hua'an Securities-Xu Yongqi Individual investors	Company production and operation and industry situation	Transcript of investor relations activities on June 16 th , 2022
June 27 th , 2022	Company	Telephone communication	Institution	CITIC Securities-Tang Chuanlin CITIC Securities-Wang Huixian and Xiao Fan Guoshou Pension-Li Chi Agricultural Bank of China-Xu Qiao Yingda Capital Management-Zhang Lichen Huarong Securities-Li Yadong Changxin Fund-Cai Junhua Rongtong Fund Management Co., Ltd.-Li Guandi Shenzhen Hongchou Investment Co., Ltd.-Wang Zhidong Hangzhou Zhongda Junyue Investment Co., Ltd.-Lin Binbin Shanghai Lizhen Investment	Company production and operation and industry situation	Transcript of investor relations activities on June 27 th , 2022

				Management Co., Ltd.- Zhu Yujun Shanghai RuiYi Investment Development Center (Limited Partnership) - Li Jingyao PRUDENCE INVESTMENT MANAGEMENT (HONG KONG) LIMITED-Zhang Zhibin		
July 14 th , 2022	Company	Telephone communication	Institution	Cinda Securities-Zhang Chi, Wang Minglu Huabao Fund-Sun Jialun Huaxin Securities Asset Management-Yang Jinglei Evergrande Life - Shi Han UBS SDIC Fund Management Co., Ltd.-Wang Kan China Capital Orient Fund Management Co., Ltd.-Li Jinlong CPIC Fund Management Co., Ltd.- Tang Jingyi	Company production and operation and industry situation	Transcript of investor relations activities on July 14 th , 2022
September 6 th , 2022	Company	Others	Individual	Investors	Company production and operation and industry situation	Transcript of investor relations activities on September 6 th , 2022
September 15 th , 2022	Company	Others	Individual	Investors	Company production and operation and industry situation	Transcript of investor relations activities on September 15 th , 2022
September 18 th , 2022	Company	Field research	Individual	Zhang Zheng	Company production and operation and industry situation	Transcript of investor relations activities on September 18 th , 2022

Section IV. 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, improving the governance level, and promoting 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 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. Controlling shareholders and actual controllers can strictly regulate their own

behavior. 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 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 and actual controller

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 the general manager, vice general manager, secretary of the Board of Directors, etc. receive a salary from the Company, and none of them holds an important position in the shareholders' entity other than director.

(3) In Asset: The Company and controlling shareholder have a clear ownership relationship. The Company has its own independent purchase, production, and marketing system.

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

(5) In finance: The Company has an independent financial management department, the accounting and financial management system that are complete and operated independently, and has a bank account and pays taxes independently.

III. Competition situations of the industry

Applicable Not applicable

Question type	Type of affiliation with listed companies	Company name	Company nature	Cause	Solution	Progress and follow-up plans
Industry competition	Controlling shareholder	Ansteel Group Co., Ltd.	Other	In 2021, the Company's original actual controller, Liaoning State-owned Assets Supervision and Administration Commission, transferred its 51% stakes in Bengang Group to Ansteel Group for free, and Ansteel Group will become the Company's indirect controlling shareholder	Ansteel Group has made commitments to avoid industry competition.	Based on the principle of benefiting the development of Bengang Steel and safeguarding the interests of shareholders, especially the interests of small and medium shareholders, Ansteel Group will comprehensively use various methods such as asset restructuring, business adjustment, and entrusted management to steadily promote the integration of related businesses to solve the problem of horizontal competition.

IV. Annual general meeting and extraordinary shareholders' meetings in the reporting period

1. Annual general meeting

Sessions	Type	Investor participation ratio	Meeting Date	Date of disclosure	Index of information disclosure
First Extraordinary Shareholders General Meeting of 2022	Extraordinary General Meeting	63.41%	March 3 rd , 2022	March 4 th , 2022	Announcement of Resolutions of the First Extraordinary General Meeting of Shareholders of 2022
Annual Shareholders General Meeting of 2021	Annual General Meeting	63.59%	April 26 th , 2022	April 27 th , 2022	Announcement of Resolutions of the Annual General Meeting of Shareholders of 2021
Second Extraordinary Shareholders General Meeting of 2022	Extraordinary General Meeting	76.72%	July 22 nd , 2022	July 23 rd , 2022	Announcement of Resolutions of the Second Extraordinary General Meeting of Shareholders of 2022
Third Extraordinary Shareholders General Meeting of 2022	Extraordinary General Meeting	76.82%	September 9 th , 2022	September 10 th , 2022	Announcement of Resolutions of the Third Extraordinary General Meeting of Shareholders of 2022
Fourth Extraordinary Shareholders General Meeting of 2022	Extraordinary General Meeting	76.86%	December 2 nd , 2022	December 3 rd , 2022	Announcement of Resolutions of the Fourth Extraordinary General Meeting of Shareholders of 2022
Fifth Extraordinary Shareholders General Meeting of 2022	Extraordinary General Meeting	77.07%	December 29 th , 2022	December 30 th , 2022	Announcement of Resolutions of the Fifth Extraordinary General Meeting of Shareholders for 2022

2. Request for an extraordinary general meeting by preferred stockholders whose voting rights restored

Applicable Not applicable

V. Status of directors, supervisors, senior executives and employees

1. Basic situation

Name	Position	Office status	Sex	Age	Starting date of office term	Expiry date of office term	Number of shares held at the beginning of the period (shares)	Number of additional shares held during the period (shares)	Number of shares reduced during the period (shares)	Other changes in additions and deletions (shares)	Number of shares held at the end of the period (shares)	Reasons for change in share increase or decrease
Huo Gang	Chairman	In office	Male	49	December 7 th , 2021	April 26 th , 2025						
Wang Shiyou	Director, Deputy General Manager	In office	Male	48	November 18 th , 2021	April 26 th , 2025						
Sun Zhen	Director	In office	Male	39	December 27 th , 2022	April 26 th , 2025						
Han Mei	Director	In office	Female	53	May 27 th , 2021	April 26 th , 2025						
Liu Zhangman	Director, Deputy General Manager	In office	Male	48	August 17 th , 2022	April 26 th , 2025						
Tang Yaowu	Director	In office	Male	50	July 22 nd , 2022	April 26 th , 2025						
Zhang Suxun	Independent Directors	In office	Female	67	May 16 th , 2019	April 26 th , 2025						
Yuan Zhizhu	Independent Directors	In office	Male	41	May 20 th , 2020	April 26 th , 2025						
Zhong Tianli	Independent Director	In office	Female	66	May 27 th , 2021	April 26 th , 2025						
Cheng Bin	Chairman of the Supervisory Board	In office	Male	59	May 27 th , 2021	April 26 th , 2025						
Bai Yufei	Supervisor	In office	Female	52	July 22 nd , 2022	April 26 th , 2025						

Name	Position	Office status	Sex	Age	Starting date of office term	Expiry date of office term	Number of shares held at the beginning of the period (shares)	Number of additional shares held during the period (shares)	Number of shares reduced during the period (shares)	Other changes in additions and deletions (shares)	Number of shares held at the end of the period (shares)	Reasons for change in share increase or decrease
Lu Weijun	Supervisor	In office	Male	47	December 7 th , 2021	April 26 th , 2025						
Zhang Yanlong	Supervisor	In office	Male	45	January 26 th , 2014	April 26 th , 2025						
Zhao Xingtao	Supervisor	In office	Male	50	June 26 th , 2019	April 26 th , 2025						
Jing Tao	Deputy General Manager	In office	Male	52	November 18 th , 2021	April 26 th , 2025						
Guo Yuwei	Deputy General Manager	In office	Male	53	August 17 th , 2022	April 26 th , 2025						
Jiang Xiaoyu	Secretary of the Board of Directors, Head of Finance	In office	Female	51	April 26 th , 2022	April 26 th , 2025						
Niu Li	Director	Leave office	Male	54	December 25 th , 2021	August 2 nd , 2022						
Lin Dong	Director, Deputy General Manager	Leave office	Male	52	May 27 th , 2021	August 2 nd , 2022						
Gao Desheng	Director, Secretary of the Board	Leave office	Male	48	December 7 th , 2021	July 6 th , 2022						
Zhao Zhonghua	Supervisor	Leave office	Female	38	May 27 th , 2021	July 6 th , 2022						
Yang Xiaofang	Deputy General Manager	Leave office	Male	58	April 16 th , 2021	August 2 nd , 2022						
Wang Donghui	Chief Accountant	Leave office	Male	53	November 18 th , 2021	April 26 th , 2022						
Total	--	--	--	--	--	--	0	0	0	0	0	--

During the reporting period, is there any resignation of directors and supervisors and dismissal of senior management personnel in the reporting period?

Yes No

(1) Mr. Niu Li, a former employee Director of the Company, resigned during the reporting period due to job changes during his term of office.

(2) Mr. Lin Dong, former Director and Deputy General Manager of the Company resigned during the reporting period due to a change in his employment during his term of office.

(3) Mr. Gao Desheng, former Director and Secretary of the Board of Directors of the Company resigned during the reporting period due to changes in his work during his term of office

(4) Mr. Yang Xiaofang, the former Deputy General Manager of the Company, resigned during the reporting period due to changes in his work during his term of office

(5) Ms. Zhao Zhonghua, the former Supervisor of the Company, resigned during the reporting period due to changes in her work during her term of office.

(6) Mr. Wang Donghui, the former Chief Accountant of the Company, resigned during the reporting period due to the change in his work during his term of office.

Changes in directors, supervisors and senior management of the Company

Applicable Not applicable

Name	Position	Office status	Date	Reason
Niu Li	Director	Leave office	August 2 nd , 2022	Voluntary turnover
Lin Dong	Director, Deputy General Manager	Leave office	August 2 nd , 2022	Voluntary turnover
Gao Desheng	Director, Secretary of the Board	Leave office	July 6 th , 2022	Voluntary turnover
Zhao Zhonghua	Supervisors	Leave office	July 6 th , 2022	Voluntary turnover
Yang Xiaofang	Deputy General Manager	Termination of employment	August 2 nd , 2022	Job change
Wang Donghui	Chief Accountant	Termination of employment	April 26 th , 2022	Job change

2. Posts holding

Professional background, major work experience and current major responsibilities in the Company of the current directors, supervisors and senior management

Member profiles of the Board of Directors:

Huo Gang, male, 49 years old, Ph. D., professor-researcher-level senior engineer. He successively served as the director of the steel rolling branch of Benxi Iron and Steel Cold Rolling Plant; the deputy director of the technology department of Benxi Iron and Steel No. 2 Cold Rolling Plant; the deputy director of the technology department and the director of the inspection laboratory, the director of the production department, the assistant to the general manager, the deputy general manager, General Manager; Secretary of the Party Committee and Executive Deputy Director and Director of the Third Cold Rolling Plant of Benxi Steel Plate Company; Deputy General Manager and Director of the Cold Rolling Plant of Bengang Steel Plate Co., Ltd.; Secretary of the Party Committee, Chairman and Chairman of the Labor Union of Benxi Iron and Steel International Trade Company. He is currently a member of the Standing Committee of the Party Committee and Deputy General Manager of Bengang Group, Secretary of the Party Committee and Chairman of the Board of Directors of Sheet Metal Company, and Chairman of the Board of Directors of

Bengang Puxiang Company.

Wang Shiyou, male, 48 years old, master, senior engineer. He successively served as the director of the thermal workshop and the secretary of the party branch of the iron-making plant of Bengang Steel Plates Company, the deputy director of the new No. 1 blast furnace workshop, the director of the fifth blast furnace workshop and the secretary of the party branch, the chief of the production section, the chief of the planning section, and the deputy director; Benxi Steel Director of Standard Management of the Manufacturing Department of the Plate Company; Director of the Iron-making Plant of Benxi Iron and Steel Beiyong Company; Secretary of the Party Committee and Director of the Iron-making General Plant of Benxi Iron and Steel Plate Company. He is currently the deputy secretary of the party committee, director and deputy general manager of Bengang Steel Plates Co., Ltd. (temporarily responsible for overall production and operation).

Sun Zhen, male, 39 years old, bachelor of university, assistant economist. He has served as the director of the office of Bengang Steel Plates Company; secretary of the organ party committee, chairman of the labor union, director of the office and secretary of the Board of Directors of Bengang Group Company; deputy head of the party committee preparatory group, head of the disciplinary committee preparatory group, chairman of the labor union, employee director, general counsel, head of the organ party committee preparatory group of Bengang Steel Mining Company; deputy secretary of the party committee, head of the disciplinary committee preparatory group, chairman of the labor union, secretary of the organ party committee of Bengang Steel Plates Company; he is currently the deputy secretary of the party committee, secretary of the disciplinary committee, chairman of the labor union and secretary of the organ party committee and employee director of Bengang Steel Plates Company.

Liu Zhangman, male, 48 years old, college degree, senior engineer. He has served as deputy director of Beiyong Second Steelmaking Plant, deputy director of Beiyong Steelmaking Plant; assistant to the executive vice general manager of Beiyong Company and chairman of Science and Technology Association, director of Technology Center; chief engineer of Beiyong Company and chairman of Science and Technology Association, director of New Products Department, manager of bar and wire development project department, director of Bar and Wire Institute; deputy general manager and director of Bengang Beiyong Company; deputy director of manufacturing department of Bengang Steel Plates; deputy general manager of the Operations Management Department of Bengang Group. Currently, he is a director and deputy general manager of Bengang Steel Plates Co., Ltd.

Han Mei, female, 53 years old, Bachelor, senior accountant. She successively served as the deputy director of the finance department of Bengang Steel Plate Co., Ltd.; the deputy director of the audit department of Benxi Iron and Steel Group Co., Ltd. and the director of the supervisory board management department, the deputy chairman of the third board of supervisors, the supervisor of Benxi Iron and Steel Group Finance Company, and the auditor of Benxi Iron and Steel (Group) Co., Ltd. Director of the Department; Director of the Audit Department of Bengang Group Co., Ltd., Chairman and Vice Chairman of the Supervisory Committee of Bengang Steel Plate Co., Ltd. She is currently the Deputy Chief Accountant of Benxi Iron and Steel Group Corporation, General Manager of the Finance Department of Benxi Iron and Steel Group, and Director of Benxi Iron and Steel Plate Company.

Tang Yaowu, male, 50 years old, bachelor of university, engineer. He has served as deputy director of the rolling mill of Bengang Beiyong Company; executive deputy director of the rolling mill of Bengang Beiyong Company; director of the rolling mill of Bengang Beiyong Company; assistant to the general manager and director of the production department of Bengang Beiyong Company; chief engineer of Bengang Beiyong Company; chief engineer and director of the rolling mill of Bengang Beiyong Company; deputy general manager and chief engineer of Bengang Beiyong Company; deputy director of energy and environmental protection department of Bengang Steel Plates. He is currently a full-time director and supervisor of Bengang Group's office; director of Stainless-Steel Company; director of Machinery Manufacturing Company; director of Bengang Steel Plates Co., Ltd. and supervisor of Thermal Power Development Company.

Zhang Suxun Female, 67 years old, bachelor's degree, professor. She has served as a teacher at the Business School of Liaoning University; now she is retired.

Yuan Zhizhu, male, 41 years old, PhD, associate professor of accounting at Northeastern University, master tutor, non-practicing member of Chinese certified public accountants. He has served as a lecturer in the School of Business Administration of Northeastern University; he is currently the director of the Accounting Department of the School of Business Administration of Northeastern University and serves as a director of the Liaoning Accounting and Abacus Mental Arithmetic Society and a director of the Liaoning Auditing Society.

Zhong Tianli, Female, born in 1966, professor (doctoral supervisor) at Northeastern University. She successively served as the deputy dean of the School of Business Administration of Northeastern University; the dean of the School of Basic Studies of Northeastern University and the director of the Institute of Financial Management of the Business School of Northeastern University; she is currently a professor of the Accounting Department of the School of Business Administration of Northeastern University.

Members profile of the Supervisory Board:

Cheng Bin, male, 59 years old, master, senior engineer. He successively served as the director of the material supply department of Benxi Iron and Steel; the vice chairman of the board, the secretary of the party committee and the chairman of the labor union, the secretary of the Disciplinary Committee, and the deputy manager of Bengang International Trade Co., Ltd.; the director of the customer service department of the sales department of Bengang Steel Plate Co., Ltd.; Secretary of the Party Committee and Manager of the Center; Secretary of the Party Committee and Deputy Director of the Hot Rolling Plant of Bengang Steel Plate Co., Ltd.; Director of the Audit Department of Bengang Group; currently Chief Auditor of Bengang Group Corporation and Chairman of the Supervisory Board of Bengang Steel Plate Co., Ltd.

Bai Yufei, female, 52 years old, master, senior engineer. She has served as assistant professor and lecturer in the construction teaching and research department of the Department of Mechanical Construction of Bengang Engineering College; director of the engineering audit division of the audit department of Bengang Group Company; director of the audit department of the Plates Company; supervisor of the Finance Company; executive deputy head of the preparation group of Bengang Group Tender Company; manager of Bengang Group Tender Company. Currently, she is the general manager of the audit department of Bengang Group Company, director of Mining Company, and supervisor of Bengang Steel Plates Co., Ltd.

Lu Weijun, male, 47 years old, master, senior accountant. He successively served as the chief of the cost section of the finance department of Benxi Iron and Steel (Group) Construction Co., Ltd.; the chief business engineer of the audit department of Benxi Iron and Steel Sheet Co., Ltd.; the chief business engineer of the audit department of Benxi Iron and Steel Group Corporation. He is currently the Supervisor and Deputy Manager of the Finance Department of Bengang Steel Plate Co., Ltd.

Zhang Yanlong Male, 45 years old, master, senior engineer. He successively served as production director of the steelmaking workshop of Bengang Steel Plate Co., Ltd. steelmaking plant; deputy section chief of the technical quality section of Bengang Steel Plate Co., Ltd. steelmaking plant; director of the steelmaking workshop of Bengang Steel Plate Co., Ltd. steelmaking plant; Bengang Steel Plate Co., Ltd. Chief of the production section of the company's steelmaking plant; assistant to the director of the steelmaking plant of Bengang Steel Plate Co., Ltd.; currently deputy director of the steelmaking plant of Bengang Steel Plate Co., Ltd.; supervisor of Bengang Steel Plate Co., Ltd.

Zhao Xingtao, male, 50 years old, university degree, master of engineering, senior engineer. He has served as deputy chief engineer of Bengang Puxiang Company; deputy general manager of Bengang Puxiang Company; deputy director of the cold rolling mill of Bengang Steel Plates Co., Ltd.; secretary of the party committee and chairman of labor union of the cold rolling mill of Bengang Steel Plates Co., Ltd., He is currently the deputy head of the party committee preparatory group, head of the

disciplinary committee preparatory group and chairman of the labor union of Bengang Steel Plates Company Marketing Center, and supervisor of Bengang Steel Plates Co., Ltd.

Profile of non-director senior management:

Jing Tao, male, 52 years old, master, senior engineer. He has served as director of the finishing workshop and deputy secretary of the party branch of the hot rolling mill, head of the technical quality section and secretary of the party branch, assistant plant manager and deputy plant manager of Bengang Steel Plates; deputy director, secretary of the party committee and deputy director of the quality management center, manager of the packaging project department and manager of the Packaging Company of Bengang Steel Plates; director of the hot rolling mill of Bengang Steel Plates; secretary of the party committee and chairman of the labor union and vice president of the technical research institute of Bengang Steel Plates; director of the science and technology innovation department of Bengang Group. He is currently the deputy general manager and general counsel of Bengang Steel Plates, and the head of the party committee preparation group of the marketing center of the Plates Company.

Guo Yuwei, male, 53 years old, master's degree, senior engineer. He has served as assistant director of iron making plant and deputy director of iron making plant of Bengang Steel Plates Company; secretary of the party committee and chairman of the labor union of iron making plant and deputy director of iron making plant of Bengang Steel Plates Company; member of preparatory group of the party committee and deputy general manager of Beiyang Company, director of Bengang Steel Construction Company; secretary of the party committee and deputy director of iron making plant of Bengang Steel Plates Company; He is currently the deputy general manager of Bengang Steel Plates Co., Ltd.

Jiang Xiaoyu, female, 51 years old, university degree, senior accountant. She has been the director of comprehensive management, director of capital management and deputy general manager of the finance department of Bengang Group Company, and supervisor of Benxi Beiyang Iron & Steel (Group) Co., Ltd. She is currently the assistant general manager, financial officer and secretary of the Board of Directors of Bengang Steel Plates, and the chairman of the supervisory board of Northeast Special Steel.

Positions in shareholder units

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
Huo Gang	Bengang Group Co., Ltd.	Deputy General Manager	October 11 th , 2022		Yes
Han Mei	Bengang Group Co., Ltd.	Deputy Chief Accountant, General Manager of Finance Department	February 1 st , 2021		Yes
Tang Yaowu	Bengang Group Co., Ltd.	Full-time Director	April 20 th , 2022		Yes
Cheng Bin	Bengang Group Co., Ltd.	Chief Auditor	February 1 st , 2021		Yes
Bai Yufei	Bengang Group Co., Ltd.	General Manager of Audit Department	November 29 th , 2021		Yes
Description of the position in the shareholder	None				

Posts holding in other companies

Applicable Not applicable

Names of the persons in office	Names of the other companies	Titles engaged in other companies	Starting date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Huo Gang	Bengang POSCO Cold-rolled Sheet Co., Ltd.	Chairman	November 1 st , 2021		No
Han Mei	Dongbei Special Steel Group Co., Ltd.	Chairman of the Supervisory Board	May 11 th , 2022		No
Description of the position in other companies	None				

Punishment by the security's regulatory authorities in the last three years

Applicable Not applicable

3. 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 assessments 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

The remuneration scheme for a particular position is recognized based on the range of responsibilities, and 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 10,000

Name	Position	Sex	Age	Office status	Total remuneration received from the shareholder	Whether receive remuneration in the Company's related parties
Huo Gang	Chairman	Male	49	In office	36.95	Yes
Wang Shiyou	Director, Deputy General Manager	Male	48	In office	44.1	No
Sun Zhen	Director	Male	39	In office	1.2	Yes
Han Mei	Director	Female	53	In office		Yes
Liu Zhangman	Director, Deputy General Manager	Male	48	In office	9.86	Yes
Tang Yaowu	Director	Male	50	In office		Yes
Zhang SuXun	Independent Director	Female	67	In office	5	No
Yuan Zhizhu	Independent Director	Male	41	In office	5	No
Zhong Tianli	Independent Director	Female	66	In office	5	No
Cheng Bin	Chairman of the	Male	59	In office		Yes

Name	Position	Sex	Age	Office status	Total remuneration received from the shareholder	Whether receive remuneration in the Company's related parties
	Supervisory Board					
Bai Yufei	Supervisors	Female	52	In office		Yes
Lu Weijun	Supervisors	Male	47	In office	22.2	No
Zhang Yanlong	Supervisors	Male	45	In office	35.4	No
Zhao Xingtao	Supervisors	Male	50	In office	33.36	No
Jing Tao	Deputy General Manager	Male	52	In office	30.52	No
Guo Yuwei	Deputy General Manager	Male	53	In office	11.92	Yes
Jiang Xiaoyu	Secretary of the Board of Directors, Head of Finance	Female	51	In office	15.11	Yes
Niu Li	Directors	Male	54	Leaving office	17.45	Yes
Lin Dong	Director, Deputy General Manager	Male	52	Leaving office	23.83	Yes
Gao Desheng	Director	Male	48	Leaving office		Yes
Zhao Zhonghua	Supervisors	Female	38	Leaving office	12.95	No
Yang Xiaofang	Deputy General Manager	Male	58	Leaving office	18.1	Yes
Wang Donghui	Chief Accountant	Male	53	Leaving office	7.68	Yes
Total	--	--	--	--	335.63	--

VI. Duty fulfillment of directors during the reporting period

1. The situation of the Board of Directors during the reporting period

Sessions	Meeting Date	Date of disclosure	Index of information disclosure
25th Eighth plenary session	January 27 th , 2022	January 28 th , 2022	Announcement on Resolutions of 25th Eighth plenary session
26th Eighth plenary session	February 15 th , 2022	February 16 th , 2022	Announcement on Resolutions of 26th Eighth plenary session
27th Eighth plenary session	March 24 th , 2022	March 26 th , 2022	Announcement on Resolutions of 27th Eighth plenary session
1st Ninth plenary session	April 26 th , 2022	April 27 th , 2022	Announcement on Resolutions of 1st Ninth plenary session
2nd Ninth plenary session	July 6 th , 2022	July 7 th , 2022	Announcement on Resolutions of 2nd Ninth plenary session
3rd Ninth plenary session	July 27 th , 2022	July 28 th , 2022	Announcement on Resolutions of 3rd Ninth plenary session
4th Ninth plenary session	August 17 th , 2022	August 19 th , 2022	Announcement on Resolutions of 4th Ninth plenary session
5th Ninth plenary session	September 25 th , 2022	September 26 th , 2022	Announcement on Resolutions of 5th Ninth plenary session
6th Ninth plenary session	October 26 th , 2022	October 28 th , 2022	Announcement on Resolutions of 6th Ninth plenary session
7th Ninth plenary session	November 15 th , 2022	November 16 th , 2022	Announcement on Resolutions of 7th Ninth plenary session
8th Ninth plenary session	December 8 th , 2022	December 9 th , 2022	Announcement on Resolutions of 8th Ninth plenary session

2. The situation of directors attending the BOD and shareholders meeting

Attendance of Directors at Board of Directors and General Meetings of Shareholders							
Director name	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 absences	Failure to personally attend board meetings successively twice (Yes/No)	Number of general meetings to be attended
Huo Gang	11	2	9	0	0	No	6
Wang Shiyou	11	2	9	0	0	No	6
Sun Zhen	0	0	0	0	0	No	0
Han Mei	11	2	9	0	0	No	6
Liu Zhangman	4	0	4	0	0	No	2
Tang Yaowu	6	0	6	0	0	No	3
Zhang Suxun	11	0	11	0	0	No	6
Yuan Zhizhu	11	0	11	0	0	No	6
Zhong Tianli	11	0	11	0	0	No	6
Niu Li	6	2	4	0	0	No	3
Lin Dong	6	2	4	0	0	No	3
Gao Desheng	5	2	3	0	0	No	2

Explanation of two consecutive absences from attending the Board of Directors in person

None

3. Objections of directors on relevant issues

Objections of independent directors on some relevant issues

Yes No

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

4. Other notes to duty fulfillment of directors

Whether any director's advice to the Company was accepted

Yes No

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

Directors have not made recommendations during the reporting period.

VII. Duty fulfillment of the special committees under the board during the reporting period

Committees	Membership	Number of meetings held	Meeting date	Meeting content	Important comments and suggestions raised	Other performance of duties	Specific circumstances of the objection (if any)
Audit Committee	Zhang Suxun, Yuan Zhizhu, Han Mei	7	January 20 th , 2022	1. Proposal on the implementation of daily connected transactions for 2021	Agree	Not applicable	No
Audit Committee	Zhang Suxun, Yuan Zhizhu, Han Mei	7	March 13 th , 2022	1. 2021 annual report and abstract; 2. 2021 annual financial accounts report; 3. 2021 annual profit distribution proposal; 4. proposal to sign the <i>Raw Materials and Services Supply Agreement</i> with Ansteel; 5. proposal to sign the <i>Raw Materials and Services Supply Agreement (2022-2024)</i> with Pangang Steel Vanadium and Titanium; 6. proposal to anticipate daily connected transactions in 2022; 7. 2021 annual internal control evaluation report; 8. proposal to make provision for asset impairment; 9. 2021 special report on the deposit and use of funds raised	Agree	Fully communicate with auditors	No
Audit Committee	Zhang Suxun, Yuan Zhizhu, Han Mei	7	April 20 th , 2022	2022 first quarter report	Agree	Not applicable	No
Audit Committee	Zhang Suxun, Yuan Zhizhu, Han Mei	7	July 18 th , 2022	Proposal to use idle proceeds to temporarily replenish working capital	Agree	Not applicable	No
Audit Committee	Zhang Suxun, Yuan Zhizhu, Han Mei	7	August 10 th , 2022	1. Half-yearly report for 2022; 2. Proposal to change the accounting firm; 3. Special report on the deposit and use of proceeds for the half-yearly period of 2022	Agree	Not applicable	No
Audit Committee	Zhang Suxun, Yuan Zhizhu, Han Mei	7	October 20 th , 2022	1. 2022 Third quarterly report; 2. Proposal for change in accounting estimates	Agree	Not applicable	No
Audit Committee	Zhang Suxun, Yuan Zhizhu, Han Mei	7	December 8 th , 2022	Proposal on estimated daily connected transactions for 2023	Agree	Not applicable	No
Nominating Committee	Yuan Zhizhu, Zhang Suxun, Huo Gang	5	March 13 th , 2022	1. Proposal on the general election of the Board of Directors of the Company; 2. Proposal on the resignation of the Secretary of the Board of Directors	Agree	Not applicable	No

Committees	Membership	Number of meetings held	Meeting date	Meeting content	Important comments and suggestions raised	Other performance of duties	Specific circumstances of the objection (if any)
Nominating Committee	Yuan Zhizhu, Zhang Suxun, Huo Gang	5	April 20 th , 2022	1. Proposal to elect the chairman of the ninth session of the Board of Directors of the Company; 2. Proposal to resign the senior management of the Company; 3. Proposal to appoint senior management	Agree	Not applicable	No
Nominating Committee	Yuan Zhizhu, Zhang Suxun, Huo Gang	5	July 1 st , 2022	1. Proposal on the resignation of directors of the Company; 2. Proposal on the nomination of candidates for directors of the Company	Agree	Not applicable	No
Nominating Committee	Yuan Zhizhu, Zhang Suxun, Huo Gang	5	July 21 st , 2022	Proposal on the appointment of the Secretary of the Board of Directors of the Company	Agree	Not applicable	No
Nominating Committee	Yuan Zhizhu, Zhang Suxun, Huo Gang	5	August 10 th , 2022	1. Proposal to nominate candidates for director of the Company; 2. Proposal to appoint senior management of the Company	Agree	Not applicable	No
Strategy Committee	Huo Gang, Wang Shiyu, Gao Desheng, Zhong Tianli	3	March 13 th , 2022	1. 2021 annual report of the Board of Directors; 2. 2022 annual investment framework plan proposal	Agree	Not applicable	No
Strategy Committee	Huo Gang, Wang Shiyu, Gao Desheng, Zhong Tianli	3	September 19 th , 2022	Proposal on the sale of equity interest in a wholly-owned subsidiary and connected transaction	Agree	Not applicable	No
Strategy Committee	Huo Gang, Wang Shiyu, Gao Desheng, Zhong Tianli	3	November 10 th , 2022	Proposal on the acquisition of equity interest in Ansteel Group Finance Co., Ltd.	Agree	Not applicable	No

VIII. 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 to the supervision issue during the reporting period.

IX. Staff condition

1. Number of staff, professional structure and education level

Number of in-service staff in the parent company	16,854
Number of in-service staff in main subsidiaries	629
Total population of in-service staff	17,483
Total population of staff receiving remuneration in the current period	17,483
Number of retired staff whose expense was borne by parent company and major subsidiary companies	22,867
Professional composition	
Type of professional composition	Population
Production staff	14,501
Sales staff	234
Technician staff	1,658
Financial staff	119
Administrative Staff	971
Total	17,483
Educational degree	
Type of educational degree	Population
PhD.	11
Postgraduate	319
Undergraduate	4,062
Junior College	6,374
Technical secondary school	457
High School and Technical School	3,520
Middle School and others	2,740
Total	17,483

2. Remuneration policies

In 2022, the Company established a complete performance management system based on the determined annual production and operation guidelines, policies and overall management goals. The Company evaluated the operation indicator and work tasks of various functional departments, factories and mines, set key performance evaluation indicators, and implements monthly evaluations. Salary is based on position, ability and performance. Salary is determined by post, a salary is changed by post, guide employees to improve their abilities, establish a salary distribution mechanism that relies on competition and income by contribution, and highlights the assessment of key performance indicators, so as to truly realize that income can be increased or decreased. Continue to promote the total salary contract, guide all units to rationally allocate human resources, optimize the allocation mechanism and improve labor productivity, and give full play to the role of salary incentives and constraints.

3. Training plan

In 2022, the company aims to deeply implement the talent-first development strategy, significantly enhance the ability of talent training, take the overall improvement of the overall quality of employees as the ultimate goal, focus on meeting training needs, and focus on updating training concepts, innovating training methods, and improving training quality. The focus is to adhere to the principle of "controlling the total amount, optimizing the structure, and focusing on practical results", and while closely focusing on the production and operation center, comprehensively carry out systematic, modular, and precise education and training. Promote the development of training products that combine long and short, high and low matching, and parallel sizes, and strive to create characteristic high-quality training programs, effectively release training effectiveness, and further improve the overall quality of the workforce, laying a solid foundation for the high-quality development of the steel sheet. The Company completed 54 training programs throughout the year, training 43,299 people, with a full training rate of 80% and an annual training plan implementation rate of 96%. The training target plan was fully achieved.

4. Outsourcing

Applicable Not applicable

X. 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 ShineWing Certified Public Accountants LLP, the net profit attributable to the parent company for the year 2022 was RMB -1,232,976,557.37, plus the undistributed profit of RMB 2,977,306,297.64 at the beginning of the year, net of the profit distribution of RMB 2,464,914,827.4 made in the current period for the year 2021 and the recovery of the profit from the disposal of Guangzhou Benpu Automobile Board Sales Co., Ltd. in the current period of RMB 25,416.4. The balance of the undistributed profit for the period was RMB -720,559,670.73.

The profit distribution plan for FY2022 is: No cash dividend, no bonus shares and no capitalization of capital reserve.

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
Whether it meets the requirements of the company's articles of association or the resolutions of the shareholders meeting:	Yes

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

Profit Distribution or Capital Reserve Conversion Proposal in the Reporting Period

Applicable Not applicable

The Company plans to distribute no cash dividends, no bonus shares and no increase in capital by way of the transfer of public reserves for the year.

XI. Implementation of Company equity incentive plans, employee stock ownership plans or other employee incentives

Applicable Not applicable

During the reporting period, the Company had no equity incentive plan, employee stock ownership plan or other employee incentive measures and their implementation.

XII. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control system

(1) Reconstruct the system of rules and regulations in Bengang Steel Plates. The Company has established a system of rules and regulations which takes fundamental management regulations as the basis, professional management regulations as the main body, and work norms as the support. The current effective rules and regulations at the Company level relate to functional modules and core businesses such as strategic planning, production operation, financial management, etc.

(2) Strictly execute the regulations review procedure, and establish and implement a long-term mechanism for the management of rules and regulations. the Company has revised and issued *Provisions on the Management of the Rules and Regulations in Bengang Steel Plates Co., Ltd.*, released *Notice on Carrying out the Establishment of Rules and Regulations*, pushed forward the work of issuing, revising, repealing, and interpreting rules and regulations as planned, adhered to the principles of being compliant with both laws and regulations, being systematic and comprehensive, pragmatic and effective, and being clear in rights and responsibilities. the Company's rules and regulations have been analyzed and sorted out, and a total of 215 regulations have been reformulated and revised. The compliance review node has been added to the regulations review procedure. It's a must that regulations have passed the compliance review before being released to ensure the rate of the regulations' compliance review is 100%.

(3) Optimize the special internal control system. the Company has gradually established and improved the internal control system involving risk internal control, compliance management, and supervision and accountability, based on *Regulations on Comprehensive Risk and Internal Control Management in Bengang Steel Plates Co., Ltd.* and supported by *Measures for Risk Assessment and Compliance Review of Important Events in Bengang Steel Plates Co., Ltd.*, *Measures for Internal Control Evaluation in Bengang Steel Plates Co., Ltd.*, and *Compliance Management Measures in Bengang Steel Plates Co., Ltd.*

(4) Improve the standards of risk assessment and internal control defects evaluation. According to the requirements of material defects, significant defects and general defects evaluation in the enterprise's internal control system and the factors such as the Company's size, risk appetite and risk tolerance, the Company has nailed down the specific qualitative and quantitative standards of internal control defects evaluation with reference to the risk assessment standards. Each functional management department can identify and determine critical risk factors in relevant businesses by analyzing the impact and probability of risks and considering practical conditions. Based on the internal control inspection of Ansteel Group and the self-examination of Bengang Steel Plates, the Company has timely rectified the identified internal control defects and fully performed the role of the Board of Directors in the leadership and supervision of comprehensive internal control evaluation. In the annual internal control auditing of an external audit institution, the Company has reached the goal of zero material internal control defects.

2. Material internal control defects found during the reporting period

Yes No

XIII. Management and control of subsidiaries during the reporting period

Company name	Integration plan	Integration progress	Problems encountered during integration	Solutions implemented	Solutions progress	Follow-up solutions plan
Harbin Bengang Economic and Trading Co., Ltd.	Deregistration	Completed	N/A	N/A	N/A	N/A
Nanjing Bengang Materials Sales Co., Ltd.	Deregistration	Completed	N/A	N/A	N/A	N/A
Chongqing Liaoben Steel & Iron Trading Co., Ltd.	Deregistration	Completed	N/A	N/A	N/A	N/A
Wuxi Bengang Steel & Iron Sales Co., Ltd.	Mergers and acquisitions	Completed	N/A	N/A	N/A	N/A
Bengang Baojin (Shenyang) Automobile New Materials Technology Co., Ltd.	Loss of control due to other shareholders' raised funds	Completed	N/A	N/A	N/A	N/A

XIV. Internal control self-evaluation report or internal control audit report

1. Internal control self-evaluation report

Disclosing date of the internal control audit report (full text)	March 30 th , 2023	
Index of the internal control audit report (full text)	http://www.cninfo.com.cn	
Proportion of total assets of subsidiaries within the scope of the self-evaluation report in total assets of the Company's consolidated financial statements	97.16%	
Proportion of operating income of subsidiaries within the scope of self-evaluation report in operating income of the Company's consolidated financial statements	92.50%	
Standards of defects evaluation		
Category	Financial report	Non-financial report
Qualitative criteria	<p>1. Material defects: fraud of directors, supervisors and senior management; the Company corrects its published financial statements; there is a material misstatement in the financial statements, and the internal control fails to detect the misstatement during the operation; the corporate audit committee and the internal audit institution have no effect on the supervision of internal control.</p> <p>2. Significant defects: the seriousness and economic consequences of accounting policies, accounting and</p>	<p>1. the Company's standards of internal control defects evaluation in terms of daily operation: 1) Material defects: have a material impact on the normal operation of the Company; affect most of the Company's main business types/main functional areas; have a significant impact on the overall operation of the Company which makes it difficult to recover in the long run. 2) Significant defects: have a great impact on the normal operation of the Company; affect some of the Company's main business types/main functional areas; have a large impact on the Company's overall operation, requiring a great price for the Company to recover in a long period of time. 3)</p>

	<p>financial reporting are lower than material defects, but there are still internal control defects that may cause the Company to deviate from the control objectives. 3. General defects: other than material and significant defects, other internal control defects in financial reporting.</p>	<p>General defects: have a moderate or less impact on the normal operation of the Company: affect a certain main business type/main functional area or general business type/general functional area of the Company; have a moderate or less impact on the overall operation of the Company, requiring some price for the Company to recover within a certain period of time. 2. the Company's standards of internal control defects evaluation in terms of business objectives: 1) Material defects: have a significant impact on the Company's business objectives: have a significant impact on any type of budget indicators of the Company; affect most of the Company's important management objectives; have a significant impact on liquidity (0.8 times \leq current asset turnover rate < 1 time); have a significant impact on any type of budget indicators of the Company (profit \geq RMB 800 million). 2) Significant defects: have a great impact on the Company's business objectives: have a great impact on any type of budget indicators of the Company; affect some important management objectives of the Company; have a great impact on current capital (0.5 times \leq current asset turnover rate < 0.8 times); have a great impact on any type of budget indicators of the Company (RMB 400 million \leq profit < RMB 800 million). 3) General defects: have a moderate or less impact on the Company's business objectives: have a moderate or less impact on any type of budget indicators of the Company; affect one important management objective or several general management objectives of the Company; have a moderate or less impact on current capital (current asset turnover rate < 0.5 times); have a moderate or less impact on any type of budget indicators of the Company (profit < RMB 400 million). 3. the Company's standards of internal control defects evaluation in terms of safety: 1) Material defects: affect a certain number of employees/public health/safety, critical accidents. 2) Significant defects: affect some employees/public health/safety, major accidents. 3) General defects: affect a small number of employees/public health/safety, minor accidents. 4. the Company's standards of internal control defects evaluation in terms of environmental protection: 1) Material defects: serious environmental damage, the occurrence of critical environmental incidents (national level II or above environmental protection accidents). 2) Significant defects: great environmental damage and major environmental incidents (national level III). 3) General defects: moderate or less environmental impact, general environmental incidents (national level IV).</p>
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Quantitative criteria	<p>1. Range of misstatement amount of material defects in financial statements: 1) misstatement \geq 5% of total profits; 2) misstatement \geq 3% of total assets; 3) misstatement \geq 1% of total operating income; 4) misstatement \geq 1% of total shareholders' equity. 2. Range of misstatement amount of significant defects in financial statements: 1) 3% of total profits \leq misstatement $<$ 5% of total profits; 2) 0.5% of total assets \leq misstatement $<$ 3% of total assets; 3) 0.5% of total operating income \leq misstatement $<$ 1% of total operating income; 4) 0.5% of total shareholders' equity \leq misstatement $<$ 1% of total shareholders' equity. 3. Range of misstatement amount of general defects in financial statements: 1) misstatement $<$ 3% of total profits; 2) misstatement $<$ 0.5% of total assets; 3) misstatement $<$ 0.5% of total operating income; 4) misstatement $<$ 0.5% of total shareholders' equity.</p>	None
Number of material defects in financial reporting(a)	0	
Number of material defects in non-financial reporting (a)	0	
Number of significant defects in financial reporting(a)	0	
Number of significant defects in non-financial reporting(a)	0	

2. Internal control audit report

Applicable Not applicable

Opinion in the internal control audit report	
According to <i>Fundamental Rules of Enterprise Internal Control</i> and related regulations, Bengang Steel Plates has remained effective internal control in financial reporting up to December 31 st , 2022.	
Status of the internal control audit report	Disclosure
Disclosing date of the internal control audit report (full text)	March 30 th , 2023
Index of the internal control audit report (full text)	http://www.cninfo.com.cn
Internal audit report's opinion	Standard unqualified opinion
Whether there are significant defects in non-financial reporting	No

Whether the accountants' firm issues a qualified opinion in the internal control audit report

Yes No

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

Yes No

XV. Self-examination and rectification of governance initiatives of listed companies

During the reporting period, the Company actively followed and implemented the spirit of *Opinions on Further Improving the Quality of Listed Companies* issued by the State Council and worked out the *List of Listed Company Governance Initiatives* based on China Securities Regulatory Commission [2020] No. 69 *Announcement on Carrying out Initiatives on Corporate Governance of Listed Companies* and the Company's practical conditions. The list reflected the problems and rectification of governance in listed companies in a true, accurate and comprehensive manner. The Company made efforts to strengthen the endogenous driving force of corporate governance, improve the corporate governance system, and build a healthy ecology of corporate governance. In those ways, it has further optimized the governance structure as a listed company featuring clear-cut duties and responsibilities, harmonious coordination and operation, and effective check and balance, and has tamped the foundation for high-quality development as a listed company and promoted the governance level.

Section V. Environmental and Social Responsibility

I. Major environmental issues

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

Yes No

Environmental protection policies and industry standards

The Company implemented *Environmental Protection Law of the People's Republic of China*, *Environmental Impact Assessment Law of the People's Republic of China*, *Water Pollution Prevention and Control Law of the People's Republic of China*, *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, *Soil Pollution Prevention and Control Law of the People's Republic of China*, *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, and other relevant ecological and environmental policies, and complied with such industry standards as *Water Pollutants Emission Standard for Iron and Steel Industry* (GB13456-2012) and *Pollutants Emission Standard for Coking Chemical Industry*(GB16171-2012), *Sintering and Sintered Pellets Air Pollutants Emission Standard for Iron and Steel Industry* (GB28662-2012), *Air Pollutants Emission Standard for Iron Making Industry* (GB28663-2012), *Air Pollutants Emission Standard for Steel Rolling Industry* (GB28665-2012), and *Air Pollutants Emission Standard for Thermal Power Plants* (GB13223-2011).

Environmental protection administrative license

The Company has 14 pollutants discharging units, 11 of which are key pollutants discharging units. The license was obtained for the first time in December 2018 and was extended to December 2026 in December 2021 according to the requirements of license management. Three units have been registered and granted the registration receipt of fixed pollution source discharge in March 2020, which is valid until 2025. the Company strictly implements the stable operation of environmental protection facilities, strictly controls the discharge of pollutants, and discharges pollutants within the scope of permission every year. It completes quarterly reporting and annual reporting through online filing as required.

Industry emission standards and the description of pollutants emission involved in production and business activities

Company or subsidiary name	Category of major pollutants and characteristic pollutants	Name of major pollutants and characteristic pollutants	Emission method	Number of discharge outlets	Distribution of discharge outlets	Emission concentration/intensity	Implemented pollutants discharge standards	Total emissions	Total approved emissions	Excessive emissions
Bengang Steel Plates Co., Ltd.	Wastewater pollutants	COD	Continuous	1	Energy General Plant Sewage Treatment Plant	12.5	50	66.18 tonnes	Not approved by the government	None
Bengang Steel Plates Co., Ltd.	Wastewater pollutants	Ammonia nitrogen	Continuous	1	Energy General Plant Sewage Treatment Plant	0.4	8	2.17 tonnes	Not approved by the government	None
Bengang Steel Plates Co., Ltd.	Exhaust gas pollutants	Particulate matter	Continuous and intermittent	191	Raw material dumper, transfer station, receiving tank, pre-batching; iron-making casting yard, furnace roof, fuel, solvent, granulation, ore coke tank, sintering head dust removal, desulfurization, machine tail dust removal; iron and steel water pretreatment, north-south pouring station, tundish, primary dust removal, secondary dust removal, refining dust removal; special steel electric furnace, refining furnace; coking coal addition, coke pushing, dry quenching, chimney desulfurization and denitrification; power boiler dust removal, desulfurization and denitrification; cold rolling	Raw material 14-19; sintering 13-25; iron making 7-35; steel making 3-10; special steel 3-10; coking 5-50; power generation 3-18; cold rolling 6-18; hot rolling 6-15.	Raw material 25; sintering 50-30; iron making 25; steel making 20-50; special steel 20; coking 10-50; power generation 5-30; cold rolling 20-30; hot rolling 20-30.	Smoke 1,231 tonnes, powder 11,794 tonnes	Not approved by the government	None

Company or subsidiary name	Category of major pollutants and characteristic pollutants	Name of major pollutants and characteristic pollutants	Emission method	Number of discharge outlets	Distribution of discharge outlets	Emission concentration/intensity	Implemented pollutants discharge standards	Total emissions	Total approved emissions	Excessive emissions
					acid regeneration, pickling, straightening, welding, leveling, annealing, roasting; hot rolling furnace.					
Bengang Steel Plates Co., Ltd.	Exhaust gas pollutants	Sulfur dioxide	Continuous and intermittent	65	Sintering head; coke oven chimney; power generation boiler desulfurization; cold rolling roasting and annealing; hot rolling heating furnace.	Sintering head 12-40; coke oven chimney 20-50; power generation 5-45; cold rolling 80-100; hot rolling 118-128.	Sintering head 200; coke oven 30-100; power generation 35-200; cold rolling 100; hot rolling 150.	3,378 tonnes	Not approved by the government	None
Bengang Steel Plates Co., Ltd.	Exhaust gas pollutants	Nitrogen oxides	Continuous and intermittent	58	Sintering head; coking chimney; power generation boiler; cold rolling roasting; annealing; hot rolling heating furnace.	Sintering head 90-167; coking chimney 60-120; power generation 21-140; cold rolling 69-172; hot rolling 105-124.	Sintering head 300; coking chimney 150-500; power generation 50-200; cold rolling 200; hot rolling 300.	8,637 tonnes	Not approved by the government	None

Pollutants treatment

In 2022, 13 ultra-low emission projects have been completed, involving iron-making yards, mining tank dust removal and standard upgrading transformation, and sintering head desulfurization and denitrification transformation; secondary dust removal transformation of steelmaking; coking process VOCs treatment, machine side dust removal, desulfurization and denitrification and other project transformation. Pollution prevention and control facilities are in stable operation, and the total amount of pollutant emissions in 2022 decreased by 8.6% year on year.

Environmental self-monitoring program

Manual monitoring points of pollution sources during the reporting period: 261 flue gas monitoring points, 14 wastewater monitoring points, 13 boundary noise points, 17 atmospheric dust reduction points, and 190 organized flue gas monitoring points, 71 unorganized flue gas monitoring points. Monitoring is carried out on a weekly, monthly, quarterly, semi-annual and annual frequency. 204 pieces of monitoring data were obtained at atmospheric dust reduction points. The Company has accomplished routine monitoring of unorganized atmospheric dust reduction and organized flue gas and acquired 1,985 pieces of monitoring data throughout the year. 416 pieces of monitoring data were obtained in boundary noise points; 3,457 pieces of monitoring data were obtained in wastewater monitoring points; 125 pieces of monitoring data were obtained in other points. Monthly, quarterly and annual monitoring reports were prepared.

Automatic monitoring points of pollution sources during the reporting period: 50 organized flue gas monitoring points, and 2 wastewater monitoring points. The Company has realized continuous automatic monitoring.

Emergency plan for environmental emergencies

Strictly based on the *Emergency Response Law of the People's Republic of China*, the *Notice on Printing and Distributing the "Guidelines for Risk Assessment of Environmental Emergencies for Enterprises (Trial)*, and *Measures for the Filing Management of Environmental Emergency Response Plans of Enterprises and Undertakings (Trial)* and other existing laws and regulations, the Company and its subsidiaries have carried out environmental emergency management, revised the emergency plan for environmental emergencies, re-implemented risk assessment and emergency resource investigation, and have already completed assessment and filing according to the management requirements of the municipal bureau. At the same time, each unit of Bengang Steel Plates formulates a drill plan according to the emergency plan and carries out the drill.

Investment in environmental governance and protection and payment of environmental protection tax

In 2022, the operating expenses of environmental protection facilities were RMB 1.239 billion. RMB 355 million was invested in environmental governance and protection, and RMB 37.46 million was paid for environmental protection taxes.

Measures are taken to reduce carbon emissions during the reporting period and their effects

Applicable Not Applicable

1. Reduce the comprehensive energy consumption of steel in tonne. The Company continuously reduced the comprehensive energy consumption of steel in tonne by cutting down the energy consumption of the main process and improving secondary energy recovery in 2022. In the iron-making process, the Company ensured stable blast furnace operation and rose the air temperature to reduce the fuel ratio, reduced the gas consumption through the centralized control of the hot blast furnace, and did a good job in the linkage between TRT and the blast furnace to improve the recovery of residual energy, realizing the power generation of iron in tonne 42.53kwh/t. Under the stable operation of the sintering machine, the power generation of waste heat reached 13kwh/t, and the comprehensive waste heat recovery of mine in tonne rose to 0.15GJ. In the coking process, the Company focused on the stable operation of the dry quenching system, increasing the CDQ recovery of coke steam in tonne joule to 7.0GJ. In the steel-making process, the Company optimized the waste heat recovery by improving gas recovery and

transferring waste heat-saturated steam to support the power generation of 265m² sintering machine. The comprehensive energy consumption of steel making remained below -10kgce/t after April. In the hot rolling process, the Company made continuous efforts to reduce air consumption during the waiting period, and increase the purchase of first- and secondary-level waste heat steam. In 2022, the Company's comprehensive energy consumption of steel in tonne was planned to be 580kgce/t, and the actual consumption was 575.92kgce/t which was 4.08kgce/t lower than the plan and 10.42kgce/t lower than the same period of last year.

2. The fuel consumption of sintered solids in the sintering process was 50.68kg/t, which was 1.52kg/t lower than the plan and 1.67kg/t lower than the same period of last year. The energy consumption of the negative energy steel-making process was -5.5kgce/t, a year-on-year decrease of 2.81kgce/t. While reducing the comprehensive energy consumption of steel in tonne, the Company paid continuous, strenuous efforts in the fuel ratio reduction, making the fuel ratio 532.64kg/t in 2022, a year-on-year decrease of 1.86kg/t.

3. Push forward the implementation of energy-saving projects in full swing. The Company invested a total of RMB 1,257.49 million, completed 7 energy saving projects in 2022 and put them into operation, including CAPP power generation, six-furnace heat exchanger transformation, cold-fired substation dynamic compensation transformation, hot rolling 1700 production line reactive power compensation transformation, hot rolling 2300 production line phosphorus removal pump transformation, converter saturated steam system optimization and energy-saving transformation, converter gas recovery and efficiency improvement transformation. The projects created benefits of RMB 177.52 million and saved 59,500 tonnes of standard coal per year.

Administrative penalties for environmental issues during the reporting period

Company or subsidiary name	Causation of penalty	Violation	Consequence of penalty	Influence on the production and operation of listed companies	the Company's rectification measures
Bengang Steel Plates Co., Ltd.	Fugitive emissions	1.9# The coke oven door was not tightly closed, resulting in fugitive emissions of some smoke and dust in the carbonization chamber. 2. The emission of fugitive exhaust gas pollutants on the roof of No.8 coke oven exceeded the standard value; 3. During the oxygenation blowing process of steel making 7# converter, part of the smoke and dust overflow from the plant cover to cause fugitive emissions, due to poor molten iron composition and improper operation.	Environmental protection penalties were imposed 3 times, totaling RMB 470,000.	None	All have been rectified: 1. The coking process was implemented in strict accordance with the operation procedure. The sealing of the furnace door was checked in time. The furnace wall was welded and repaired, and the furnace door was repaired to reduce sensory pollution. 2. The main reason for exceeding the standard was as below. The ammonia decomposition furnace of the production facility was overhauled according to the maintenance plan in the gas purification operation area, and the replacement of gas pipelines during the maintenance and relocation process caused fugitive emissions. The Company accelerated the construction progress, and resumed normal production. 3. The Company strengthened the quality inspection of molten iron and coordinated the replacement of molten iron in time when problems were found. The smoke problem caused by poor molten iron composition was effectively resolved.

Other environmental information that should be disclosed

None

Other environmental protection related information

None

II. Social responsibility

Please refer to *2022 Corporate Social Responsibility Report of Bengang Steel Plates Co., Ltd.* disclosed on <http://www.cninfo.com.cn> on March 30th, 2023.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

1. The Company selected 10 outstanding cadres in a succession to participate in rural revitalization, 4 of which still serve as the first secretary in villages for the present. During the special period of normal epidemic prevention and control, the cadres in villages remained true to their original aspiration, kept their mission in mind, strengthened their confidence, and worked tenaciously. They did a good job in poverty alleviation and prevention from returning to poverty after being lifted out of it in designated poverty relief regions in 2022. the Company provided growth points for the rural collective economy through employee welfare procurement of agricultural and sideline products in rural areas, effectively increasing per capita income. It has been completing rated as Outstanding Unit for Poverty Alleviation in Designated Regions of Liaoning Province for many consecutive years.

2. To provide assistance for employees in need who were determined in accordance with the standard for the review and identification of all types of employees in need, the Company made full use of the assistance system of the national trade union and the normalized assistance mechanism and endeavored to offer substantive assistance to employees in need through a combination of holiday visits and regular assistance. The Company provided mutual-aid insurance covering hospitalization, critical illness and accident for employees to further improve their capacity for resisting medical risks.

Section VI. Important Events

I. Performance of committed issues

1. The fulfilled commitments during the reporting period and under-fulfillment commitments by the end of the reporting period made by actual controller, shareholder, party involved, acquirer, company and other related parties

Applicable Not applicable

Commitments	Commitment party	Type of commitment	Contents	Commitment time	Commitment period	Performance
Commitment made in the acquisition report or the equity change report	Ansteel Group Co., Ltd.	Other commitment	In order to maintain the independence of Bengang Steel Plates, Ansteel Group undertakes the following: 1. Ansteel Group guarantees to keep separate from Bengang Steel Plates in terms of assets, personnel, finance, organization and business, and strictly abides by the China Securities Regulatory Commission's regulations on the independence of listed companies. It does not use its controlling position to interfere with the standard operation of Bengang Steel Plates, interfere with Bengang Steel Plates' business decisions, or damage the legitimate rights and interests of Bengang Steel Plates and other shareholders. Ansteel Group and other subsidiaries controlled by it promise not to illegally occupy the funds of Bengang Steel Plates and its controlled subsidiaries in any way. 2. The above commitments will continue to be effective during the period when Ansteel Group has control over Bengang Steel Plates. If Ansteel Group fails to fulfill the above-mentioned commitments and causes losses to Bengang Steel Plates, Ansteel Group will bear the corresponding liability for compensation.	August 20 th , 2021	Long term	Under normal fulfillment
Commitment made in the acquisition report or the equity change report	Ansteel Group Co., Ltd.	Other commitment	In order to avoid horizontal competition, Ansteel Group undertakes the following: (1) In view of the overlapping business between Ansteel Group and Bengang Steel Plates after the completion of the acquisition, according to the requirements of existing laws, regulations and relevant policies, Ansteel Group will issue a letter of commitment. Within 5 years or less time if more effort from the date of issue, it will comprehensively adopt various methods such as asset restructuring, business adjustment, and entrusted management to steadily promote the integration of relevant businesses to solve the problem of horizontal competition, in accordance with the	August 20 th , 2021	Long term	Under normal fulfillment

Commitments	Commitment party	Type of commitment	Contents	Commitment time	Commitment period	Performance
			<p>requirements of the relevant securities regulatory authorities, under the premise of complying with the applicable laws and regulations and relevant regulatory rules at that time, and in the principle of facilitating the development of Bengang Steel Plates and safeguard the interests of shareholders, especially the interests of small and medium shareholders. The aforesaid solutions include but are not limited to: 1) Asset restructuring: a different way of asset purchase, asset replacement, asset transfer or other feasible restructuring methods permitted by relevant laws and regulations, such as cash consideration or issue share consideration. It will gradually sort out and reorganize the assets of the overlapping parts of the business between Ansteel Group and Bengang Steel Plates to eliminate the overlapping of some businesses. 2) Business adjustment: it will sort out the business boundaries and try the best to achieve differentiated operations, such as business categorization through asset transactions, business separation and other different methods, including but not limited to business composition, product grade, application field and customer groups, etc. 3) Entrusted management: by signing an entrustment agreement, one party will entrust decision making and management of related asset operation of overlapping parts to the other party for unified management. 4) Other feasible solutions permitted by laws, regulations and relevant policies. The implementation of the above-mentioned solutions is premised on performing the necessary deliberation procedures for listed companies and the approval procedures of securities regulatory authorities and relevant competent authorities in accordance with relevant laws and regulations. (2) Ansteel Group has not yet formulated a specific implementation plan and time arrangement for solving the problem of partial business overlap between Ansteel Group and Bengang Steel Plates. It will timely perform the duty of disclosing information required by relevant laws and regulations when a feasible, specific plan is formulated. (3) In addition to the above circumstances, when Ansteel Group or other subsidiaries obtain business opportunities that may compete with the business of Bengang Steel Plates, Ansteel Group will do its best to give Bengang Steel Plates the priority to develop such opportunities and the right to first refuse or purchase the project, ensure the price of the relevant transaction is fair and reasonable, and set the price based on the business practices followed in normal commercial transactions as independent third parties. (4) Ansteel Group guarantees that it will strictly</p>			

Commitments	Commitment party	Type of commitment	Contents	Commitment time	Commitment period	Performance
			abide by laws, regulations, <i>Articles of Association of Bengang Steel Plates Co., Ltd.</i> and its relevant management system, and not use its position as an indirect controlling shareholder of Bengang Steel Plates to seek illegitimate interests which thereby impair the rights and interests of other shareholders of Bengang Steel Plates. (5) During the period of control over Bengang Steel Plates, the above commitments made by Ansteel Group are all valid. In the event of violation of the above commitments and the damage to the rights and interests of Bengang Steel Plates is caused, Ansteel Group is willing to assume the corresponding liability for damages.			
Commitment made in the acquisition report or the equity change report	Ansteel Group Co., Ltd.	Other commitment	In order to standardize and reduce the related transactions between Ansteel Group and listed companies, Ansteel Group has made commitments: 1. Ansteel Group will ensure the independence of Bengang Steel Plates' business, the completeness of its assets, and the independence and completeness of production, supply, sales and other auxiliary facilities. 2. Ansteel Group and other enterprises controlled by Ansteel Group will not take advantage of the control over Bengang Steel Plates to seek preferential transactions with Bengang Steel Plates and its subordinate enterprises. 3. Ansteel Group and other enterprises controlled by Ansteel Group will avoid and reduce unnecessary transactions with Bengang Steel Plates and its subordinate enterprises. If there is a truly necessary and unavoidable transaction, Ansteel Group and other enterprises controlled by Ansteel Group will sign an agreement with Bengang Steel Plates and its subordinate enterprises in accordance with the principles of fairness, equity, and compensation for equal value, perform legal procedures, and comply with relevant laws, regulations and standard documents and <i>Articles of Association of Bengang Steel Plates Co., Ltd.</i> to perform the duty of disclosing information and execute relevant internal decision making and approval procedures. Ansteel Group ensures that it will not offer an unfair price or condition compared with market price in the transactions with Bengang Steel Plates and its subordinate enterprises and not use such transactions to engage in any behavior that damages the legitimate rights and interests of Bengang Steel Plates and its shareholders. 4. In the event of violation of the above commitments and the damage to the legitimate rights and interests of Bengang Steel Plates is caused, Ansteel Group will compensate for the losses caused to Bengang Steel Plates according to laws.	August 20 th ,2021	Long term	Under normal fulfillment
Commitment made during initial public	Company directors, senior	Other commitment	According to the relevant regulations of China Securities Regulatory Commission, all directors and senior management of the Company have	May 22 nd , 2019	Long term	Under normal fulfillment

Commitments	Commitment party	Type of commitment	Contents	Commitment time	Commitment period	Performance
offering or refinancing	management/Benxi Steel & Iron (Group) Co., Ltd.		made the following commitments to the Company's fulfillment of the diluted immediate return measures: 1. I promise to perform my duties faithfully and diligently, and safeguard the legitimate rights and interests of the Company and all shareholders. 2. I promise not to deliver benefits to other units or individuals without compensation or under unfair conditions, nor to use other means to damage the Company's interests. 3. I promise to restrict the position-related consumption behavior of company directors and senior management personnel. 4. I promise not to use the Company's assets to do investment and consumption activities that are not related to the performance of my duties. 5. Within the scope of my responsibilities and authority, I promise to 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 meetings (If I have voting rights). 6. If the Company intends to implement equity incentives, I promise to, within the scope of my responsibilities and authority, make every effort to promote the Company's proposed equity incentive exercise conditions 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 meetings (If I have voting rights). 7. Between the issuance of this commitment and the completion of the Company's public issuance of convertible corporate bonds, if China Securities Regulatory Commission announces other new regulations on compensation measures and commitments and the above commitments cannot meet the regulations, the Company promises to issue a supplementary promise in accordance with the latest regulations. The Company's controlling shareholder, Benxi Iron & Steel (Group) Co., Ltd., promises not to interfere with the Company's operation and management activities beyond its authority nor to infringe on the Company's interests.			
Commitment made during initial public offering or refinancing	Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	Other commitment	1. 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 Bengang Steel	July 24 th ,2019	Long term	Under normal fulfillment

Commitments	Commitment party	Type of commitment	Contents	Commitment time	Commitment period	Performance
			Plates, the Group agrees that within the period of no more than 5 years from the date of issuance of this commitment, the main import and export business of Bengang Steel Plates will still be represented by Bengang International Trade until Bengang Steel Plates can independently develop Import and export business, and Bengang International Trade, during this period, will provide the necessary support for the establishment and improvement of Bengang Steel Plates' 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 steel products of a third party. 2. The sales company under the Group, Shanghai Bengang Iron and Steel Sales Co., Ltd., is currently no longer actually engaged in any business activities, specifically: 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, upon completion of the aforementioned bankruptcy liquidation procedures, the relevant procedures for cancellation of Shanghai Bengang Iron and Steel Sales Co., Ltd. will be handled immediately.			
Commitment made during initial public offering or refinancing	Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	Other commitment	In order to avoid horizontal competition, 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 shareholder of Bengang Steel Plates Co., Ltd. (hereinafter referred to as Bengang Steel Plates), undertake the following: 1. During the period when the Group is the controlling shareholder of Bengang Steel Plates, 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 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. If any business may compete with the expanded business of Bengang Steel Plates	July 24 th , 2019	Long term	Under normal fulfillment

Commitments	Commitment party	Type of commitment	Contents	Commitment time	Commitment period	Performance
			<p>and its subsidiaries, it will withdraw from the competition with Bengang Steel Plates as follows: (1) Stop the business that may or may compete with Bengang Steel Plates and its subsidiaries; (2) Incorporate the competing businesses into the business scope of Bengang Steel Plates and its subsidiaries in a legal and compliant manner; (3) Transfer the competing business to unrelated third parties. 3. If the Group has engaged in or participated in any business opportunity that may constitute competition with Bengang Steel Plates' operation, the Group shall immediately notify Bengang Steel Plates of the above opportunity. If Bengang Steel Plates is willing to take advantage of the business opportunity and replies with an affirmative answer within a reasonable period specified in the notice, the Group will endeavor to give the business opportunity to Bengang Steel Plates with the conditions not worse than those offered 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 period of the Group as the controlling shareholder of Bengang Steel Plates and cannot be changed or withdrawn.</p>			
Commitment made during initial public offering or refinancing	Bengang Group Co., Ltd. and Benxi Steel & Iron (Group) Co., Ltd.	Other commitment	<p>In order to regulate The Group's related transaction with Bengang Steel Plates, 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 shareholder of Bengang Steel Plates Co., Ltd. (Hereinafter referred to as Bengang Steel Plates), undertake the following: 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, guarantee the independence of Bengang Steel Plates' business, the completeness of asset, and the independence of personnel and finance 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 enterprises controlled by the Group promise not to use loans, debt repayment, substitute funds or other ways to occupy or misappropriate the funds of Bengang Steel Plates and its subsidiaries, nor require Bengang Steel Plates and its subsidiaries to provide illegal guarantees for the Group and other enterprises controlled by the Group. 3. The Group and other enterprises controlled by the Group will reduce related transactions as much as possible with Bengang Steel Plates. If</p>	July 24 th ,2019	Long term	Under normal fulfillment

Commitments	Commitment party	Type of commitment	Contents	Commitment time	Commitment period	Performance
			<p>related transactions are indeed necessary and unavoidable, it will strictly implement the decision making authority, decision making procedures, avoidance system and other requirements stipulated in Bengang Steel Plates' Articles of Association and related transaction decision making systems, give full play to the role of the Board of Supervisors and independent directors, and earnestly fulfill the obligation of disclosing information to ensure that transactions are conducted in accordance with the open, fair, and equal principles of market transactions and normal commercial terms. The Group and other enterprises controlled by the Group will not require or accept Bengang Steel Plates to offer preferential treatment which is not given to a third party in any fair market transaction, thereby protecting other shareholders and interests of Bengang Steel Plates from damage. 4. The Group guarantees that the above commitments are continuously effective and irrevocable as long as Bengang Steel Plates is listed on the domestic stock exchange and the Group acts as its direct and indirect controlling shareholder. If any violation of the above commitments occurs, the Group therefore will bear all the losses caused to Bengang Steel Plates.</p>			
Whether Commitment fulfilled on time or not	Yes					

2. The Company remarks 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

II. Non-operating capital occupation of listed companies by the controlling shareholder and other related parties

Applicable Not applicable

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

III. Non-compliance with external guarantees

Applicable Not applicable

There was no non-compliance with external guarantees.

IV. Illustration by the Board of Directors on the latest Qualified Audit Report

Applicable Not applicable

V. Illustration by the Board of Directors, the Supervisory Committee and the Independent Directors (if any) on the Qualified Audit Report of the accountants' firm for the reporting period

Applicable Not applicable

VI. Illustration of changes in accounting policy, accounting estimate and significant accounting error as compared with the financial report of last year

Applicable Not applicable

- Significant changes in accounting policy

① Accounting Standards for Business Enterprises Interpretation No. 15

On December 30th, 2021, the Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 15 (Caikuai [2021] No. 35, hereinafter referred to as Interpretation No. 15), in which "Accounting for the external sales of products or by-products produced by an enterprise before the fixed assets reach the usable condition as intended or are in the R&D Process" and "Judgment on loss-making contracts" came into force on January 1st, 2022.

② Accounting Standards for Business Enterprises Interpretation No. 16

On December 30th, 2022, the Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 16 (Caikuai [2022] No. 31, hereinafter referred to as Interpretation No. 16), in which "Accounting for deferred income tax related to assets and liabilities arising from a single transaction which is not subject to the accounting treatment of initial recognition exemption" came into force on January 1st, 2023. "Accounting for the income tax implications of dividends related to financial

instruments classified by issuers as equity instruments" and "Accounting for enterprises changing from cash-settled share payment to equity-settled share payment" came into force on the date of promulgation.

- Significant changes in accounting estimate

Content and causation of accounting estimate change	Approval process	Date of application	Affected items of financial statements	Amount
Types of fixed assets, Depreciation period, and residual value rate	The 6th meeting of the Company's 9th Board of Directors	July 1 st , 2022	Accumulated depreciation	271,947,090.70
			Operating costs	266,457,899.30
			Administrative expenses	5,489,191.40
			Total profit	271,947,090.70
			Net profit	271,947,090.70

In recent years, the Company has continuously increased investment in fixed assets, launched technical transformation and technological innovation of the main equipment production line, regularly overhauled the equipment, improved the performance of the equipment and extended the service life of fixed assets. Following the principle of accounting prudence and Accounting Standards for Business Enterprises No. 4 - Fixed Assets Article 15 of Chapter 4 about "an enterprise shall reasonably confirm the service life and estimated net residual value of fixed assets according to the nature and use of fixed assets", the Company changes the accounting estimates of fixed asset types, depreciation period and residual value rate according to the nature and use of fixed assets, so that the type, depreciation period and residual value rate of fixed assets are closer to practical conditions.

On October 26th, 2022, the Company held the 6th meeting of the 9th Board of Directors and deliberated and passed the Proposal on Changes in Accounting Estimate.

The Company began to implement the changed accounting estimate on July 1st, 2022. This change in accounting estimate had no impact on the Company's main business scope. The Company's depreciation amount will reduce by RMB 270 million in 2022.

VII. Illustration of changes in the consolidation scope as compared with the financial report of last year

Applicable Not applicable

Chongqing Liaoben Steel & Iron Trading Co., Ltd., Harbin Bengang Economic and Trading Co., Ltd., Nanjing Bengang Materials Sales Co., Ltd., and Wuxi Bengang Steel & Iron Sales Co., Ltd. were deregistered during the reporting period.

The Company lost control over Bengang Baojin (Shenyang) Automobile New Materials Technology Co., Ltd. due to the raised funds of Xiamen Xianghong Investment Co., Ltd. on July 8th, 2022, and thus Bengang Baojin was no longer included in the consolidation.

Bengang Steel Plates Liaoyang Pellet Co., Ltd. was sold to Benxi Steel & Iron (Group) Mining Co., Ltd. on September 30th, 2022.

VIII. Appointment and dismissal of certified accountants' firm

Accountants' firm currently appointed

Name of the domestic accountants' firm	ShineWing Certified Public Accountants LLP
Payment to the domestic accountants' firm (in RMB 10,000)	295
Service life of domestic accountants' firm providing audit service	1
Name of CPAs from the domestic accountants' firm	Fan Jianping, Chen Jian
Service life of domestic accountants' providing audit service	1

Whether the accountants' firm is changed during the reporting period

Yes No

Whether the accountants' firm is changed during the auditing period

Yes No

On August 17th, 2022 and September 9th, 2022, the Company respectively held the 4th meeting of the 9th Board of Directors and the 3rd extraordinary general meeting, deliberated and passed the Proposal on Changes in Accountants' Firm, and appointed ShineWing Certified Public Accountants LLP as the Company's audit institution for the year of 2022. The Company has communicated in advance with BDO China Shu Lun Pan CPAs, the Company's original accounting and audit institution, about the change of accountants' firm, and the latter was informed of the change and confirmed that there was no objection.

Whether the change of the accountants' firm has complied with the approval procedure

Yes No

Detailed illustration of the appointment and change of the accountants' firm

The Company took into account the practical conditions including its business development and audit needs, personnel arrangement and work plans of the accountants' firm, and intended to ShineWing Certified Public Accountants LLP as the Company's audit institution for the year of 2022 after comprehensive communication and negotiation, The Company has communicated in advance with BDO China Shu Lun Pan CPAs, the Company's original accounting and audit institution, about the change of accountants' firm, and the latter was informed of the change and confirmed that there was no objection. The Company's Audit Committee, independent directors and the Board of Directors had no objection to the change of accountants' firm, which has been deliberated and approved by the Company's general meeting of shareholders. For details, please refer to the Announcement on the Proposed Change of Accountants' Firm (2022-051) disclosed by the Company on August 19th, 2022.

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

Applicable Not applicable

The Company appointed ShineWing Certified Public Accountants LLP as the audit institution for internal control auditing at the price of RMB 600,000.

IX. Risk of suspension or termination of listing after the disclosure of the annual report

Applicable Not Applicable

X. Bankruptcy and restructuring events

Applicable Not Applicable

There were no bankruptcy and restructuring events during the reporting period.

XI. Significant lawsuits and arbitrations

Applicable Not applicable

Basic information of lawsuits (arbitrations)	Total amount involved (RMB 10,000)	Where there are estimated liabilities	Progress of lawsuits (arbitrations)	Judicial result and influence of lawsuits (arbitrations)	Enforcement of the judgment of lawsuits and arbitrations	Date of disclosure	Index of disclosure
Summary of significant lawsuits and arbitrations not reaching the standard of disclosure	6,961	No	In judgment/execution	The Company has won most cases and is not affected.	Implementation according to laws		

XII. Punishment and rectification

Applicable Not Applicable

There was no punishment or rectification during the reporting period.

XIII. Credit status of the Company and its controlling shareholders and actual controllers

Applicable Not Applicable

XIV. Major related transactions

1. Related 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 (RMB 10,000)	Proportion of similar transactions	The approved trading limit of transactions (RMB 10,000)	Whether exceed the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Same controller	Purchasing goods/providing services	Purchasing main raw materials	On agreement	Related agreement price	1,401,540.48	22.51%	1,928,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group) Mining Co., Ltd.	Same parent company	Purchasing goods/providing services	Purchasing main raw materials	On agreement	Related agreement price	652,634.84	10.48%	895,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Purchasing main raw materials	On agreement	Related agreement price	28,954.33	0.47%	51,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Purchasing main raw materials	On agreement	Related agreement price	40,737.18	0.65%	30,000	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Anshan Iron and Steel Co., Ltd.	Both belong to Ansteel Group	Purchasing goods/providing services	Purchasing main raw materials	On agreement	Related agreement price	7,550.44	0.12%	130,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Ansteel Group Mining Gongchangling Co., Ltd.	Both belong to Ansteel Group	Purchasing goods/providing services	Purchasing main raw materials	On agreement	Related agreement price	46,171.1	0.74%	160,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017

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 (RMB 10,000)	Proportion of similar transactions	The approved trading limit of transactions (RMB 10,000)	Whether exceed the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Ansteel Group International Economic and Trade Co., Ltd.	Both belong to Ansteel Group	Purchasing goods/providing services	Purchasing main raw materials	On agreement	Related agreement price	5,829.2	0.09%	120,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Ansteel Scrap Resources (Anshan) Co., Ltd.	Both belong to Ansteel Group	Purchasing goods/providing services	Purchasing main raw materials	On agreement	Related agreement price	50,126.48	0.81%	70,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Pangang Group Vanadium & Titanium Resources Co., Ltd.	Both belong to Ansteel Group	Purchasing goods/providing services	Purchasing main raw materials	On agreement	Related agreement price	0	0.00%	2,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Purchasing supplementary materials	On agreement	Related agreement price	23,759.86	0.38%	2,000	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Purchasing supplementary materials	On agreement	Related agreement price	13,568.94	0.22%	25,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Bengang Electric Co., Ltd.	Associates of the parent company	Purchasing goods/providing services	Purchasing supplementary materials	On agreement	Related agreement price	12,121.98	0.19%	20,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Purchasing supplementary materials	On agreement	Related agreement price	15,433.29	0.25%	10,000	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017

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 (RMB 10,000)	Proportion of similar transactions	The approved trading limit of transactions (RMB 10,000)	Whether exceed the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Liaoning Hengyi Steel Trading Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Purchasing supplementary materials	On agreement	Related agreement price	41,058.53	0.66%	0	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Ansteel Mining Machinery Manufacturing Co., Ltd.	Both belong to Ansteel Group	Purchasing goods/providing services	Purchasing supplementary materials	On agreement	Related agreement price	0	0.00%	3,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Angang Steel Rope Co., Ltd.	Both belong to Ansteel Group	Purchasing goods/providing services	Purchasing supplementary materials	On agreement	Related agreement price	0	0.00%	1,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Other subsidiaries of Ansteel Group	Both belong to Ansteel Group	Purchasing goods/providing services	Purchasing supplementary materials	On agreement	Related agreement price	15,654.65	0.25%	2,000	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Purchasing energy & power	On agreement	Related agreement price	77,911.05	1.25%	60,000	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Steel & Iron (Group) Construction Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	77,578.83	1.25%	52,000	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	10,342.45	0.17%	10,000	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group) Machinery Engineering	Both belong to Bengang Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	13,307.82	0.21%	20,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017

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 (RMB 10,000)	Proportion of similar transactions	The approved trading limit of transactions (RMB 10,000)	Whether exceed the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Co., Ltd.													
Benxi Iron and Steel (Group) Mining Co., Ltd.	Same parent company	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	3,311.18	0.05%	5,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group) International Economic and Trade Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	90,447.11	1.45%	50,000	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	10,458.42	0.17%	13,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Ansteel Steel Processing and Distribution (Changchun) Co., Ltd.	Both belong to Ansteel Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	10.11	0.00%	1,300	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Ansteel Group Engineering Technology Development Co., Ltd.	Both belong to Ansteel Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	6,337.58	0.10%	201,500	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Ansteel Construction Group Co., Ltd.	Both belong to Ansteel Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	3,684.09	0.06%	3,000	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Bengang Group Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	380.48	0.01%	10,000	No	Execute according to the	Yes	March 26 th , 2022	2022-017

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 (RMB 10,000)	Proportion of similar transactions	The approved trading limit of transactions (RMB 10,000)	Whether exceed the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
										agreement			
Benxi Steel & Iron (Group) Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	29,280.12	0.47%	35,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Liaoning Hengtai Heavy Machinery Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	4,870.21	0.08%	4,100	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Liaoning Metallurgical Technician College	Both belong to Bengang Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	1,468.99	0.02%	2,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Northern Hengda Logistics Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	2,553.01	0.04%		Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Both belong to Bengang Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	6,395.63	0.10%	10,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Ansteel Group Automation Co., Ltd.	Both belong to Ansteel Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	7,287.3	0.12%		Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Other subsidiaries of Ansteel Group	Both belong to Ansteel Group	Purchasing goods/providing services	Receiving supporting services	On agreement	Related agreement price	6,802.95	0.11%	1,570	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Ansteel Lianzhong	Both belong to Ansteel	Purchasing goods/providing	Purchasing steel products	On agreement	Related agreement	0	0.00%	16,000	No	Execute according to	Yes	March 26 th , 2022	2022-017

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 (RMB 10,000)	Proportion of similar transactions	The approved trading limit of transactions (RMB 10,000)	Whether exceed the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
(Guangzhou) Stainless Steel Co., Ltd.	Group	services			price					the agreement			
Benxi Beiying Iron and Steel (Group) Co., Ltd.	Both belong to Bengang Group	Selling goods/providing services	Selling goods	On agreement	Related agreement price	96,772.69	1.55%	420,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Anshan Iron and Steel Co., Ltd.	Both belong to Ansteel Group	Selling goods/providing services	Selling goods	On agreement	Related agreement price	16,864.38	0.27%	210,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group) Mining Co., Ltd.	Same parent company	Selling goods/providing services	Selling goods	On agreement	Related agreement price	114,274.98	1.82%	190,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Suzhou Longben Metal Materials Co., Ltd.	Joint stock company	Selling goods/providing services	Selling goods	On agreement	Related agreement price	195.2	0.00%	50,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	Same parent company	Selling goods/providing services	Selling goods	On agreement	Related agreement price	17,875.85	0.29%	50,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Ansteel Group International Economic and Trade Co., Ltd.	Both belong to Ansteel Group	Selling goods/providing services	Selling goods	On agreement	Related agreement price	0	0.00%	30,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Panzhong Yihong Metal Products (Chongqing) Co., Ltd.	Both belong to Ansteel Group	Selling goods/providing services	Selling goods	On agreement	Related agreement price	676.43	0.01%	20,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017

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 (RMB 10,000)	Proportion of similar transactions	The approved trading limit of transactions (RMB 10,000)	Whether exceed the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Changchun FAW Ansteel Steel Processing and Distribution Co., Ltd.	Both belong to Ansteel Group	Selling goods/providing services	Selling goods	On agreement	Related agreement price	976.82	0.02%	11,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	Same parent company	Selling goods/providing services	Selling goods	On agreement	Related agreement price	6,111.08	0.10%	10,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Same parent company	Selling goods/providing services	Selling goods	On agreement	Related agreement price	4,339.83	0.07%	10,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Ansteel Chemical Technology Co., Ltd.	Both belong to Ansteel Group	Selling goods/providing services	Selling goods	On agreement	Related agreement price	14,293.74	0.23%	177,822	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Steel & Iron (Group) Construction Co., Ltd.	Same parent company	Selling goods/providing services	Selling goods	On agreement	Related agreement price	6,824.78	0.11%	8,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Both belong to Bengang Group	Selling goods/providing services	Selling goods	On agreement	Related agreement price	3,534.73	0.06%	5,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Iron and Steel (Group)	Same parent	Selling goods/providing	Selling goods	On agreement	Related agreement	4,015.97	0.06%	5,000	No	Execute according to	Yes	March 26 th , 2022	2022-017

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 (RMB 10,000)	Proportion of similar transactions	The approved trading limit of transactions (RMB 10,000)	Whether exceed the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Industrial Development Co., td.	company	services			price					the agreement			
Dalian Boroller Steel Pipe Co., Ltd.	Same parent company	Selling goods/providing services	Selling goods	On agreement	Related agreement price	1,713.88	0.03%	2,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Benxi Steel & Iron (Group) Co., Ltd.	Parent company	Selling goods/providing services	Selling goods	On agreement	Related agreement price	1,528.38	0.02%	1,000	Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Delin Land Port Supply Chain Service Co., Ltd.	Both belong to Ansteel Group	Selling goods/providing services	Selling goods	On agreement	Related agreement price	6,853.43	0.11%	253,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Northern Hengda Logistics Co., Ltd.	Both belong to Bengang Group	Selling goods/providing services	Selling goods	On agreement	Related agreement price	157,552.24	2.52%		Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Zhejiang Jingrui Steel Processing Co., Ltd.	Joint stock company	Selling goods/providing services	Selling goods	On agreement	Related agreement price	63,487.86	1.01%		Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Ansteel Green Resources Technology Co., Ltd.	Both belong to Ansteel Group	Selling goods/providing services	Selling goods	On agreement	Related agreement price	9,258.71	0.15%		Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Wuhan Yuanhong Trading Co., Ltd.	Joint stock company	Selling goods/providing services	Selling goods	On agreement	Related agreement price	5,185.43	0.08%		Yes	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Other	Both belong	Selling	Selling goods	On	Related	406.56	0.01%	2,355	No	Execute	Yes	March	2022-017

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 (RMB 10,000)	Proportion of similar transactions	The approved trading limit of transactions (RMB 10,000)	Whether exceed the approved limit (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
subsidiaries of Ansteel Group	to Ansteel Group	goods/providing services		agreement	agreement price					according to the agreement		26 th , 2022	
Benxi Iron and Steel (Group) Mining Co., Ltd.	Same parent company	Selling goods/providing services	Providing supporting services	On agreement	Related agreement price	637.57	0.01%	1,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Bengang Group Co., Ltd.	Controlling Shareholder of parent company	Selling goods/providing services	Providing supporting services	On agreement	Related agreement price	0	0.00%	17,000	No	Execute according to the agreement	Yes	March 26 th , 2022	2022-017
Total				--	--	3,240,949.17	--	5,416,647	--	--	--	--	--
Details of any sales return of a large amount				N/A									
Illustration of the actual situation during the reporting period where a forecast had been made by type for the total amounts of routine related transactions which would occur during the reporting period(if any)				N/A									
Reason for any significant difference between the transaction price and the market price for reference (if applicable)				N/A									

2. Related transactions relevant to asset acquisition or soldApplicable Not applicable

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

3. Related transactions relevant to joint investmentsApplicable Not applicable

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

4. Credits and liabilities with related partiesApplicable Not applicable

There were no credits and liabilities with related parties.

5. Transactions with related financial companiesApplicable Not applicable

Deposit business

Related party	Relationship	Maximum daily deposit limit (RMB 10,000)	deposit rate range	Beginning balance (RMB 10,000)	Amount for this period		Closing balance (RMB 10,000)
					Total deposit amount for the current period (RMB 10,000)	Total amount withdrawn in the current period (RMB 10,000)	
Ansteel Group Finance Co., Ltd.	Both belong to Ansteel Group	450,000	1.9%	442,965.63	16,081,552.08	16,417,025.86	107,491.85
Bengang Group Finance Co., Ltd.	Both belong to Bengang Group	1,100,000	3.0%-3.5%	0	269.72	269.72	0

Loan business

Related party	Relationship	Loan amount (RMB 10,000)	Loan interest rate range	Beginning balance (RMB 10,000)	Amount for this period		Closing balance (RMB 10,000)
					Total loan amount for the current period (RMB 10,000)	Total repayment amount for the current period (RMB 10,000)	

Credit or other financial business

Related party	Relationship	Business type	Total (RMB 10,000)	Actual amount (RMB 10,000)
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6. Transactions between financial companies controlled by the Company and related partiesApplicable Not applicable

There were no deposit business, loan business, credit or other financial business between financial companies controlled by the Company and related parties.

7. Other significant related transactions

Applicable Not applicable

During the reporting period, the Company had no other significant related transactions.

XV. 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

Description of lease

- Company as the lessor

Lessee	Lease capital category	Lease income of this year	Lease income of last year
Ansteel Tendering Co., Ltd.	Plants and ancillary facilities	255,045.87	
Bengang Tendering Co., Ltd.	Plants and ancillary facilities	250,917.43	480,000.00

- Company as the lessee

Lessor	Lease capital category	Rental expense for short-term leases and leases of low-value assets		Rent paid		Assumed interest expense on lease liability	
		Amount for this year	Amount for last year	Amount for this year	Amount for last year	Amount for this year	Amount for last year
Benxi Steel & Iron (Group) Co., Ltd.	Land use right 7,669,068.17 m ² . Land use right 42,920.00 m ² .			55,251,233.39	55,251,233.39	38,983,993.51	39,600,209.28
Benxi Steel & Iron (Group) Co., Ltd.	2300 Hot rolling product line, related real estate			16,098,161.06	16,098,161.06	7,657,901.26	7,982,648.96
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	1780 Hot rolling product line, related real estate			12,397,899.09	12,397,899.09	5,897,685.23	6,147,787.68
Bengang Group Co.,	Land use right 728,282.30 m ²			9,945,423.08	9,945,423.08	2,375,669.84	2,666,923.92

Lessor	Lease capital category	Rental expense for short-term leases and leases of low-value assets		Rent paid		Assumed interest expense on lease liability	
		Amount for this year	Amount for last year	Amount for this year	Amount for last year	Amount for this year	Amount for last year
Ltd.							
Northern Hengda Logistics Co., Ltd.	Real estate of office areas	120,596.33					

Notes: 1. According to the *Land Use Right Lease Contract* and subsequent supplementary agreements signed between the Company and Bengang Group on April 7th, 1997 and December 30th, 2005, the Company leased land from Bengang Group, with a monthly rent of RMB 0.594/m². The leased land is 7,669,068.17m² and the annual rent is RMB 54.6651 million.

2. On August 14th, 2019, the Company signed the *House Lease Agreement* with Bengang Group and Beiying Iron & Steel Co., Ltd., 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 December 31st, 2038.

3. On July 15th, 2019, the Company signed *Land Lease Agreement* with Bengang Group, leased and used a total of 8 pieces of land from Bengang Group, with leased areas of 42,920.00m² and 728,282.30m². The lease term is 20 years, and the rental price is RMB 1.138/m² per month.

Projects that bring profits and losses to the Company reaching more than 10% of the Company's total profit during the reporting period

Applicable Not applicable

During the reporting period of the Company, there was no leasing project that brought the Company's profit and loss to more than 10% of the Company's total profit during the reporting period.

2. Guarantee

Applicable Not applicable

There was no guarantee during the reporting period.

3. Entrusting others for managing cash assets

(1) Entrusted finance

Applicable Not applicable

There was no entrusted finance during the reporting period.

(2) Entrusted loans

Applicable Not applicable

There were no entrusted loans during the reporting period.

4. Other major contracts

Applicable Not applicable

There were no other major contracts during the reporting period.

XVI. Description of other major events

Applicable Not applicable

On March 21st, 2023, the Company issued the *Indicative Announcement of Bengang Steel Plates Co., Ltd. on the Planning of Significant Asset Replacement and Related Party Transactions*. In order to enhance the operating efficiency and profitability of the Company and accelerate the pace to be a world-class mining development enterprise, it intends to conduct an asset replacement with its controlling shareholder, Benxi Steel & Iron (Group) Co., Ltd. (hereinafter referred to as "Benxi Steel & Iron"), specifically, the assets to be received being mining-related assets under Benxi Steel & Iron, to be surrendered being the assets and liabilities related to all the Company's iron and steel businesses, and the difference between received and surrender made up in cash by one party to the other. At present, the transaction is still in the planning stage, which means specific information such as the scope and pricing of the underlying assets have yet to be finalized and no agreement has been signed by the two sides. The transaction proposal still requires further demonstration, communication and consultation, and is subject to necessary decision-making and approval procedures in accordance with relevant laws, regulations and the Articles of Association of the Company. There are still significant uncertainties in the relevant matters.

XVII. Major events of subsidiaries of the Company

Applicable Not applicable

1. Harbin Bengang Economic and Trading Co., Ltd. completed the deregistration procedure at the Bureau of Industry and Commerce on August 4th, 2022, with a registered capital of RMB 30,000,000.
2. Nanjing Bengang Materials Sales Co., Ltd. completed the deregistration procedure at the Bureau of Industry and Commerce on July 1st, 2022, with a registered capital of RMB 1,150,000.
3. Chongqing Liaoben Steel & Iron Trading Co., Ltd. completed the deregistration procedure at the Bureau of Industry and Commerce on June 16th, 2022, with a registered capital of RMB 30,000,000.
4. Wuxi Bengang Steel & Iron Sales Co., Ltd. was merged and acquired by Shanghai Bengang Metallurgy Science and Technology Co., Ltd., with a registered capital of RMB 30,000,000, and completed the deregistration procedure at the Bureau of Industry and Commerce on September 15th, 2022.
5. The Company lost control over Bengang Baojin (Shenyang) Automobile New Materials Technology Co., Ltd. because Xiamen Xianghong Investment Co., Ltd. Raised funds on July 8th, 2022, and thus Baojin was not included in the consolidation.

The above events of subsidiaries will not exert significant influence on the Company.

Section VII. Status of Share Capital Changes and Shareholders

I. Share Capital Changes

1. Share capital changes

Unit: shares

	Before the change		Increase/decrease(+, -)					After the change	
	Quantity	Percentage	Issuing of new share	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Percentage
I. Restricted shares									
1. State shareholdings									
2. State-own Legal person shareholding									
3. Other domestic shareholdings									
Including: Domestic legal person holding									
Domestic natural person holding									
3. Foreign shareholding									
Including: Foreign legal person holding									
Foreign natural person holding									
II. Un-restricted shares	4,108,191,379	100.00%				20,838	20,838	4,108,212,217	100.00%
1.Common shares in RMB	3,708,191,379	90.26%				20,838	20,838	3,708,212,217	90.26%
2. Foreign shares in domestic market	400,000,000	9.74%						400,000,000	9.74%
3. Foreign shares in foreign market									
Other									
III. Total shares	4,108,191,379	100.00%				20,838	20,838	4,108,212,217	100.00%

Causation of share capital changes

Applicable Not applicable

During the reporting period, 925 convertible corporate bonds issued by the Company were converted into shares, and the total share capital of the Company increased by 20,838 shares.

Status of approval of share capital changes

Applicable Not applicable

Status of the registration process of transferred shares

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 in the most recent year and the most recent period

Applicable Not applicable

Other information that 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) during the reporting period

Applicable Not applicable

2. Status of total shares and shareholder change and assets and liability structure change

Applicable Not applicable

3. Status of existing internal employee shares

Applicable Not applicable

III. Shareholders and actual controllers

1. Number of shareholders and their shareholding of the Company

Unit: shares

Total number of common shareholders at the end of the reporting period	65,350	Total shareholders at the end of the previous month from the date of disclosing the annual report	65,573	The total number of preferred shareholders voting rights restored at the end of the reporting period (if any) (refer to Notes 8)	0	Total preferred shareholders at the end of the previous month from the date of disclosing the annual report (refer to Notes 8)	0	
Shareholding of shareholders holding more than 5% or top 10 shareholders								
Name of the shareholder	Nature of the shareholder	Shareholding percentage (%)	Number of shares held at the end of the reporting period	Changes during the reporting period	Restricted shares held	Un-restricted shares held	Number of pledged, marked or frozen shares	
							Status	Number
Benxi Steel & Iron (Group) Co., Ltd.	State-owned legal person	58.65%	2,409,628,094			2,409,628,094	Pledged	110,000,000
Benxi Steel & Iron (Group) Co., Ltd.	State-owned legal person	58.65%	2,409,628,094			2,409,628,094	Frozen	102,100,000
Ansteel Group Co., Ltd.	State-owned legal person	17.95%	737,371,532			737,371,532		
Huatai Youyi No.5 Mixed Pension Product - Bank of China Co., Ltd	Other	0.68%	27,800,000			27,800,000		
Zhang Wenyong	Domestic natural person	0.47%	19,149,967			19,149,967		
Guan Hui	Domestic natural person	0.42%	17,400,000	17,400,000		17,400,000		
Hong Kong Securities Clearing Co., Ltd.	Foreign legal person	0.27%	11,271,134	-20,758,667		11,271,134		
Zhou Wei	Domestic natural person	0.21%	8,831,800	1,198,869		8,831,800		
Li Chunhou	Domestic natural person	0.18%	7,550,000	7,550,000		7,550,000		

China International Capital Corporation Hong Kong Securities Ltd.	Foreign legal person	0.15%	6,012,372	-987,600		6,012,372		
Shanghai Pudong Development Bank Co., Ltd. - Jianxin Zhongsheng Index 1000 Enhanced Launch Securities Investment Fund	Other	0.11%	4,455,500	4,455,500		4,455,500		
Strategy investors or general legal persons become top 10 shareholders due to shares newly issued (if any) (See Notes 3)	None							
Illustration of relationship or “action in concert” among top 10 shareholders	Benxi Iron and Steel (Group) Co., Ltd. has an associated relationship with Bengang Group Co., Ltd., and is a person acting in concert as stipulated in the <i>Administrative Measures for the Acquisition of Listed Companies</i> . The Company is not aware of whether there is an associated relationship between other shareholders or whether they are persons acting in concert as stipulated in the <i>Administrative Measures for the Acquisition of Listed Companies</i> .							
Illustration of the above shareholders involving entrusting/entrusted voting rights and abstention from voting rights	Illustration of the above shareholders do not involve entrusting/ entrusted voting rights or abstention from voting rights							
Special remarks for the buy-back accounts of top 10 shareholders (if any) (See Notes 10)	N/A							
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					
Ansteel Group Co., Ltd.	737,371,532	Common shares in RMB	737,371,532					
Huatai Youyi No.5 Mixed Pension Product - Bank of China Co., Ltd	27,800,000	Common shares in RMB	27,800,000					
Zhang Wenyou	19,149,967	Common shares in RMB	19,149,967					
Guan Hui	17,400,000	Common shares in	17,400,000					

		RMB	
Hong Kong Securities Clearing Co., Ltd.	11,271,134	Common shares in RMB	11,271,134
Zhou Wei	8,831,800	Common shares in RMB	8,831,800
Li Chunhou	7,550,000	Common shares in RMB	7,550,000
China International Capital Corporation Hong Kong Securities Ltd.	6,012,372	Domestic listed foreign shares	6,012,372
Shanghai Pudong Development Bank Co., Ltd. - Jianxin Zhongsheng Index 1000 Enhanced Launch Securities Investment Fund	4,455,500	Common shares in RMB	4,455,500
Illustration of relationship or “action in concert” among top 10 un-restricted shareholders, and between top 10 un-restricted shareholders and top 10 shareholders	Benxi Iron and Steel (Group) Co., Ltd. has an associated relationship with Bengang Group Co., Ltd., and is a person acting in concert as stipulated in the <i>Administrative Measures for the Acquisition of Listed Companies</i> . The Company is not aware of whether there is an associated relationship between other shareholders or whether they are persons acting in concert as stipulated in the <i>Administrative Measures for the Acquisition of Listed Companies</i> .		
Illustration of top 10 shareholders participating in securities margin trading (if any) (see Notes 4)	Zhang Wenyong holds 19,149,967 shares through an investor credit securities account. Guan Hui holds 17,400,000 shares through an investor credit securities account. Zhou Wei holds 8,831,800 shares through an investor credit securities account. Li Chunhou holds 7,550,000 shares through an investor credit securities account.		

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

Yes No

The top 10 common shareholders and top 10 un-restricted common shareholders have no buy-back agreement dealing during the reporting period.

2. Controlling shareholder

Nature of controlling shareholders: central state-owned holdings

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.	Zhai Hongwei	July 10 th ,1996	91210500119726263U	Steel smelting, mine exploitation, plates rolling, pipe manufacturing, power generation, special steel material manufacturing, heating, supply of the water, electricity, wind and gas, metal processing, electro mechanics repairment and manufacturing, equipment manufacturing, architecture installation, railway, highway transportation, import and export trade, traveling, hotel, catering and entertaining services, printing, newspaper and periodical distribution, building

Name of the controlling shareholder	Legal representative/person in charge	Date of incorporation	Organization code	Principal business activities
				materials, refractory materials, meters and instruments, material supply and marketing, real estate development, scientific research, design and information services, property management, communications, purchase, processing and sales of scrap steel, housing, civil air defense project leasing, steel adjustment, waste oil purchase (the above projects are limited to subsidiaries), assets management, <i>Bengang Daily</i> publishing; design and production of print advertisements, use <i>Bengang Daily</i> to publish domestic and foreign advertisements, design and produce TV station advertisements.
Equity of the controlling shareholder in other domestic/foreign listed companies under its control or participation during the reporting period	None			

Changes of the controlling shareholder during the reporting period

Applicable Not applicable

The controlling shareholder of the Company did not change during the reporting period.

3. Actual controller and concerted action person

Actual controller nature: Central State-owned Assets Management Agency

Actual controller type: Legal person

Name of the controlling shareholder	Legal representative/person in charge	Date of incorporation	Organization code	Principal business activities
Ansteel Group Co., Ltd.	Tan Chengxu	July 28 th , 2010	91210000558190456G	Steel, iron, vanadium, titanium, stainless steel, special steel production and manufacturing, nonferrous metal production and manufacturing, steel rolling processing, iron, vanadium, titanium and other non-ferrous metal, nonmetallic mining and comprehensive utilization, mining auxiliary industry, clean energy power generation, sales of coal and products, chemical products and gases (excluding hazardous chemicals), production and sales of refractory materials, industrial and mining engineering, metallurgical engineering construction, engineering and technical services, equipment

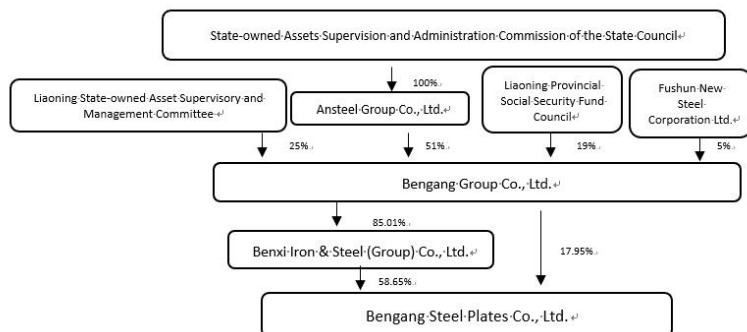
Name of the controlling shareholder	Legal representative/person in charge	Date of incorporation	Organization code	Principal business activities
				<p>manufacturing, Internet of Things information services, energy conservation, technical services of environmental protection, R&D of new materials, development of renewable resources, mechanical processing, technology development, transfer and services, transportation services, real estate development, urban energy supply, software and information technology services, intelligent manufacturing and services, domestic and foreign trade, financial management, bidding and tendering services, medical and health care services, vocational skills training, economic information consulting services, enterprise management, hotel and catering services, operating of other state-owned assets and investments within the scope authorized by the State-owned Assets Supervision and Administration Commission of the State Council; operations of branches include: newspaper distribution, publication printing, packaging decoration and other print printing. (For projects subject to approval according to laws, business activities can only be carried out after approval by relevant departments.)</p>
Equity of the controlling shareholder in other domestic/foreign listed companies under its control during the reporting period	During the reporting period, Ansteel Group Co., Ltd. indirectly held 53.35% of the shares of Ansteel and indirectly held 52.62% of the shares of Pansteel Vanadium and Titanium.			

Change of the actual controller during the reporting period

Applicable Not applicable

There is no change of the Company's 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. Controlling shareholder or the largest shareholder and its concerted action person's cumulative pledged shares accounting for 80% of the Company's shares held by them

Applicable Not applicable

5. Shareholders holding more than 10% of the shares

Applicable Not applicable

6. Share reduction limitation of controlling shareholders, actual controller, restructuring party and other commitment subjects

Applicable Not applicable

IV. Implementation of share repurchase during the reporting period

Implementation progress of share repurchase

Applicable Not applicable

Implementation progress of reducing share repurchase by centralized bidding

Applicable Not applicable

Section VIII. Preferred shares

Applicable Not applicable

There were no preferred shares in the Company during the reporting period.

Section IX. Bonds

Applicable Not applicable

I. Corporate bonds

Applicable Not applicable

There were no corporate bonds in the Company during the reporting period.

II. Company bonds

Applicable Not applicable

There were no company bonds in the Company during the reporting period.

III. Non-financial corporate debt financing instruments

Applicable Not applicable

There were no non-financial corporate debt financing instruments in the Company during the reporting period.

IV. Company bonds

Applicable Not applicable

1. Previous adjustment of conversion price

(1) The initial conversion price of Bengang Convertible Bonds was RMB 5.03 per share.

(2) Due to the Company's implementation of the 2020 annual equity distribution plan, the conversion price of Bengang Convertible Bonds was adjusted to RMB 5.02 per share on July 19th, 2021.

(3) Due to the Company's implementation of the 2021 mid-term equity distribution plan, the conversion price of Bengang Convertible Bonds was adjusted to RMB 4.55 per share on October 13th, 2021.

(4) Due to the Company's implementation of the 2021 annual equity distribution plan, the conversion price of Bengang Convertible Bonds was adjusted to RMB 3.95 per share on October 13th, 2021.

2. Cumulative share conversion

Applicable Not applicable

Convertible bond abbreviation	Conversion beginning and ending date	Total amount issued (bonds)	Total amount issued (RMB)	Cumulative amount of shares converted (RMB)	Cumulative number of shares converted (shares)	Proportion of the number of converted shares to the total issued shares before conversion	Amount not yet converted (RMB)	Proportion of unconverted amount to total issued amount
Bengang Convertible Bonds	From January 4 th , 2021 to June 28 th , 2026	68,000,000	6,800,000,000.00	1,168,947,900.00	232,840,685	6.01%	5,631,052,100.00	82.81%

3. 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 (bonds)	Amount of convertible bonds held at the end of the reporting period (RMB)	Percentage of convertible bonds held at the end of the reporting period
1	Industrial Bank Co., Ltd. - Tianhong Yongli Bond Securities Investment Fund	Other	2,614,994	261,499,400.00	4.64%
2	Bank of China - Yifangda Stable Profit Increase Bond Securities Investment Fund	Other	1,804,006	180,400,600.00	3.20%
3	China CITIC Group Corporation Limited Enterprise Annuity Plan - China CITIC Bank Corporation Limited	Other	1,407,519	140,751,900.00	2.50%
4	China AMC Yannian Yishou No. 9 Fixed Income Pension Product - China Merchants Bank Co., Ltd.	Other	1,362,468	136,246,800.00	2.42%
5	China Construction Bank Corporation Limited - Zheshang Fengli Enhanced Bond Securities Investment Fund	Other	1,000,000	100,000,000.00	1.78%
6	Great Wall Glory Securities Co., Ltd.	Domestic non-state-owned legal person	853,440	85,344,000.00	1.52%
7	Industrial and Commercial Bank of China Limited Enterprise Annuity Plan - China Construction Bank Corporation Limited	Other	764,258	76,425,800.00	1.36%

No.	Convertible bond holders	Nature of convertible bond holders	Number of convertible bonds held at the end of the reporting period (bonds)	Amount of convertible bonds held at the end of the reporting period (RMB)	Percentage of convertible bonds held at the end of the reporting period
8	Dacheng Fund - Postal Savings Bank of China - Dacheng Fund - PSBC No. 1 Integrated Assets Management Plan	Other	751,826	75,182,600.00	1.34%
9	CITIC Securities - Sany Heavy Industry Co., Ltd. - CITIC Sany Privileged Customized No. 1 Single Assets Management Plan	Other	687,877	68,787,700.00	1.22%
10	China AMC Yannian Yishou No. 8 Fixed Income Pension Product - China CITIC Bank Corporation Limited	Other	679,931	67,993,100.00	1.21%

4. Significant changes in the guarantor's profitability, asset condition and credit standingApplicable Not applicable**5. Liabilities and changes in credit at the end of the reporting period and cash arrangements and debt repayment in future years**

At the end of the reporting period, the Company's major accounting data and financial indicators and the Company's credit rating of convertible bonds in the past two years have not changed this year.

V. Loss in the consolidation during the reporting period exceeding 10% of the net assets at the end of the previous yearApplicable Not applicable**VI. Overdue interest-bearing debts except for bonds at the end of the reporting period**Applicable Not applicable**VII. Violation of rules and regulations during the reporting period**Yes No**VIII. The main accounting data and financial indicators of the Company in the past two years at the end of the reporting period**

Unit: RMB 10,000

Item	At the end of this period	At the end of last period	Change
Current ratio	0.81	1.14	-28.95%
Liabilities to Assets Ratio	56.08%	58.17%	-2.09%
Quick ratio	0.21	0.66	-68.18%
	At the end of this period	At the end of last period	Change
Net profit after deducting nonrecurring gains and losses (RMB)	-139,183.79	251,775.87	-155.28%
EBITDA total liabilities ratio	10.89%	19.23%	-8.34%
Interest coverage ratio	-0.75	4.37	-117.16%
Cash interest coverage ratio	3.68	2.35	56.60%
EBITDA interest coverage ratio	2.39	6.12	-60.95%
Loan repayment rate	100.00%	100.00%	0.00%
Interest repayment rate	100.00%	100.00%	0.00%

Section X. Financial report

I. Auditor's report

Opinion of audit report	Standard unmodified opinion
Date of audit report	March 28 th , 2023
Name of CPA firm	ShineWing Certified Public Accountants LLP
Audit report number	XYZH/2023BJAA15B0064
Name of CPA	Fan Jianping, Chen Jian

Auditor's Report

XYZH/2023BJAA15B0064

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

- **Auditor's opinion**

We have audited the financial statements of Bengang Steel Plates Co., Ltd. (hereinafter referred to as "Bengang Steel Plates"), which comprise the consolidated and the parent company's statement of financial position as at December 31st, 2022, the consolidated and the parent company's income statement, the consolidated and the parent company's cash flow statement and the consolidated and the parent company's statement of changes in shareholders' equity for the year 2022, and the notes to the financial statements.

In our opinion, the accompanying financial statements were prepared in accordance with Accounting Standards for Business Enterprises in all material respects, and presented fairly the consolidated and the parent company's financial position of Bengang Steel Plates as of December 31st, 2022, and the consolidated and the parent company's results of operations and cash flows for the year 2022.

- **Basis for Opinion**

We conducted our audit in accordance with China Standards on Auditing for Chinese 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 Bengang Steel Plates in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities of the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

- **Key audit matters**

Key audit matters are those matters that, in our professional judgment, are considered to be most significant to the audit of the financial statements for the period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our audit opinion thereon, and we do not express a separate opinion on these matters.

1. Cash and cash equivalents matters	
Key audit matters	Responses in the audit
<p>Please refer to Notes 1 and 52 of "VI. Notes to the principal items of the consolidated financial statements" in the notes to the financial statements.</p> <p>As at December 31st, 2022, the balance of cash and cash equivalents in the Consolidated Statement of Financial Position of Bengang Steel Plates was RMB 1,461,145,600, a decrease of RMB 7,369,950,100 from the balance at the beginning of the year, and we classified it as a key audit matter in view of the high risk of misstatement arising from the significant changes in cash and cash equivalents.</p>	<p>The audit procedures we performed were as follows:</p> <p>(1) Understanding and testing key internal controls related to cash and cash equivalents and evaluating whether the relevant controls are properly designed and effectively implemented;</p> <p>(2) Checking original vouchers for receipts and disbursements related to cash journals and bank deposit journals; testing bank journals for large amounts of receipts and disbursements;</p> <p>(3) Checking bank statements, obtaining account opening list, obtaining historical details of bank transactions, performing two-way verification, and performing correspondence procedures for bank accounts and fund attribution;</p> <p>(4) Checking the Statement of Bank Reconciliation and performing cut-off tests;</p> <p>(5) Performing audit procedures on other cash and cash equivalents, examining restricted cash and cash equivalents, and verifying the reasons for restricted cash and cash equivalents;</p> <p>(6) Checking whether the information related to cash and cash equivalents matters has been properly presented and disclosed in the financial statements.</p>
2. Bank borrowing matters	
Key audit matters	Responses in the audit
<p>Please refer to the accounting policies described in Note 17 of "IV. Significant accounting policies and accounting estimates" and Notes 17, 24 and 26 of "VI. Notes to the principal items of the consolidated financial statements" in the notes to the financial statements.</p> <p>As at December 31st, 2022, the balance of long- and short-term borrowings of Bengang Steel Plates amounted to RMB 4,277,308,200, which was significant, and Bengang Steel Plates had interest capitalization items, so we classified it as a key audit matter.</p>	<p>The audit procedures we performed were as follows:</p> <p>(1) Understanding and testing key internal controls related to long- and short-term borrowings and interest on long- and short-term borrowings, and evaluating whether the relevant controls are appropriate and effectively implemented;</p> <p>(2) Obtaining borrowing contracts, reviewing the nature of borrowings, understanding the borrowing intentions of Bengang Steel Plates, understanding the future plans for the relevant borrowing cost capitalization items, and reviewing its internal resolutions related to the capitalization of borrowing costs;</p>

	<p>(3) Recalculating the borrowing costs of Bengang Steel Plates and checking whether the classification of the expensed amount and capitalized amount is correct;</p> <p>(4) Reviewing in the field the current status of borrowing cost capitalization items, analyzing and checking whether they meet the conditions for borrowing cost capitalization, and checking the accounting treatment related to borrowing cost capitalization;</p> <p>(5) Checking whether the information related to borrowing matters has been properly presented and disclosed in the financial statements.</p>
3. Revenue recognition matters	
Key audit matters	Responses in the audit
<p>Please refer to the accounting policies described in Note 24 of "IV. Significant accounting policies and accounting estimates" and Notes 37 of "VI. Notes to the principal items of the consolidated financial statements" in the notes to the financial statements.</p> <p>In FY2022, the amount of operating income recognized in the consolidated financial statements of Bengang Steel Plates was RMB 62,616,621,600. Since revenue is a key performance indicator of Bengang Steel Plates, and the management of Bengang Steel Plates may be exposed to the risk of material misstatement in revenue recognition, we classified revenue recognition as a key audit matter.</p>	<p>The audit procedures we performed were as follows:</p> <p>(1) Understanding and testing key internal controls related to revenue and evaluating whether the relevant controls are appropriate and effectively implemented;</p> <p>(2) Selecting samples to examine sales contracts, identify the contractual terms and conditions related to the transfer of control of goods, and evaluate whether the timing of revenue recognition of Bengang Steel Plates meets the requirements of the Accounting Standards for Business Enterprises;</p> <p>(3) Obtaining details of sales for the current year, selecting samples of revenue transactions recorded during the year to check supporting documents such as sales contracts, invoices, outbound orders, acceptance slips, customs declarations, ocean bills of lading, and evaluate whether the relevant revenue recognition is in accordance with the Company's accounting policies;</p> <p>(4) Performing analytical procedures on revenues, including a comparison of the gross profit of revenues of major products for the current period with the gross profit of revenues of the previous period and the same industry, and an analysis of fluctuations in revenues to check for abnormalities;</p> <p>(5) Performing correspondence procedures with a sample of customers regarding sales revenue for the reporting period in conjunction with the accounts receivable audit procedures;</p> <p>(6) Checking sales to related parties, reviewing the fairness of</p>

related party transaction prices, and performing correspondence procedures with related party customers;

(7) Selecting a sample of revenue recognition transactions around the balance sheet date to examine the original documents related to revenue recognition, and evaluate whether revenues are recorded in the appropriate accounting period;

(8) Checking whether the information related to revenue matters has been properly presented and disclosed in the financial statements.

- **Other Information**

The management of Bengang Steel Plates (hereinafter referred to as the Management) is responsible for the other information. Other information includes the information covered in the 2022 Annual Report of Bengang Steel Plates, 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 express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

- **Responsibilities of the Management and those charged with governance for the financial statements**

The Management is responsible for the preparation of the financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises to achieve a fair presentation, and designing, implementing and maintaining the necessary internal controls so that the financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the financial reporting process of Bengang Steel Plates.

- **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion. Although reasonable assurance is a high level of assurance, it is not a guarantee that an audit conducted in accordance with auditing standards will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users of the financial statements make on the basis of the financial statements.

During the course of the audit in accordance with auditing standards, we exercise professional judgement and maintain professional skepticism. We also carry out the following works:

- 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 audit. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the 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 the ability of Bengang Steel Plates 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 in accordance with the auditing standards or, if such disclosures are inadequate, we shall 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.
- Evaluate the overall presentation, structure and content (including disclosures) of the financial statements, and also whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Bengang Steel Plates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance audit of the group. We remain solely responsible for our 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 etc., including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with those relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and related safeguards, where 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 prohibited public disclosure about the matter or when, in 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.

ShineWing Certified Public Accountants LLP		Chinese Certified Public Accountant: (Engagement partner)

		Chinese Certified Public Accountant:
Beijing, China		March 28th, 2023

II. Financial statements

The unit of the statements in the financial notes is RMB.

1. Consolidated statement of financial position

Prepared by: Bengang Steel Plates Co., Ltd.

December 31st, 2022

Unit: RMB

Item	December 31 st , 2022	January 1 st , 2022
Current assets:		
Cash and cash equivalents	1,461,145,641.87	8,831,095,737.85
Settlement provisions		
Capital lent		
Financial assets held for trading		
Derivative financial assets		
Notes receivable	429,707,174.70	1,540,482,182.07
Accounts receivable	897,230,896.06	256,850,782.71
Accounts receivable financing	137,591,996.02	1,530,735,647.38
Prepayments	1,247,177,748.33	994,370,345.64
Premium receivable		
Reinsurance accounts receivable		
Receivable deposit for reinsurance contract		
Other receivables	127,198,692.92	165,937,280.41
Including: Interest receivables		2,523,993.39
Dividends receivable		
Redemptory financial assets for sale		
Inventories	8,463,728,475.18	10,190,166,138.98
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	395,441,136.26	754,948,193.56
Total current assets	13,159,221,761.34	24,264,586,308.60
Non-current assets:		
Loan and advances issued		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	51,030,777.18	2,981,784.07
Other equity instrument investments	1,020,418,482.31	1,042,024,829.00
Other non-current financial assets		
Investment property		
Fixed assets	24,836,556,422.90	25,480,674,048.94
Construction in progress	3,158,195,899.65	2,434,182,101.13
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,379,990,713.89	1,440,365,248.31
Intangible assets	262,784,937.41	297,921,548.81
Development expenditure		
Goodwill		
Long-term deferred expenses		

Item	December 31 st , 2022	January 1 st , 2022
Deferred tax assets	136,387,885.28	153,756,548.31
Other non-current assets	110,065,560.68	30,630,858.13
Total non-current assets	30,955,430,679.30	30,882,536,966.70
Total assets	44,114,652,440.64	55,147,123,275.30
Current liabilities:		
Short-term loans	49,200,000.00	4,053,088,140.00
Loan from central bank		
Loan from other banks		
Financial liability held for trading		
Derivative financial liabilities		
Notes payable	4,389,336,619.36	4,635,083,376.48
Accounts payable	3,696,420,463.85	5,352,272,685.89
Advance from customers	0.00	0.00
Contract liabilities	3,794,115,592.29	4,708,188,093.78
Financial assets sold for repurchase		
Deposits from customers and interbank		
Receipt from vicariously traded securities		
Receipt from vicariously underwriting securities		
Employee benefits payable	10,046,363.27	152,095,376.49
Taxes payable	44,392,920.78	114,267,988.70
Other payables	1,247,722,165.47	1,348,025,731.98
Including: Interest payable		
Dividends payable		
Handling charges and commission payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	2,586,250,886.43	310,780,518.14
Other current liabilities	493,235,027.03	612,064,452.20
Total current liabilities	16,310,720,038.48	21,285,866,363.66
Non-current liabilities:		
Provision for insurance contract		
Long-term loans	1,726,938,302.30	4,222,821,771.74
Bonds payable	5,276,502,232.78	5,054,251,668.83
Including: Preferred stock		
Perpetual bond		
Leasing liabilities	1,384,348,462.18	1,424,667,169.15
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	42,377,015.51	93,106,285.89
Deferred tax liabilities	27,309.01	
Other non-current liabilities		
Total non-current liabilities	8,430,193,321.78	10,794,846,895.61
Total liabilities	24,740,913,360.26	32,080,713,259.27
Owners' equity:		
Share capital	4,108,212,217.00	4,108,191,379.00
Other equity instruments	947,863,834.02	947,882,663.63
Including: Preferred stock		
Perpetual bond		
Capital reserves	13,272,205,160.21	13,272,134,173.09
Less: Treasury shares		
Other comprehensive income	-15,904,760.02	
Special reserves	2,217,913.77	337,978.57
Surplus reserves	1,195,116,522.37	1,195,116,522.37
General risk reserve		

Item	December 31 st , 2022	January 1 st , 2022
Undistributed profits	-720,559,670.73	2,977,306,297.64
Total equity attributable to owners of the parent company	18,789,151,216.62	22,500,969,014.30
Non-controlling interests	584,587,863.76	565,441,001.73
Total owners' equity	19,373,739,080.38	23,066,410,016.03
Total of liabilities and owners' equity	44,114,652,440.64	55,147,123,275.30

Legal Representative: Li Yan Chief Financial Officer: Zheng Zhengli Chief Accountant: Sun Yanbin

2. Statement of financial position of the parent company

Unit: RMB

Item	December 31 st , 2022	January 1 st , 2022
Current assets:		
Cash and cash equivalents	585,125,555.12	7,580,872,007.38
Financial assets held for trading		
Derivative financial assets		
Notes receivable	669,193,401.02	1,514,416,395.80
Accounts receivable	931,035,796.58	353,631,563.42
Accounts receivable financing	127,468,835.80	1,504,640,362.79
Prepayments	1,247,084,271.88	1,004,241,075.82
Other receivables	150,724,545.56	268,606,048.52
Including: Interest receivables		2,014,931.61
Dividends receivable		
Inventories	6,988,993,205.61	8,289,784,141.78
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	310,293,996.25	670,787,069.41
Total current assets	11,009,919,607.82	21,186,978,664.92
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	2,270,277,904.85	2,015,186,190.50
Other equity instrument investments	1,020,418,482.31	1,041,624,829.00
Other non-current financial assets		
Investment property		
Fixed assets	23,777,736,434.39	24,110,222,815.60
Construction in progress	3,127,247,793.98	2,401,120,232.45
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,379,990,713.89	1,440,365,248.31
Intangible assets	174,295,096.19	178,414,033.19
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	115,126,210.76	124,046,003.13
Other non-current assets	110,065,560.68	22,010,941.60
Total non-current assets	31,975,158,197.05	31,332,990,293.78
Total assets	42,985,077,804.87	52,519,968,958.70
Current liabilities:		
Short-term loans	49,200,000.00	3,353,088,140.00
Financial liability held for trading		
Derivative financial liabilities		
Notes payable	3,982,738,952.59	4,650,517,420.18
Accounts payable	3,821,848,200.25	5,674,841,169.66

Item	December 31 st , 2022	January 1 st , 2022
Advance from customers	0.00	0.00
Contract liabilities	4,805,281,178.80	4,660,051,055.89
Employee benefits payable	9,901,551.31	151,595,453.62
Taxes payable	22,518,649.65	40,949,825.13
Other payables	861,392,691.88	683,141,570.83
Including: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	2,586,250,886.43	310,780,518.14
Other current liabilities	624,686,553.24	605,806,637.27
Total current liabilities	16,763,818,664.15	20,130,771,790.72
Non-current liabilities:		
Long term loans	1,726,938,302.30	4,222,821,771.74
Bonds payable	5,276,502,232.78	5,054,251,668.83
Including: Preferred stock		
Perpetual bond		
Lease liabilities	1,384,348,462.18	1,424,667,169.15
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	42,377,015.51	93,106,285.89
Deferred tax liabilities	27,309.01	
Other non-current liabilities		
Total non-current liabilities	8,430,193,321.78	10,794,846,895.61
Total liabilities	25,194,011,985.93	30,925,618,686.33
Shareholder's equity:		
Share capital	4,108,212,217.00	4,108,191,379.00
Other equity instruments	947,863,834.02	947,882,663.63
Including: Preferred stock		
Perpetual bond		
Capital reserves	12,852,053,478.09	12,851,982,490.97
Less: Treasury shares		
Other comprehensive income	-15,904,760.02	
Special reserves	58,212.15	155,469.58
Surplus reserves	1,195,116,522.37	1,195,116,522.37
Undistributed profits	-1,296,333,684.67	2,491,021,746.82
Total owners' equity	17,791,065,818.94	21,594,350,272.37
Total liabilities and owners' equity	42,985,077,804.87	52,519,968,958.70

3. Consolidated income statement

Unit: RMB

Item	FY2022	FY2021
I. Total operating income	62,616,621,627.60	77,912,144,981.46
Including: Operating income	62,616,621,627.60	77,912,144,981.46
Interest income		
Premium earned		
Income from handling charges and commission		
II. Total operating cost	63,838,504,250.02	74,244,688,137.82
Including: Operating cost	62,259,334,854.72	71,891,598,336.96
Interest expense		
Expenditure for handling charges and commission		
Surrender value		
Net expenditure for compensation		
Net provision for insurance contract appropriated		

Item	FY2022	FY2021
Bonus payment for policy		
Reinsurance premium		
Tax and surcharges	206,440,870.56	431,460,563.69
Selling and distribution expenses	128,489,696.80	141,394,565.57
General and administrative expenses	663,080,654.45	1,187,239,442.10
Research and development expenses	58,088,008.14	56,401,594.44
Financial expenses	523,070,165.35	536,593,635.06
Including: Interest expense	599,359,597.96	1,007,595,231.75
Interest income	80,619,490.18	393,818,460.36
Add: Other income	72,300,830.48	66,345,976.64
Income on investment ("-" for loss)	89,589,183.44	-120,519,309.82
Including: Income from associates and joint ventures	-181,084.64	520,432.46
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)	-4,366,027.94	-7,754,375.77
Assets impairment loss ("-" for loss)	-33,475,219.25	-113,671,335.02
Assets disposal gains ("-" for loss)	3,648,546.62	130,675.05
III. Operational profit ("-" for loss)	-1,094,185,309.07	3,491,988,474.72
Add: Non-operating income	40,130,944.39	7,783,225.80
Less: Non-operating expenses	26,623,177.77	64,272,629.43
IV. Total profit ("-" for loss)	-1,080,677,542.45	3,435,499,071.09
Less: Income tax expenses	125,374,177.41	901,863,572.46
V. Net profit ("-" for loss)	-1,206,051,719.86	2,533,635,498.63
(I) Classification by continuing operating		
1. Net profit from continuing operation ("-" for loss)	-1,206,051,719.86	2,533,635,498.63
2. Net profit from discontinued operation ("-" for loss)		
(II) Classification by ownership		
1. Net profit attributable to the owners of parent company	-1,232,976,557.37	2,500,582,902.58
2. Net profit attributable to non-controlling shareholders	26,924,837.51	33,052,596.05
VI. Net after-tax amount of other comprehensive income	-15,879,343.62	0.00
Other comprehensive income attributable to owners of the parent company after tax	-15,879,343.62	0.00
(I) Other comprehensive income items that will not be reclassified into gains/losses	-15,879,343.62	0.00
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	-15,879,343.62	
4. Changes in fair value of Company's credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profit or loss	0.00	0.00
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		
4. Credit impairment provision of other debt investments		
5. Cash flow hedge reserves		
6. Translation differences in foreign currency financial statements		
7. Others		
Other comprehensive income attributable to non-controlling shareholders' equity after tax		
VII. Total comprehensive income	-1,221,931,063.48	2,533,635,498.63
Total comprehensive income attributable to the owner of the parent company	-1,248,855,900.99	2,500,582,902.58

Item	FY2022	FY2021
Total comprehensive income attributable to non-controlling shareholders	26,924,837.51	33,052,596.05
VIII. Earnings per share		
(I) Basic earnings per share	-0.300	0.600
(II) Diluted earnings per share	-0.300	0.496

In the event of a business combination under common control during the period, the net profit realized by the party being consolidated before the combination was RMB: , and the net profit realized by the consolidated party in the previous period was RMB: .

Legal Representative: Li Yan Chief Financial Officer: Zheng Zhengli Chief Accountant: Sun Yanbin

4. Income statement of the parent company

Unit: RMB

Item	FY2022	FY2021
I. Operating income	63,081,757,089.14	78,721,461,725.71
Less: Operating cost	63,165,254,867.80	73,203,463,475.56
Tax and surcharges	157,419,976.34	381,385,801.80
Selling and distribution expenses	162,072,670.40	122,357,594.15
General and administrative expenses	579,730,173.82	1,123,575,016.51
Research and development expenses	58,088,008.14	56,401,594.44
Financial expenses	523,903,605.28	521,028,798.20
Including: Interest expense	580,671,493.79	971,156,413.61
Interest income	59,532,341.41	372,598,200.22
Add: Other income	71,247,038.47	65,897,317.34
Income on investment ("-" for loss)	260,636,435.24	-123,815,558.88
Including: Income from associates and joint ventures	-580,788.56	0.00
Income from derecognition of financial assets measured at amortized cost ("-" for loss)		
Net exposure hedge income ("-" for loss)		
Gains from change of fair value ("-" for loss)		
Credit impairment loss ("-" for loss)	-4,244,546.20	-8,563,525.91
Assets impairment loss ("-" for loss)	-33,475,219.25	-113,671,335.02
Assets disposal gains ("-" for loss)	3,669,258.68	130,675.05
II. Operational profit ("-" for loss)	-1,266,879,245.70	3,133,227,017.63
Add: Non-operating income	32,814,019.52	3,831,724.04
Less: Non-operating expenses	26,463,198.79	62,183,332.01
III. Total profit ("-" for loss)	-1,260,528,424.97	3,074,875,409.66
Less: Income tax expenses	59,489,282.29	734,765,484.50
IV. Net profit ("-" for loss)	-1,320,017,707.26	2,340,109,925.16
(I) Net profit from continuing operation ("-" for loss)	-1,320,017,707.26	2,340,109,925.16
(II) Net profit from discontinued operation ("-" for loss)		
V. Net after-tax amount of other comprehensive income	-15,904,760.02	0.00
(I) Other comprehensive income items that will not be reclassified into gains/losses	-15,904,760.02	0.00
1. Re-measurement of defined benefit plans of changes		
2. Other comprehensive income under the equity method cannot be reclassified into profit or loss		
3. Changes in fair value of investments in other equity instruments	-15,904,760.02	
4. Changes in fair value of Company's credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profit or loss	0.00	0.00
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 hedge reserves		

Item	FY2022	FY2021
6. Translation differences in foreign currency financial statements		
7. Others		
VI. Total comprehensive income	1,335,922,467.28	2,340,109,925.16
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB

Item	FY2022	FY2021
I. Cash flow from operating activities		
Cash received from sale of goods or rendering of services	51,073,772,028.16	55,748,897,664.65
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	483,849,940.14	78,323,445.53
Other cash received relating to operating activities	123,009,781.28	501,366,768.12
Subtotal of cash inflows from operating activities	51,680,631,749.58	56,328,587,878.30
Cash paid for goods and services	46,861,851,072.12	50,647,643,333.57
Net increase of customer's loan and advances		
Net increase of deposit in central bank and interbank deposit		
Cash for payment of compensation for original insurance contract		
Net increase in capital lent		
Cash for payment of interest, handling charge and commission		
Cash for payment of policy bonus		
Cash paid to and on behalf of employees	2,802,982,355.80	2,451,084,010.00
Cash paid for all types of taxes	651,109,945.61	2,673,210,895.18
Other cash paid relating to operating activities	88,325,410.49	143,176,185.51
Subtotal of cash outflows from operating activities	50,404,268,784.02	55,915,114,424.26
Net cash flows from operating activities	1,276,362,965.56	413,473,454.04
II. Cash flows from investing activities		
Cash received from disposal of investments	422,818.29	11,400,000,000.00
Cash received from return on investments	2,879,850.07	2,717,582.45
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,752,720.71	2,776.27
Net cash received from disposal of subsidiary and other operating units	137,073,256.40	0.00
Other cash paid relating to investing activities		
Subtotal of cash inflows from investing activities	145,128,645.47	11,402,720,358.72
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,707,467,068.85	1,304,976,365.56
Cash paid for investments		6,200,000,000.00
Net increase of mortgage loan		
Net cash received from subsidiary and other operating unit		
Other cash paid relating to investing activities		
Subtotal of cash outflows from investing activities	1,707,467,068.85	7,504,976,365.56
Net cash flows from investing activities	-1,562,338,423.38	3,897,743,993.16
III. Cash flows from financing activities		

Item	FY2022	FY2021
Proceeds from investment		
Including: Proceeds from the investment of non-controlling shareholders of the subsidiary		
Proceeds from borrowings	2,000,000,000.00	5,801,673,020.00
Other proceeds relating to financing activities	2,759,751,595.78	2,361,272,208.08
Subtotal of cash inflows from financing activities	4,759,751,595.78	8,162,945,228.08
Cash repayments of borrowings	6,245,551,350.67	12,072,544,553.18
Cash payments for the distribution of dividends, profit or interest expenses	2,765,916,748.51	2,550,802,187.51
Including: Cash paid to non-controlling shareholders as dividends and profit by subsidiaries		
Other cash payments relating to financing activities	485,930,596.70	740,000,000.00
Subtotal of cash outflows from financing activities	9,497,398,695.88	15,363,346,740.69
Net cash flows from financing activities	-4,737,647,100.10	-7,200,401,512.61
IV. Effect of foreign exchange rate changes on cash and cash equivalents	21,186,177.64	-41,134,466.23
V. Net increase in cash and cash equivalents	-5,002,436,380.28	-2,930,318,531.64
Add: Cash and cash equivalents at the beginning of the period	6,299,099,063.48	9,229,417,595.12
VI. Cash and cash equivalents at the end of the period	1,296,662,683.20	6,299,099,063.48

6. Cash flow statement of the parent company

Unit: RMB

Item	FY2022	FY2021
I. Cash flow from operating activities		
Cash received from the sale of goods or the rendering of services	52,566,695,245.11	60,408,664,898.10
Tax rebate received	446,252,731.21	21,209,047.83
Other cash received relating to operating activities	95,185,405.62	461,672,257.35
Subtotal of cash inflows from operating activities	53,108,133,381.94	60,891,546,203.28
Cash paid for goods and services	48,331,653,935.65	55,735,903,034.60
Cash paid to and on behalf of employees	2,666,197,042.40	2,345,338,852.62
Cash paid for all types of taxes	339,347,119.05	2,498,120,146.95
Other cash paid relating to operating activities	114,224,449.37	123,901,730.49
Subtotal of cash outflows from operating activities	51,451,422,546.47	60,703,263,764.66
Net cash flows from operating activities	1,656,710,835.47	188,282,438.62
II. Cash flows from investing activities		
Cash received from disposal of investments	0.00	11,400,000,000.00
Cash received from return on investments	56,019,227.23	2,436,869.33
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,341,972.00	0.00
Net cash received from disposal of subsidiary and other operating units	205,076,325.08	0.00
Other cash received relating to investing activities	0.00	0.00
Subtotal of cash inflows from investing activities	265,437,524.31	11,402,436,869.33
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,698,674,088.11	1,304,157,060.45
Cash paid for investments	850,000,000.00	6,200,000,000.00
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	2,548,674,088.11	7,504,157,060.45
Net cash flows from investing activities	-2,283,236,563.80	3,898,279,808.88
III. Cash flows from financing activities		
Cash flows from financing activities		
Cash received from borrowings	2,000,000,000.00	5,101,673,020.00
Other cash received relating to financing activities	2,759,751,595.78	1,374,782,185.21
Subtotal of cash inflows from financing activities	4,759,751,595.78	6,476,455,205.21
Cash repayments of borrowings	5,545,551,350.67	11,112,544,553.18
Cash payments for distribution of dividends, profit or interest	2,750,764,581.84	2,518,311,312.47
Other cash payments relating to financing activities	485,930,596.70	740,000,000.00

Item	FY2022	FY2021
Subtotal of cash outflows from financing activities	8,782,246,529.21	14,370,855,865.65
Net cash flows from financing activities	-4,022,494,933.43	-7,894,400,660.44
IV. Effect of foreign exchange rate changes on cash and cash equivalents	20,787,925.20	-41,145,257.65
V. Net increase in cash and cash equivalents	-4,628,232,736.56	-3,848,983,670.59
Add: Cash and cash equivalents at the beginning of the period	5,048,875,333.01	8,897,859,003.60
VI. Cash and cash equivalents at the ending of the period	420,642,596.45	5,048,875,333.01

7. Consolidated statement of changes in owners' equity

Amount in current period

Unit: RMB

Item	FY2022														Non-controlling interest	Total of owners' equity
	Equity attributable to owners of the parent company															
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Others	Subtotal			
Preference shares		Perpetual bond	Others													
I. Closing balance of the prior year	4,108,191,379.00	0.00	0.00	947,882,663.63	13,272,134,173.09	0.00	0.00	337,978.57	1,195,116,522.37	0.00	2,977,306,297.64		22,500,969,014.30	565,441,001.73	23,066,410,016.03	
Add: Change of accounting policies															0.00	
Correction of prior-period errors															0.00	
Business consolidation under common control															0.00	
Others															0.00	
II. Opening balance of the current year	4,108,191,379.00	0.00	0.00	947,882,663.63	13,272,134,173.09	0.00	0.00	337,978.57	1,195,116,522.37	0.00	2,977,306,297.64	0.00	22,500,969,014.30	565,441,001.73	23,066,410,016.03	
III. Changes in current year ("-" for decrease)	20,838.00	0.00	0.00	-18,829.61	70,987.12	0.00	-15,904,760.02	1,879,935.20	0.00	0.00	-3,697,865,968.37	0.00	-3,711,817,797.68	19,146,862.03	-3,692,670,935.65	
(I) Total comprehensive income							-15,879,343.62				-1,232,976,557.37		-1,248,855,900.99	26,924,837.51	-1,221,931,063.48	
(II) Capital increase and decrease by owners	20,838.00	0.00	0.00	-18,829.61	70,987.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	72,995.51	-7,777,975.48	-7,704,979.97	
1. Common share invested by shareholders													0.00		0.00	
2. Capital input by the holder of other equity instruments	20,838.00			-18,829.61	70,987.12								72,995.51		72,995.51	
3. Share-based payment attributable to shareholders'													0.00		0.00	

Item	FY2022														
	Equity attributable to owners of the parent company													Non-controlling interest	Total of owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Others	Subtotal		
Preference shares		Perpetual bond	Others												
equity															
4. Others					0.00								0.00	-7,777,975.48	-7,777,975.48
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,464,914,827.40	0.00	-2,464,914,827.40	0.00	-2,464,914,827.40
1. Appropriation to surplus reserves													0.00		0.00
2. Appropriation to general risk reserve													0.00		0.00
3. Profit distribution to owners (or shareholders)											-2,464,914,827.40		-2,464,914,827.40		-2,464,914,827.40
4. Others													0.00		0.00
(IV) Internal transfer of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	-25,416.40	0.00	0.00	0.00	25,416.40	0.00	0.00	0.00	0.00
1. Capital reserve converted into capital (or share capital)													0.00		0.00
2. Surplus reserve converted into capital (or share capital)													0.00		0.00
3. Recover of loss by surplus reserve													0.00		0.00
4. Changes in defined benefit plans carried forward to retained earnings													0.00		0.00
5. Other comprehensive income carried forward to retained earnings							-25,416.40				25,416.40		0.00		0.00
6. Others													0.00		0.00
(V) Special reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,879,935.20	0.00	0.00			1,879,935.20	0.00	1,879,935.20
1. Withdrawn in								77,018,511.80					77,018,511.80	4,978,649.22	81,997,161.02

Item	FY2022														Non-controlling interest	Total of owners' equity	
	Equity attributable to owners of the parent company																
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Others	Subtotal				
Preference shares		Perpetual bond	Others														
current period																	
2. Used in current period								75,138,576.60					75,138,576.60	4,978,649.22	80,117,225.82		
(VI) Others													0.00		0.00		
IV. Closing balance of the current period	4,108,212,217.00	0.00	0.00	947,863,834.02	13,272,205,160.21	0.00	-15,904,760.02	2,217,913.77	1,195,116,522.37	0.00	-720,559,670.73	0.00	18,789,151,216.62	584,587,863.76	19,373,739,080.38		

Amount in prior period

Unit: RMB

Item	FY2021														Non-controlling interest	Total of owners' equity
	Equity attributable to owners of the parent company															
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Others	Subtotal			
Preference shares		Perpetual bond	Others													
I. Closing balance of the prior year	3,875,371,532.00	0.00	0.00	1,146,290,662.42	12,343,209,847.29	0.00	0.00	300,412.14	961,105,529.85	0.00	2,692,018,405.40		21,018,296,389.10	532,388,405.68	21,550,684,794.78	
Add: Change of accounting policies													0.00		0.00	
Correction of prior-period errors													0.00		0.00	
Business consolidation under common control													0.00		0.00	
Others													0.00		0.00	
II. Opening balance of the current year	3,875,371,532.00	0.00	0.00	1,146,290,662.42	12,343,209,847.29	0.00	0.00	300,412.14	961,105,529.85	0.00	2,692,018,405.40	0.00	21,018,296,389.10	532,388,405.68	21,550,684,794.78	
III. Changes in current year ("-"	232,819,847.00	0.00	0.00	-198,407,998.79	928,924,325.80	0.00	0.00	37,566.43	234,010,992.52	0.00	285,287,892.24	0.00	1,482,672,625.20	33,052,596.05	1,515,725,221.25	

Item	FY2021															
	Equity attributable to owners of the parent company														Non-controlling interest	Total of owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Others	Subtotal			
Preference shares		Perpetual bond	Others													
(for decrease)																
(I) Total comprehensive income											2,500,582,902.58		2,500,582,902.58	33,052,596.05	2,533,635,498.63	
(II) Capital increase and decrease by owners	232,819,847.00	0.00	0.00	-198,407,998.79	928,924,325.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	963,336,174.01	0.00	963,336,174.01	
1. Common share invested by shareholders													0.00		0.00	
2. Capital input by the holder of other equity instruments													0.00		0.00	
3. Share-based payment attributable to shareholders' equity													0.00		0.00	
4. Others	232,819,847.00			-198,407,998.79	928,924,325.80								963,336,174.01		963,336,174.01	
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	234,010,992.52	0.00	-2,215,295,010.34	0.00	-1,981,284,017.82	0.00	-1,981,284,017.82	
1. Appropriation to surplus reserves									234,010,992.52		-234,010,992.52		0.00		0.00	
2. Appropriation to general risk reserve													0.00		0.00	
3. Profit distribution to											-1,981,284,017.82		-1,981,284,017.82		-1,981,284,017.82	

Item	FY2021														
	Equity attributable to owners of the parent company													Non-controlling interest	Total of owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Others	Subtotal		
Preference shares		Perpetual bond	Others												
owners (or shareholders)															
4. Others													0.00		0.00
(IV) Internal transfer of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital reserve converted into capital (or share capital)													0.00		0.00
2. Surplus reserve converted into capital (or share capital)													0.00		0.00
3. Recover of loss by surplus reserve													0.00		0.00
4. Changes in defined benefit plans carried forward to retained earnings													0.00		0.00
5. Other comprehensive income carried forward to retained earnings													0.00		0.00
6. Others													0.00		0.00
(V) Special reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37,566.43	0.00	0.00	0.00	0.00	37,566.43	0.00	37,566.43
1. Withdrawn in current period								63,036,424.58					63,036,424.58		63,036,424.58

Item	FY2021															
	Equity attributable to owners of the parent company														Non-controlling interest	Total of owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Others	Subtotal			
Preference shares		Perpetual bond	Others													
2. Used in current period							62,998,858.15						62,998,858.15		62,998,858.15	
(VI) Others													0.00		0.00	
IV. Closing balance of the current period	4,108,191,379.00	0.00	0.00	947,882,663.63	13,272,134,173.09	0.00	0.00	337,978.57	1,195,116,522.37	0.00	2,977,306,297.64	0.00	22,500,969,014.30	565,441,001.73	23,066,410,016.03	

8. Parent company's statement of changes in owners' equity

Amount in current period

Unit: RMB

Item	FY2022											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Others	Total of owners' equity
		Preference shares	Perpetual bond	Others								
I. Closing balance of the prior year	4,108,191,379.00	0.00	0.00	947,882,663.63	12,851,982,490.97	0.00	0.00	155,469.58	1,195,116,522.37	2,491,021,746.82		21,594,350,272.37
Add: Change of accounting policies												0.00
Correction of prior-period errors												0.00
Others												0.00
II. Opening balance of the current year	4,108,191,379.00	0.00	0.00	947,882,663.63	12,851,982,490.97	0.00	0.00	155,469.58	1,195,116,522.37	2,491,021,746.82	0.00	21,594,350,272.37
III. Changes in current period ("-" for decrease)	20,838.00	0.00	0.00	-18,829.61	70,987.12	0.00	-15,904,760.02	-97,257.43	0.00	-3,787,355,431.49	0.00	-3,803,284,453.43
(I) Total comprehensive income							-15,904,760.02			-1,320,017,707.26		-1,335,922,467.28
(II) Capital increase and decrease by owners	20,838.00	0.00	0.00	-18,829.61	70,987.12	0.00	0.00	0.00	0.00	-2,422,896.83	0.00	-2,349,901.32

Item	FY2022											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Others	Total of owners' equity
		Preference shares	Perpetual bond	Others								
1. Common share invested by owners												0.00
2. Capital input by the holder of other equity instruments	20,838.00			-18,829.61	70,987.12							72,995.51
3. Share-based payment attributable to owners' equity												0.00
4. Others	0.00				0.00					-2,422,896.83		-2,422,896.83
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,464,914,827.40	0.00	-2,464,914,827.40
1. Appropriation to surplus reserves												0.00
2. Profit distribution to owners (or shareholders)										-2,464,914,827.40		-2,464,914,827.40
3. Others												0.00
(IV) Internal transfer of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital reserve converted into capital (or share capital)												0.00
2. Surplus reserve converted into capital (or share capital)												0.00
3. Recover of loss by surplus reserve												0.00
4. Changes in defined benefit plans carried forward to retained earnings												0.00
5. Other comprehensive income carried forward to retained earnings												0.00
6. Others												0.00
(V) Special reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-97,257.43	0.00	0.00	0.00	-97,257.43

Item	FY2022											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Others	Total of owners' equity
		Preference shares	Perpetual bond	Others								
1. Withdrawn in current period								60,105,371.53				60,105,371.53
2. Used in current period								60,202,628.96				60,202,628.96
(VI) Others												0.00
IV. Closing balance of the current period	4,108,212,217.00	0.00	0.00	947,863,834.02	12,852,053,478.09	0.00	-15,904,760.02	58,212.15	1,195,116,522.37	-1,296,333,684.67	0.00	17,791,065,818.94

Amount in prior period

Unit: RMB

Item	FY2021											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Others	Total of owners' equity
		Preference shares	Perpetual bond	Others								
I. Closing balance of the prior year	3,875,371,532.00	0.00	0.00	1,146,290,662.42	11,923,058,165.17	0.00	0.00	120,972.62	961,105,529.85	2,366,206,832.00		20,272,153,694.06
Add: Change of accounting policies												0.00
Correction of prior-period errors												0.00
Others												0.00
II. Opening balance of the current year	3,875,371,532.00	0.00	0.00	1,146,290,662.42	11,923,058,165.17	0.00	0.00	120,972.62	961,105,529.85	2,366,206,832.00	0.00	20,272,153,694.06
III. Changes in current period ("-" for decrease)	232,819,847.00	0.00	0.00	-198,407,998.79	928,924,325.80	0.00	0.00	34,496.96	234,010,992.52	124,814,914.82	0.00	1,322,196,578.31
(I) Total comprehensive income										2,340,109,925.16		2,340,109,925.16
(II) Capital increase and decrease by owners	232,819,847.00	0.00	0.00	-198,407,998.79	928,924,325.80	0.00	0.00	0.00	0.00	0.00	0.00	963,336,174.01
1. Common share invested by owners												0.00

2. Capital input by the holder of other equity instruments												0.00
3. Share-based payment attributable to owners' equity												0.00
4. Others	232,819,847.00			-198,407,998.79	928,924,325.80							963,336,174.01
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	234,010,992.52	-2,215,295,010.34	0.00	-1,981,284,017.82
1. Appropriation to surplus reserves									234,010,992.52	-234,010,992.52		0.00
2. Profit distribution to owners (or shareholders)										-1,981,284,017.82		-1,981,284,017.82
3. Others												0.00
(IV) Internal transfer of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital reserve converted into capital (or share capital)												0.00
2. Surplus reserve converted into capital (or share capital)												0.00
3. Recover of loss by surplus reserve												0.00
4. Changes in defined benefit plans carried forward to retained earnings												0.00
5. Other comprehensive income carried forward to retained earnings												0.00
6. Others												0.00
(V) Special reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34,496.96	0.00	0.00	0.00	34,496.96
1. Withdrawn in current period								43,962,017.71				43,962,017.71
2. Used in current period								43,927,520.75				43,927,520.75
(VI) Others												0.00

IV. Closing balance of the current period	4,108,191,379.00	0.00	0.00	947,882,663.63	12,851,982,490.97	0.00	0.00	155,469.58	1,195,116,522.37	2,491,021,746.82	0.00	21,594,350,272.37
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III. Basic information of the Company

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 March 27th, 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 June 27th, 1997 by Benxi Steel & Iron (Group) Co., Ltd. (“Benxi Iron and Steel 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 on Shenzhen Stock Exchange on June 10th, 1997. On November 3rd, 1997, the Company issued another 120,000,000 A-shares (Renminbi Common Shares) at RMB 5.40 each and listed on Shenzhen Stock Exchange since January 15th, 1998. The capital shares totalled 1,136,000,000 shares.

On March 14th, 2006, according to the resolutions of the Shareholders’ Meeting regarding share equity relocation, the *Share Equity Relocation Scheme, Response to Bengang Steel Plates Co., Ltd.* about Share Equity Relocation issued by Liaoning Provincial Government State-owned Asset Administrative Committee (hereinafter referred to as the Liaoning SASAC), Benxi Iron and Steel 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 June 30th, 2006, the Company was approved to place 2 billion Renminbi common shares, particularly to Benxi Iron and Steel Group and the proceeds would be used to purchase the related assets of the Benxi Iron and Steel Group. On the same day, Benxi Iron and Steel Group received circular Zheng-Jian-Gong-Si-Zi [2006] No. 127 issued by China Securities Regulatory Committee, On the same day, Benxi Iron and Steel Group obtained the document “Zheng Jian Company Zi (2006) No. 127” issued by the China Securities Regulatory Commission, which agreed to exempt Benxi Iron and Steel Group from the acquisition of 2 billion new shares issued by the Company, resulting in the number of shares held by the Company reaching 2.5752 billion shares (accounting for the Company’s 82.12% of the total share capital) to fulfill the tender offer obligation. On August 28th, 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 September 28th, 2006, the listing procedure of the new shares of Bengang Steel Plates in this non-public offering was approved by Shenzhen Stock Exchange. The issue price of new shares: RMB 4.6733 per share.

Approved by the China Securities Regulatory Commission [2017] No. 1476, Bengang Steel Plates 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 February 9th, 2018, and 739,371,532 shares were actually issued. The placing price was RMB5.41 per share.

On August 20th, 2021, Liaoning Provincial State-owned Assets Supervision and Administration Commission (hereinafter referred to as the Liaoning SASAC) and Ansteel Group Co., Ltd. (hereinafter referred to as Ansteel Group) signed the "Liaoning Provincial People's Government State-owned Assets Supervision and Administration Commission and Ansteel Group Co., Ltd. on Free Transfer Agreement on the State-owned Equity of Bengang Group Co., Ltd. According to the agreement, Liaoning State-owned Assets Supervision and Administration Commission will transfer its 51% shares of Bengang Group Co., Ltd. (hereinafter referred to as Bengang Group) to Angang Group for free. After the completion of the free transfer, Ansteel Group will become the controlling shareholder of Bengang Group, and Ansteel Group will hold 81.07% of the total share capital of Bengang Group Co., Ltd. indirectly.

As at December 31st, 2022, the capital shares totalled 4,108,212,217 shares.

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

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

The Company's legal representative: Huo Gang.

The parent company of Bengang Steel Plates Co., Ltd is Benxi Steel & Iron (Group) Co., Ltd. and the actual controller is Ansteel Group Co., Ltd.

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

As at December 31st, 2022, there were nine subsidiaries within the scope of the Company's consolidated financial statements, as detailed below:

Subsidiary name
Guangzhou Benxi Iron and Steel Trade Co., Ltd.
Shanghai Bengang Metallurgy Technology Co., Ltd.
Dalian Benruitong AUTO MATERIALS Technology Co., Ltd.
Changchun Bengang Iron & Steel Sales Co., Ltd.
Yantai Benxi Steel Sales Co., Ltd.
Tianjin Benxi Iron and Steel Trade Co., Ltd.
BX Steel Posco Cold Rolled Sheet Co., Ltd.
Benxi Bengang Steel Sales Co., Ltd.
Shenyang Bengang Metallurgical Technology Co., Ltd.

The number of entities included in the scope of consolidated financial statements for the year decreased by 6 as compared to the previous year. For details of the change in the scope of consolidation, please refer to Note "VIII. Changes in the scope of consolidation".

For details of the Company's subsidiaries, please refer to Note "IX. Equity in other entities".

IV. Basis of preparation

1. Basis of preparation

The Company's financial statements have been prepared on a going concern basis, based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises issued by

the Ministry of Finance and related regulations, and based on the accounting policies and estimates described in Note "IV. Significant accounting policies and accounting estimates".

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 the reporting period.

V. Significant accounting policies and accounting estimates

Notice of specific accounting policies and accounting estimates: The specific accounting policies and accounting estimates formulated by the Company based on actual production and operation characteristics include operating cycle, recognition and measurement of allowance for bad debts of receivables, measurement of inventories issued, classification of fixed assets and depreciation methods, amortization of intangible assets, conditions for capitalization of research and development expenses, and recognition and measurement of revenue.

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

The financial statements prepared by the Company comply with the requirements of Accounting Standards for Business Enterprises and give a true and complete picture of the financial position, operating results and cash flows of the Company.

2. Accounting year

The Accounting year is from January 1st to December 31st.

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 combinations 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), the 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 Standards 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 the fair value of identifiable net assets on the acquisition date. For subsidiaries through acquisition that are under common control, the assets, and liabilities (as well as the goodwill arising from purchasing the subsidiary by the ultimate controller) are adjusted according to the 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 a business combination under common control during the reporting period, it shall adjust the beginning balance in the consolidated statement of financial position when preparing the 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 the 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 the 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 the remeasurement of the defined benefit plan is excluded.

2) Disposing subsidiaries or businesses

① General treatment

If the Company disposes of a subsidiary during the reporting period, the revenue, expenses and profits of the subsidiary from the beginning of the reporting period to the 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 the 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 the consideration received for the disposal of 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 the 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 does not form part of a bundled transaction, apply the treatment of disposing of 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 of 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 the 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 has 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. Criteria for determining 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 on 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 of 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 amortized 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 amortized 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 amortized 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 amortized 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 account 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 of 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 recognized in profit and loss.

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 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 recognized 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 recognized 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 amortized cost

Financial liabilities measured at amortized cost include short-term borrowings, notes payables, accounts payables, other payables, long-term borrowings, bonds payables, and 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 recognized 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 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 the 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 the 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 (the 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 are substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

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

Where the recognition of a financial liability is totally or partially terminated, the Company shall include in 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 to 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

The Company recognized 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 an 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 the 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 the 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 the 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 recognize the 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 materials in transit, raw material, turnover materials, finished goods, work in process, issuing commodities, 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 a 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

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 right 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 amounts. An entity shall present any unconditional rights to consideration (only the passage of time is required) separately as a receivable.

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 "IV. Significant accounting policies and accounting estimates".

13. Contract costs

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 recognize an asset from the costs incurred to fulfill 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 recognize as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs.

An asset recognized in accordance with contract costs shall be amortized in consistence with the transfer to the customer of the goods or services to which the asset relates. The Company may recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset is one year or less.

The Company shall recognize 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 recognized as expenses.

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

14. 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 ventures 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 the 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 the 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 the cost method for the long-term investment in a 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 attributed 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 a 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 of 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 an 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 the 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, and 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 of 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. For 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 first 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 for separately.

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 economic benefits in a different way, then different depreciation rate or methods shall be applied and the depreciation of the components shall be calculated separately.

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

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

Category	Depreciation method	Depreciation period	Residual value rate	Annual depreciation rate
Plants and Buildings	Year average method	40	5	2.38
Machinery	Year average method	17-24	5	3.96-5.59
Transportation and other equipment	Year average method	5-12	5	7.92-19.00

(3) Disposal of fixed assets

When a fixed asset is disposed of, or it is expected that no economic benefits will be generated through use or disposal, the recognition of the fixed asset shall be determined. The amount of disposable income of fixed assets raised from sale, 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 by 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 their 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 been incurred, which shall include cash, transferred noncash assets or interest-bearing debts paid for the acquisition and construction or production activities for preparing assets eligible for capitalization;
- 2) The borrowing costs have already been 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 are 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 number 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 includes 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 periods 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.

Estimated useful lives of intangible assets with limited useful lives:

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

(2) Accounting policies for internal research and development expenditures

Classification criteria for the internal research phase and development phase:

The expenditures for the 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 the research phase or other knowledge is applied to certain projects or designs for the manufacturing of new or substantially improved materials, devices and products before commercial manufacturing and use.

Specific conditions for capitalization of development phase expenditures:

Research expenditures are recognized in profit or loss as incurred. Expenditures in the development phase are recognized as intangible assets if the following conditions are met, and expenditures in the development phase that do not meet the following conditions are recognized in profit or loss:

- 1) It is technically feasible to complete the intangible asset so that it can be used or sold;
- 2) There is an intent to complete the intangible asset and use or sell it;

3) The manner in which an intangible asset generates economic benefits, including being able to demonstrate that there is a market for the product produced from the intangible asset or that there is a market for the intangible asset itself and that the intangible asset will be used internally, should prove its usefulness;

4) There are sufficient technical, financial and other resources to support the completion of the development of the intangible asset and is capable of using or selling the intangible asset;

5) The expenditure attributable to the development phase of the intangible asset can be measured reliably.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all research and development expenditures incurred are charged to current profit or loss.

19. Impairment of long-term assets

Long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with limited useful lives and other long-term assets shall be tested for impairment if there is an indication of impairment at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its book value, the difference shall be recognized as a provision for impairment and included in impairment loss. The recoverable amount is the higher of the fair value of assets, less costs of disposal, and the present value of estimated future cash flows from the assets. The provision for impairment of assets shall be calculated and recognized on an individual basis, and if it is difficult to estimate the recoverable amount of an individual asset, the Company shall recognize the recoverable amount of 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

Goodwill arising from business combinations, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their intended useable state shall be tested for impairment at least at the end of each year, regardless of whether there is an indication of impairment.

In performing an impairment test on goodwill, the Company shall apportion the book value of goodwill arising from business combinations to the relevant asset group from the date of purchase in accordance with a reasonable method; for those that it is difficult to be apportioned to the relevant asset group, they shall be apportioned to the relevant portfolio of asset group. The relevant asset group or combination of asset groups are those that can benefit from the synergistic effects of the business combination.

In performing an impairment test on the relevant asset group or portfolio of asset group that contains goodwill, the Company shall conduct the impairment test first on the asset group or portfolio of asset group that does not contain goodwill if there is an indication of impairment on the asset group or portfolio of asset group relating to goodwill, and calculate its recoverable amount as well as compare it with the relevant book value to recognize the corresponding impairment loss. Then the impairment test shall be performed for the asset group or portfolio of asset group that contains goodwill, comparing its book value and its recoverable amount. If the recoverable amount is less than the book value, the amount of impairment loss shall be offset and apportioned to the book value of goodwill contained in the asset group or portfolio of asset group, and then offset the book value of other assets in proportion to the proportion of book value of assets other than goodwill in the asset group or portfolio of asset group. The impairment losses on assets mentioned above, once recognized, shall not be reversed in subsequent accounting periods.

20. Long-term deferred expense

The long-term deferred expense refers to the expenses incurred but shall be borne by the 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 liabilities

The Company shall present contract assets or contract liabilities in the statement of financial position in accordance with the relationship between the performance of an obligation and the payment of

customers. The obligation of the Company to transfer goods or provide services to customers for consideration received or receivable from customers shall be presented as contract liabilities. Contract assets and contract liabilities under the same contract shall be shown on a net basis.

22. Employee benefits

(1) Accounting treatment for short-term employee benefits

The Company shall recognize the short-term benefits actually incurred as the liabilities, and recognize such liabilities into the current profit and loss or the costs of the related assets in the accounting period to which the employees render the services.

Payments made by the Company of social security contributions for employees, payments of housing provident funds, union funds and 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 for 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 liabilities 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.

The Company contributes to the basic pension insurance and unemployment insurance for its employees in accordance with the relevant local government regulations. The amount payable is calculated on the basis of the contribution base and at the rate prescribed by the local regulations and is recognized as a liability and charged to current profit and loss or the cost of related assets in the accounting period in which the employees provide services to the Company. In addition, the Company participates in an enterprise annuity plan/supplemental pension fund approved by the relevant state authorities. The Company contributes a certain percentage of the employees' gross salaries to the annuity plans/local social insurance institutions and the corresponding expenses are charged to current profit and loss or to the cost of related assets.

2) Defined benefit plan

None.

3) Accounting treatment for termination benefits

The Company shall recognize employee benefits liabilities for termination benefits, with a corresponding charge to the current profit and loss, 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 Company;
- 2) It is likely to cause any economic benefit to flow out of the Company as a result of the performance of the obligation; and
- 3) The amount of the obligation can be measured in a reliable way.

The estimated liabilities 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, the Company 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.

If there is a continuous range of expenses required and the likelihood of various outcomes within that range is equal, the best estimate is determined by the mid-point of the range; in other cases, the best estimate is treated separately as follows.

- If a contingency relates to a single item, it shall be determined in the light of the most likely outcome.
- If the contingencies relate to more than one item, 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 liabilities 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 liabilities.

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

(1) Accounting policies used for revenue recognition and measurement

The Company shall recognize 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 customers, excluding amounts collected on behalf of the 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 customers. 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 recognize 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. When one of the following conditions is met, the Company is deemed to have undertaken the performance obligation within a certain time; otherwise, it will be deemed as undertaking the performance obligation at a certain point in time:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- The customer has control over the goods in progress during the Company's performance.
- The goods produced in the course of the Company's performance are of irreplaceable use and the Company is entitled to receive payment for the portion of the performance that has been completed cumulatively to date during the entire term of the contract.

The Company shall recognize 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 recognize 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 recognize 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 promised goods or services, the Company shall consider requirements as follows:

- The Company has a present right to payment for the promised goods or services and the customer is presently obliged to pay for that;
- The Company has transferred the legal ownership of the goods to the customer, that is, the customer

has the legal ownership to the goods;

- The Company has transferred physical possession of the goods to the customer, that is, the customer has taken possession of the goods;
- The Company has transferred the main risks and rewards of ownership of the goods to the customer, that is, the customer has the main risks and rewards of ownership of the goods;
- The customer has accepted the promised goods or services.

Differences in accounting policies for revenue recognition due to different operating models for the same type of business.

(2) Specific accounting policies for revenue recognition

Commodity sales contracts between companies and customers usually only include performance obligations for the transfer of steel and other commodities or service. 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 indications:

The Company obtains the present 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.

Differences in accounting policies for revenue recognition due to different operating models for the same type of business.

25. Government grants

(1) Types

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

Government grants related to assets are government grants acquired by the Company for the acquisition or other formation of long-term assets. Government grants related to income are government grants other than those related to assets.

The specific criteria for the Company to classify government grants as asset-related are: government grants acquired by the enterprise and used to acquire or otherwise form long-term assets.

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

For government documents that do not specify the object of the grant, the Company classifies the government grant as asset-related or income-related based on the following judgment: if it can form a long-term asset, the portion of the government grant that corresponds to the value of the asset is treated as an asset-related government grant and the rest as an income-related government grant; if it is difficult

to distinguish, the government grant as a whole is treated as an income-related government grant.

(2) Recognition

Government grants related to assets are recognized when it actually received, and transferred the deferred income to the current profit and loss according to the estimated use period of the long-term assets from when the long-term assets are available.

Government grants related to income are recognized when it actually received. Which to compensate the relevant expenses or losses in subsequent periods shall be included in the current non-operating income during the period when the relevant expenses are recognized. Which to compensate expenses or losses already incurred shall be recognized in current non-operating income.

(3) Accounting treatment

Government grants related to assets shall be used to offset the book value of the related assets or recognized as deferred income. The government grants recognized as deferred income shall be charged to current profit and loss (if they relate to ordinary activities, to other income; if do not, to non-operating income) in accordance with a reasonable and systematic method over the useful life of the related assets;

Government grants related to income that is used to compensate for the related costs and expenses or losses in subsequent periods shall be recognized as deferred income and charged to current profit and loss (if they relate to ordinary activities, to other income; if do not, to non-operating income) in the period in which the related costs and expense or losses are recognized, or offset the related costs and expenses or losses; for those used to compensate for the related costs and expenses or losses that have been incurred, they shall be directly included in current profit and loss (if they relate to ordinary activities, to other income; if do not, to non-operating income) or offset the related costs and expenses or losses.

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

1) If 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 Company will take the actual amount of the loan received as the entry value of the loan and calculate the relevant borrowing costs based on the loan principal and the policy preferential interest rate.

2) If the government directly allocates the discounted funds to the Company, the Company will write-down the relevant borrowing costs with the corresponding discounts.

26. Deferred income tax assets/deferred income tax liabilities

Income tax includes current income tax and deferred income tax. Except for income tax arising from business combinations 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 values.

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.

Deferred income tax liabilities are recognized for taxable temporary differences, except in exceptional circumstances.

Special circumstances in which deferred income tax assets or deferred income tax liabilities are not recognized include:

- The initial recognition of goodwill.
- Transactions or events that are neither business combinations nor, when they occur, affect accounting profit and taxable income (or deductible losses).

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 into 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 settle on a net basis and intends to settle on a net basis or to obtain assets and pay off liabilities simultaneously, the current income tax assets and current income tax liabilities are presented at the net amount after offsetting.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are stated at the net of offsetting amounts when the following conditions are also met:

- The taxable entity has the legal right to settle current income tax assets and current income tax liabilities on a net basis.
- Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities, but in each future period in which it is significant that the deferred income tax assets and liabilities reverse, the taxable entities involved intend to settle the current income tax assets and liabilities on a net basis or to acquire the assets and settle the liabilities simultaneously.

27. Leases

(1) Accounting treatment for operating leases

A lease is a contract whereby the lessor transfers the right of usage on an asset to the lessee for consideration within a certain period of time. On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If one party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or includes a lease.

If the contract contains multiple separate leases at the same time, the Company will split the contract and conduct accounting treatment for each separate lease. If the contract includes both lease and non-lease parts, the Company, as the lessor and lessee, will split the lease and non-lease parts for accounting treatment

For rent reductions, exemptions, deferred payments and other rental reductions directly caused by the COVID-19 epidemic and reached on existing lease contracts, if the following conditions are met at the same time, the Company adopts a simplified method for all lease, and does not evaluate whether there is a lease change. Lease classification is not reassessed:

- The lease consideration after the reduction is less than or substantially the same as before the reduction. The lease consideration may be undiscounted or discounted at the discount rate before the reduction;
- The reduction is only for lease payments payable before June 30th, 2022, an increase in lease payments payable after June 30th, 2022 does not affect meeting this condition, and a decrease in lease payments payable after June 30th, 2022 does not satisfy this condition;
- The other terms and conditions of the lease have not changed significantly after taking into account both qualitative and quantitative factors.

1) The Company as a lessee

① Right-of-use assets

On the beginning date of the lease term, the Company recognizes the right-of-use assets for leases other than short-term leases and low-value asset leases. The right-of-use assets are initially measured at cost. This cost includes:

- Initial measurement amount of lease liabilities;
- For the lease payment paid on or before the beginning of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted;
- The initial direct costs incurred by the Company;
- Costs expected to be incurred by the Company to dismantle and remove the leased asset, to restore the site on which the leased asset is located or to restore the leased asset to its agreed condition under the terms of the lease, but do not include costs that are part of the costs incurred to produce the inventory.

The Company subsequently depreciates right-of-use assets using the straight-line method. If it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, the Company depreciates the leased asset over its remaining useful life; otherwise, the leased asset is depreciated over the shorter of the lease term or the remaining useful life of the leased asset.

For the principles by which the Company determines whether the right-of-use asset has been impaired, please refer to Note "IV.19 Impairment of long-term assets".

② Lease liabilities

At the beginning of the lease term, the Company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. The lease liability is initially measured at the present value of outstanding lease payments. Lease payments include:

- Fixed payments (including actual fixed payments), if there is a lease incentive, deduct the relevant amount of the lease incentive;
- Variable lease payments that depend on an index or ratio;
- The expected payment according to the residual value of the guarantee provided by the Company;
- The exercise price of the purchase option, provided that the Company is reasonably certain that the option will be exercised;
- Payments for exercising the option to terminate the lease, provided that the lease term reflects that the Company will exercise the option to terminate the lease.

The Company uses the interest rate implicit in the lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate.

The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate and includes it in the current profit and loss or the cost of related assets.

Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit and loss or the cost of related assets when they are actually incurred.

After the commencement date of the lease term, the Company shall re-measure the lease liabilities and adjust the corresponding right-of-use assets under the following circumstances. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference is included in the current profit and loss:

- When there is a change in the evaluation results of the purchase option, lease renewal option or termination option, or when the actual exercise of the aforementioned options is inconsistent with the original evaluation result, the Company shall calculate the lease payment amount after the change and the revised discounted value. Remeasure the lease liability at the present value of the rate calculation;
- When the actual fixed payment changes, the estimated payable amount of the guaranteed residual value changes, or the index or ratio used to determine the lease payment changes, the Company re-measures the lease liability at the present value of the changed lease payments and the original discount

rate. However, where changes in lease payments resulting from changes in floating interest rates, a revised discount rate is used to calculate the present value.

③ Short-term leases and low-value asset leases

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and includes the relevant lease payments in the current profit and loss or related asset costs on a straight-line basis over each period of the lease term. Short-term leases refer to leases with a lease term of not more than 12 months and excluding purchase options on the commencement date of the lease term. A low-value asset lease refers to a lease with a lower value when a single-leased asset is a brand-new asset. If the Company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

④ Lease changes

If the lease changes and the following conditions are met at the same time, the Company will account for the lease change as a separate lease:

- The lease modification expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the amount adjusted by the individual price of the expanded part of the lease scope according to the contract.

If the lease modification is not accounted for as a separate lease, on the effective date of the lease modification, the Company re-allocates the consideration of the modified contract, re-determines the lease term, and re-calculates the lease liability based on the present value of the modified lease payments and the revised discount rate.

If the lease modification leads to the narrowing of the lease scope or the shortening of the lease term, the Company will reduce the book value of the right-of-use assets accordingly, and include the relevant gains or losses on partial or complete termination of the lease into the current profit and loss. If other lease changes result in re-measurement of lease liabilities, the Company adjusts the book value of the right-of-use assets accordingly.

⑤ Rent reductions related to COVID-19 epidemic

For those using the simplified method of rent reductions related to the COVID-19 epidemic, the Company does not assess whether a lease change has occurred, continues to calculate interest expense on the lease liability at the same discount rate as before the reductions and includes it in current profit and loss, and continues to depreciate right-of-use assets on the same basis as before the reductions. If a rent reduction occurs, the Company treats the reduced rent as a variable lease payment, and reduces the related asset cost or expense by the amount discounted at the undiscounted or pre-reduction discount rate when the original rent payment obligation is discharged, such as when a reduction agreement is reached, and adjusts the lease liability accordingly; if the rent payment is deferred, the Company reduces the lease liability recognized in prior periods when the actual payment is made.

For short-term leases and low-value asset leases, the Company continues to include the original

contractual rentals in the cost or expense of the relevant assets in the same way as before the concession. In the event of rent reduction or exemption, the Company will take the reduced rent as the variable lease payment, and write down the relevant asset costs or expenses during the reduction or exemption period; if the rent payment is delayed, the Company will recognize the rent payable as payable during the original payment period. When the actual payment is made, the payables recognized in the previous period are offset.

2) The Company as a lessor

On the lease commencement date, the Company classifies leases into financial leases and operating leases. A financial lease is a lease that essentially transfers almost all the risks and rewards associated with the ownership of the leased asset, regardless of whether ownership is ultimately transferred. Operating leases refer to leases other than financial leases. When the Company acts as a sublease lessor, it classifies the sublease based on the right-of-use asset arising from the original lease.

① Accounting treatment of operating leases

The Company recognizes lease receipts from operating leases as rental income using the straight-line method for each period of the lease term. Initial direct costs capitalized in connection with operating leases are amortized over the lease term on the same basis as rental income is recognized and are recognized in current profit and loss. Variable lease payments not included in the amount of lease receipts are recognized in current profit and loss when they are actually incurred. When there is a change in operating leases, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable in relation to the lease prior to the change is treated as a receipt under the new lease.

(2) Accounting treatment of financial lease

1) Accounting treatment of financial lease

On the lease commencement date, the Company recognizes the financial lease receivables for the financial lease and derecognizes the financial lease assets. When the Company initially measures the financial lease receivables, the net investment in the lease is regarded as the entry value of the financial lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term, discounted at the interest rate implicit in the lease.

The Company calculates and recognizes interest income over the lease term at a fixed periodic rate. Derecognition and impairment of finance lease receivables are accounted for in accordance with Note "V. 10. Financial assets and financial liabilities".

Variable lease payments not included in the measurement of net investment in leases are charged to current profit and loss when actually incurred.

If the financial lease is changed and the following conditions are met at the same time, the Company will account for the change as a separate lease:

- The change expands the scope of the lease by increasing the right to use one or more of the leased assets;
- The increased consideration is equivalent to the amount adjusted by the individual price of the expanded part of the lease scope according to the contract.

If the modification of a financial lease is not accounted for as a separate lease, the Company shall deal with the modified lease under the following circumstances:

- If the change had been effective on the inception date of the lease and the lease would have been classified as an operating lease, the Company shall account for it as a new lease from the effective date of the lease change and use the net investment in the lease prior to the effective date as the book value of the leased asset;

If the change had been effective at the inception date of the lease and the lease would have been classified as a finance lease, the Company shall account for it in accordance with the policy on modification or renegotiation of contracts as described in Note "V. 10. Financial assets and financial liabilities".

2) Rent reductions related to COVID-19 epidemic

- For operating leases that use the simplified method of rent reductions related to the COVID-19 epidemic, the Company continues to recognize the original contractual rentals as lease income in the same manner as before the reductions; where rent reductions occur, the Company treats the reduced rentals as variable lease payments and reduces lease income in the period of the reductions; where the collection of rentals is deferred, the Company recognizes the rentals receivable in the original collection period and reduces the receivables recognized in prior periods when they are actually received.

For financial leases using the simplified method of rent reduction related to the COVID-19 epidemic, the Company continues to calculate interest and recognize it as lease income at a discount rate consistent with the rate prior to the reduction. In the event of a rent reduction, the Company treats the reduced rent as a variable lease payment and, upon waiver of the original right to receive rent, such as the conclusion of a reduction agreement, reduces the originally recognized lease income by the amount discounted at the undiscounted or pre-reduction discount rate, with any shortfall charged to investment income and the financial lease receivable adjusted accordingly; in the event of deferred receipt of rent, the Company reduces the previously recognized financial lease receivable upon actual receipt. In the event of delayed collection of rentals, the Company will reduce the financial lease receivable recognized in the previous period upon actual receipt.

28. Other significant accounting policies and accounting estimates

Major accounting estimates and judgements

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) Provision for decline in value of inventories

As mentioned in Note "V. 11. Inventory", 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 "V. 19 Long-term Asset Impairment", 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 “V. 15. Fixed assets” and Note “V. 18. Intangible assets”, the Company shall accrue depreciation for the fixed assets and amortization for intangible assets within the useful life after considering their residual values. 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 income tax assets

When it is estimated that sufficient taxable income will be available in future periods to utilize the unrecovered tax losses and deductible temporary differences, the Company calculates and recognizes the related deferred income tax asset to the extent that it is probable that taxable income will be available against which the unrecovered tax losses and deductible temporary differences can be utilized, and on the basis of the income tax rate applicable to the period in which the asset is expected to be recovered. The Company is required to use judgment to estimate the timing and amount of future taxable income and to make reasonable estimates and judgments about the applicable future income tax rates in accordance with current tax policies and other relevant policies to determine the amount of deferred income tax assets to be recognized. If the timing and amount of actual profits to be generated in future periods or the actual applicable income tax rate differs from the Management's estimates, such differences will have an impact on the amount of deferred income tax assets.

29. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not applicable

The content and reasons for changes in accounting policies	Approval procedure	Note
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① *Interpretation of Accounting Standards for Business Enterprises No. 15*

On December 30th, 2021, the Ministry of Finance issued *Interpretation of Accounting Standards for Business Enterprises No. 15* (Cai Kuai [2021] No. 35, hereinafter referred to as "Interpretation No. 15"), in which "Accounting treatment for the external sale of products or by-products produced by an enterprise before a fixed asset reaches its intended useable state or during the research and development process" and "Judgment on onerous contracts" are effective from January 1st, 2022.

Interpretation No. 15 provides that an enterprise that sells to the public products or by-products produced before a fixed asset reaches its intended useable state or during the research and development shall be accounted for the revenue and costs related to trial sales separately in accordance with applicable accounting standards such as *Accounting Standards for Business Enterprises No. 14 - Revenue and Accounting Standards for Business Enterprises No. 1 - Inventories*, and shall be included in the current profit and loss. The net amount of revenue related to trial sales after offsetting related costs should not be written down against the cost of fixed assets or research and development expenditure.

Interpretation No. 15 on onerous contracts refers to contracts where the costs that would inevitably be incurred in performing the contractual obligations exceed the expected economic benefits. The costs that would inevitably be incurred in performing a contractual obligation should reflect the lowest net cost of exiting that contract, i.e. the lower of the cost of performing that contract or the compensation or penalties incurred for failure to perform that contract. The cost to the enterprise of performing the contract includes the incremental cost of performing the contract and the apportioned amount of other costs directly related to the performance of the contract, such as the apportioned amount of direct labour, direct materials,

depreciation of fixed assets used to perform the contract, etc.

The implementation of the above provisions has not had a material impact on the financial position and results of operations of the Company.

② *Interpretation of Accounting Standards for Business Enterprises No. 16*

On November 30th, 2022, the Ministry of Finance issued *Interpretation of Accounting Standard for Business Enterprises No. 16* (Cai Kuai [2022] No. 31, hereinafter referred to as "Interpretation No. 16"), in which "Accounting treatment for deferred income tax relating to assets and liabilities arising from a single transaction for which no exemption from initial recognition applies" is effective from January 1st, 2023; "Accounting treatment for the income tax effect of dividends related to financial instruments classified as equity instruments by the issuer" and "Accounting treatment for an enterprise that modifies a cash-settled share-based payment to an equity-settled share-based payment" is effective from the date of publication.

Interpretation No. 16 on single transactions (including lease transactions in which the lessee initially recognizes a lease liability at the inception date of the lease and records it in the right-of-use asset, and transactions in which an estimated liability is recognized and recorded in the cost of the related asset because of the existence of an abandonment obligation, such as a fixed asset, etc., hereinafter referred to as single transactions to which this interpretation applies) that are not business combinations, that affect neither accounting profit nor taxable income(or deductible loss) at the time of the transaction and where the initial recognition of assets and liabilities results in taxable temporary differences and deductible temporary differences in equal amounts, and the provisions in Articles 11 (2) and 13 of *Accounting Standards for Business Enterprises No. 18 - Income Tax* concerning the exemption of deferred income tax liabilities and deferred income tax assets for initial recognition are not applicable. The enterprise should recognize the corresponding deferred income tax liabilities and deferred income tax assets for the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities for the transaction when the transaction occurs, in accordance with the relevant provisions of *Accounting Standards for Business Enterprises No. 18 - Income Tax* and other relevant regulations, respectively.

Interpretation No. 16 regarding financial instruments classified as equity instruments (such as perpetual bonds classified as equity instruments, etc.) by an enterprise (referring to the issuer, the same below) in accordance with the provisions of *Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments*, etc., and the related dividend expense is deducted before corporate income tax in accordance with the relevant provisions of the tax policy, the enterprise shall recognize the income tax effect related to the dividend when recognizing the dividend payable. The income tax effect of the dividend is usually more directly related to the transaction or event in the past that gave rise to the distributable profit, and the enterprise should recognize the income tax effect of the dividend in current profit and loss or in an item of owners' equity (including an item of other comprehensive income) in a manner consistent with the accounting treatment used in the past for the transaction or event that gave rise to the distributable profit. For profits distributed from transactions or events previously giving rise to gains or losses, the income tax effect of such dividends should be charged to current profit and loss; for profits distributed from transactions or events previously recognized in owners' equity, the income tax effect of such dividends should be charged to the item of owners' equity.

Interpretation No. 16 on the modification by an enterprise of the terms and conditions in a cash-settled share-based payment agreement to make it an equity-settled share-based payment. At the date of modification, the enterprise shall measure the equity-settled share-based payment at the fair value of the equity instrument granted on that date, record the services acquired in capital surplus and derecognize the liability recognized for the cash-settled share-based payment at the date of modification, with the difference between the two charged to current profit or loss. The same applies where the modification occurs after the end of the waiting period. If the waiting period is extended or shortened as a result of the

modification, the enterprise should account for the above in accordance with the modified waiting period (without regard to the relevant accounting provisions for adverse modifications). If the enterprise cancels a cash-settled share-based payment, grants an equity-settled share-based payment and determines at the date of grant of the equity instrument that it is intended to replace the cancelled cash-settled share-based payment (except where it is cancelled because the conditions for exercising the right have not been met), the above provisions of this Interpretation apply.

(2) Changes of significant accounting estimates

Applicable Not applicable

The content and reasons for changes in accounting estimates	Approval procedure	Point of commencement of application	Note
Fixed asset categories, depreciable lives and residual value rates	Sixth Meeting of the Ninth Session of the Board of Directors	July 1 st , 2022	
Affected statement items	Amount		
Accumulated depreciation	271,947,090.70		
Operating costs	266,457,899.30		
Administrative expenses	5,489,191.40		
Total profits	271,947,090.70		
Net profit	271,947,090.70		

In recent years, the Company has continuously increased its investment in fixed assets, and through technical renovation and innovation of the main equipment production line, and regular maintenance of equipment, the performance of the equipment has been improved and the useful life of fixed assets has been extended. In accordance with the principle of prudence in accounting, and in accordance with the provisions of Chapter 4, Article 15 of *Accounting Standards for Business Enterprises No. 4 - Fixed Assets*, "An enterprise shall reasonably recognize the useful life and estimated net residual value of fixed assets based on the nature and use of the fixed assets". The Company has changed the accounting estimates for the categories of fixed assets, depreciable lives and residual value rates to bring the categories of fixed assets, depreciable lives and residual value rates closer to their actuals, based on the nature and use of fixed assets.

The Company held the Sixth Meeting of the Ninth Session of the Board of Directors on October 26th, 2022 and considered and approved the *Proposal on Change in Accounting Estimates*.

The Company will implement the changed accounting estimate effective July 1st, 2022. The change in accounting estimate will have no impact on the Company's scope of principal activities and will reduce the Company's depreciation by RMB 270 million in 2022.

30. Others

Termination of operations is a separately distinguishable component that meets one of the following conditions and which has been disposed of by the Company or classified by the Company as held-for-sale.

- 1) The component stands for an independent main business or a separate major business area;
- 2) The component is a part of the disposal plan of an independent main business or a major business area; The component is part of a linked plan for the proposed disposal of an independent main business or a separate major business area;
- 3) This component is a subsidiary acquired specifically for resale.

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 amount 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.

VI. Taxes

1. Main tax categories and tax rates

Type of tax	Tax base	Tax rate
Value-added tax (VAT)	Output VAT is calculated on the basis of the income from the sale of goods and taxable services in accordance with the provisions of the tax law, and after subtracting the deductible input VAT for the current period, the difference is VAT payable	6%, 9%, 13%
City maintenance and construction tax	Based on VAT actually paid	7%, 5%
Corporate income tax	Based on taxable profit	25%

Disclosure of information if there are taxable entities with different corporate income tax rates

Name of taxable entity	Income tax rates
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VII. Notes to the items of the consolidated financial statements

1. Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand		24,334.93
Cash in bank	1,296,662,683.20	6,299,074,728.55
Other cash and cash equivalents	164,482,958.67	2,531,996,674.37
Total	1,461,145,641.87	8,831,095,737.85
Total amount restricted in use due to mortgage, pledge or freeze	164,482,958.67	2,531,996,674.37

Other notes:

Restricted use of cash and cash equivalents

Item	Closing balance	Opening balance
Margin for bank acceptance bill	163,297,958.67	1,492,236,674.37
Margin for letter of credit		125,000,000.00
Loan deposit		760,000.00
Time deposit or notice deposit for guarantee		174,000,000.00
Restricted deposit	1,185,000.00	740,000,000.00
Total	164,482,958.67	2,531,996,674.37

2. Notes receivable

(1) Presentation of notes receivable by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill	139,442,122.88	

Commercial acceptance bill	290,265,051.82	1,540,482,182.07
Total	429,707,174.70	1,540,482,182.07

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Including:										

If the provision for bad debts on notes receivable is based on the general model of expected credit losses, please disclose information about the provision for bad debts in the same manner as the disclosure for other receivables.

Applicable Not applicable

(2) Notes receivable pledged by the Company at the end of the period

Unit: RMB

Item	Amount pledged at the end of the period
Bank acceptance bill	139,442,122.88
Total	139,442,122.88

(3) Notes receivable endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Commercial acceptance bill		216,259,842.27
Total		216,259,842.27

3. Accounts receivable

(1) Accounts receivable disclosure by category

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Accrual ratio		Amount	Percentage	Amount	Accrual ratio	
Accounts receivable for which bad debt provision is made on an individual basis	353,419,325.80	25.82%	353,419,325.80	100.00%		352,985,418.30	47.20%	352,985,418.30	100.00%	
Including:										
Accounts receivable for which bad debt provision is made on a portfolio basis	1,015,413,788.67	74.18%	118,182,892.61	11.64%	897,230,896.06	394,916,528.33	52.80%	138,065,745.62	34.96%	256,850,782.71
Including:										
Portfolio 1: Aging portfolio	1,015,413,788.67	74.18%	118,182,892.61	11.64%	897,230,896.06	394,916,528.33	52.80%	138,065,745.62	34.96%	256,850,782.71
Total	1,368,833,114.47	100.00%	471,602,218.41		897,230,896.06	747,901,946.63	100.00%	491,051,163.92		256,850,782.71

Provision for bad debts on an individual basis: 353,419,325.80

Unit: RMB

Name	Closing balance			
	Book balance	Bad debt provision	Accrual ratio	Reasons for accrual
Benxi Nanfen Xinhe Metallurgical Furnace Material Co., Ltd.	48,196,244.68	48,196,244.68	100.00%	Production has ceased and is not expected to be recovered
Brilliance Automotive Group Holdings Co., Ltd.	305,223,081.12	305,223,081.12	100.00%	Bankruptcy reorganization with no expected recovery
Total	353,419,325.80	353,419,325.80		

Provision for bad debts on an individual basis:

Unit: RMB

Item	Closing balance			
	Book balance	Bad debt provision	Accrual ratio	Reasons for accrual

Provision for bad debts on a portfolio basis:

Unit: RMB

Item	Closing balance		
	Book balance	Bad debt provision	Accrual ratio
Within 1 year (inclusive)	892,035,646.81	8,920,356.48	1.00%
1 to 2 years (inclusive)	14,717,227.92	1,471,722.79	10.00%
2 to 3 years (inclusive)	1,087,625.75	217,525.15	20.00%
Over 3 years	107,573,288.19	107,573,288.19	100.00%
Total	1,015,413,788.67	118,182,892.61	

Notes for determining the basis of the portfolio:

If the provision for bad debts on accounts receivable is based on the general model of expected credit losses, please disclose information about the provision for bad debts in the same manner as the disclosure for other receivables:

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive)	892,035,646.81
1 to 2 years	14,717,227.92
2 to 3 years	5,931,757.76
Over 3 years	456,148,481.98
3 to 4 years	456,148,481.98
Total	1,368,833,114.47

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

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Provision for bad debts on accounts receivable	491,051,163.92	9,155,504.25		28,604,449.76		471,602,218.41
Total	491,051,163.92	9,155,504.25		28,604,449.76		471,602,218.41

Of which the amount of provision for bad debts recovered or reversed in the current period is material:

Unit: RMB

Name of the company	Amount recovered or reversed	Recovery methods
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(3) Actual write-off of accounts receivable in the current period

Unit: RMB

Item	Write-off amount
Changzhou Foreign Enterprise Goods & Materials General Company	9,008,967.00
Shenyang Welded Pipe Factory	3,991,372.27
Benxi Civil Affairs Hongda Metal Restructuring Plant	2,386,307.13
Yanji Rongjun Building Materials Sales Department	2,295,095.34
Zhuhai Special Economic Zone Huaxinyue Industrial Co., Ltd.	1,883,089.58
Dalian Free Trade Zone Benda Special Steel Co., Ltd.	1,464,685.47
Wafangdian Bengang Special Steel Sales Co., Ltd.	992,110.82
Dalian Free Trade Zone Maofeng International Industry and Trade Company	766,111.09
Tianjin Bengang Special Steel Sales Co., Ltd.	749,215.44
Dalian Economic and Technological Development Zone Bengang Special Steel Sales Office	650,313.34
Benxi Branch of Dalian Hardware and Mineral Import and Export Company	613,819.73
Hefei Zhongya Cement Machine Factory	435,086.35
Chengdu Bente Building Materials Management Company	345,428.35
Material Supply and Marketing Company of Shenyang Environmental Protection Equipment Industry Company	343,523.05
Lingning Linyuan Steel-tube Factory	340,167.23
Others	2,339,157.57
Total	28,604,449.76

Of which significant write-offs of accounts receivable:

Unit: RMB

Name of the company	Nature of accounts receivable	Write-off amount	Reasons for write-off	Write-off procedures performed	Whether the amount arises from related transactions
Changzhou Foreign Enterprise Goods & Materials General Company	Payment for goods	9,008,967.00	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Shenyang Welded Pipe Factory	Payment for goods	3,991,372.27	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Benxi Civil Affairs Hongda Metal Restructuring Plant	Payment for goods	2,386,307.13	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Yanji Rongjun Building Materials Sales Department	Payment for goods	2,295,095.34	Cancelled	Legal advice and Board of Directors approval	No
Zhuhai Special Economic Zone Huaxinyue Industrial Co., Ltd.	Payment for goods	1,883,089.58	Cancelled	Legal advice and Board of Directors approval	No
Dalian Free Trade Zone Benda Special Steel Co., Ltd.	Payment for goods	1,464,685.47	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Wafangdian Bengang Special Steel Sales Co., Ltd.	Payment for goods	992,110.82	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Dalian Free Trade Zone Maofeng International Industry and Trade Company	Payment for goods	766,111.09	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Tianjin Bengang Special Steel Sales Co., Ltd.	Payment for goods	749,215.44	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Dalian Economic and Technological Development Zone Bengang Special Steel Sales Office	Payment for goods	650,313.34	Cancelled	Legal advice and Board of Directors approval	No
Benxi Branch of Dalian Hardware and Mineral Import and Export Company	Payment for goods	613,819.73	Cancelled	Legal advice and Board of Directors approval	No
Hefei Zhongya Cement Machine	Payment for goods	435,086.35	Cancelled	Legal advice and Board	No

Name of the company	Nature of accounts receivable	Write-off amount	Reasons for write-off	Write-off procedures performed	Whether the amount arises from related transactions
Factory				of Directors approval	
Chengdu Bente Building Materials Management Company	Payment for goods	345,428.35	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Material Supply and Marketing Company of Shenyang Environmental Protection Equipment Industry Company	Payment for goods	343,523.05	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Lingning Linyuan Steel-tube Factory	Payment for goods	340,167.23	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Others	Payment for goods	2,339,157.57	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Total		28,604,449.76			

Notes on write-off of accounts receivable:

(4) Accounts receivable of the top five closing balances collected by arrears

Unit: RMB

Name of the company	Closing balance	Percentage of total closing balance of accounts receivable	Closing balance of bad debt provision
The First	663,311,074.79	48.46%	6,633,110.75
The Second	305,223,081.12	22.30%	305,223,081.12
The Third	73,094,699.54	5.34%	730,947.00
The Fourth	51,257,341.26	3.74%	1,756,550.97
The Fifth	48,196,244.68	3.52%	48,196,244.68
Total	1,141,082,441.39	83.36%	

4. Receivables financing

Unit: RMB

Item	Closing balance	Opening balance
Notes receivable	137,591,996.02	1,530,735,647.38
Total	137,591,996.02	1,530,735,647.38

Changes in receivables financing in the current period and changes in fair value

Applicable Not applicable

If the provision for impairment of receivables financing is based on the general model of expected credit losses, please disclose information about the provision for impairment by referring to the disclosure for other receivables as follows:

Applicable Not applicable

Other notes:

Notes receivable endorsed or discounted at year-end and not yet due at the balance sheet date

Item	Amount derecognized at year-end	Amount not derecognized at year-end
Bank acceptance bill	7,682,157,083.95	
Commercial acceptance bill		
Total	7,682,157,083.95	

5. Prepayments**(1) Prepayments are presented by aging**

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	1,235,907,044.32	99.10%	977,541,107.55	98.31%
1 to 2 years	8,892,828.10	0.71%	16,681,487.73	1.68%
2 to 3 years	2,301,638.78	0.18%	147,750.36	0.01%
Over 3 years	76,237.13	0.01%		
Total	1,247,177,748.33		994,370,345.64	

Notes to the reasons why prepayments aged over one year and of significant amount have not been settled in a timely manner:

As at the end of the reporting period, there was no significant prepayment aged more than one year.

(2) Top five prepayments with closing balances, grouped by prepaid objects

Name of the company	Closing balance	Aging	Percentage of total closing balance of prepayments (%)
The First	398,341,075.40	Within 1 year	31.94
The Second	102,919,025.91	Within 1 year	8.25
The Third	88,438,260.66	Within 1 year	7.09
The Fourth	75,243,235.25	Within 1 year	6.03
The Fifth	62,721,935.31	Within 1 year	5.03
Total	727,663,532.53	—	58.34

Other notes:

6. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable		2,523,993.39
Other receivables	127,198,692.92	163,413,287.02
Total	127,198,692.92	165,937,280.41

(1) Interest receivable**1) Classification of interest receivable**

Unit: RMB

Item	Closing balance	Opening balance
Time deposit		2,523,993.39
Total		2,523,993.39

(2) Other receivables**1) Classification of other receivables by nature of payment**

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Account current	181,771,075.61	224,540,231.45
Others	9,560,814.07	11,572,865.95
Total	191,331,889.68	236,113,097.40

2) Provision for bad debts

Unit: RMB

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses for the next 12 months	Expected credit losses over the entire life (Not credit-impaired)	Expected credit losses over the entire life (Credit-impaired)	
Balance as at January 1 st , 2022	526,800.70	6,305,393.56	65,867,616.12	72,699,810.38
Balance as at January 1 st , 2022 in the current period				
— Transfer to stage 2	-64,969.07	64,969.07		
— Transfer to stage 3		-114,780.42	114,780.42	
Accrual in the current period	388,830.08	-4,901,909.83	-276,396.56	-4,789,476.31

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses for the next 12 months	Expected credit losses over the entire life (Not credit-impaired)	Expected credit losses over the entire life (Credit-impaired)	
Write-off in the current period			3,774,307.31	3,774,307.31
Other changes			-2,830.00	-2,830.00
Balance as at December 31 st , 2022	850,661.71	1,353,672.38	61,928,862.67	64,133,196.76

Changes in the book balance of the provision for losses with a significant amount of change in the period

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (inclusive)	85,596,605.22
1 to 2 years	38,267,869.02
2 to 3 years	3,519,908.21
Over 3 years	63,947,507.23
3 to 4 years	63,947,507.23
Total	191,331,889.68

3) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Bad debt provision for other receivables	72,699,810.38	-4,789,476.31		3,774,307.31	2,830.00	64,133,196.76
Total	72,699,810.38	-4,789,476.31		3,774,307.31	2,830.00	64,133,196.76

Of which the amount of provision for bad debts reversed or recovered in the current period is material:

Unit: RMB

Name of the company	Amount reversed or recovered	Recovery methods

4) Actual write-off of other receivables in the current period

Unit: RMB

Item	Write-off amount
Write-off of other receivables	3,774,307.31

Of which significant write-offs of other receivables:

Unit: RMB

Name of the company	Nature of other receivables	Write-off amount	Reasons for write-off	Write-off procedures performed	Whether the amount arises from related transactions
Benxi Manchu Autonomous County	Payment for goods	2,202,434.85	A suspended company that is unreachable for a long time without	Legal advice and Board of	No

Name of the company	Nature of other receivables	Write-off amount	Reasons for write-off	Write-off procedures performed	Whether the amount arises from related transactions
Dibang Concrete Co., Ltd.			business transactions and included in the management of account write-offs	Directors approval	
Liming Farm of Benxi Forestry Department of Shenyang Mining Bureau	Payment for goods	225,088.76	Cancelled	Legal advice and Board of Directors approval	No
Benxi Lifa New Building Materials Co., Ltd.	Payment for goods	186,772.35	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Benxi Iron and Steel Recycling Materials Plant	Payment for goods	131,098.24	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Benxi Xihu District Huafeng Smelting Plant	Payment for goods	100,150.00	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Benxi Fuledo Pipe Co., Ltd.	Payment for goods	39,904.04	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Benxi Xihu District Xiujiang Paper Products Factory	Payment for goods	32,942.48	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Benxi Plastic Mining and Metallurgy Machinery Factory	Payment for goods	31,257.51	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Xihu Tar Chemical Plant	Payment for goods	21,309.78	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Benxi Iron and Steel (Group) Chint Building Materials Co., Ltd.	Payment for goods	18,673.20	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	Yes
Bengang Crude Fuel Division Distribution Company	Payment for goods	18,001.73	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No

Name of the company	Nature of other receivables	Write-off amount	Reasons for write-off	Write-off procedures performed	Whether the amount arises from related transactions
Comprehensive Plant of Oxygen Plant of Benxi Iron and Steel	Payment for goods	18,000.00	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
The Second Small Rolling Mill of Benxi Iron and Steel	Payment for goods	17,522.80	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Metal Processing Plant of Material Supply Department of Benxi Iron and Steel Co., Ltd.	Payment for goods	16,554.16	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Auto Parts Branch of Benxi Iron and Steel Co., Ltd.	Payment for goods	12,165.92	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Bengang Sheet Processing Plant	Payment for goods	11,093.60	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Bengang Primary Rolling Mini Mill	Payment for goods	9,355.68	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Bengang Primary Rolled Plate Processing Plant	Payment for goods	8,963.60	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Benxi Shenquan Company	Payment for goods	8,763.52	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Others	Payment for goods	664,255.09	A suspended company that is unreachable for a long time without business transactions and included in the management of account write-offs	Legal advice and Board of Directors approval	No
Total		3,774,307.31			

Notes to write-off of other receivables:

5) Other receivables of the top five closing balances collected by arrears

Unit: RMB

Name of the company	Nature of payment	Closing balance	Aging	Percentage of total closing balance of other receivables	Closing balance of bad debt provision
The First	Account current	13,028,492.10	1-2 years	6.81%	433,910.93
The Second	Account current	11,612,008.77	Over 1-3 years	6.07%	11,612,008.77
The Third	Account current	5,176,720.00	Within 1 year	2.71%	51,767.20
The Fourth	Account current	4,760,949.45	Within 1 year	2.49%	47,609.49
The Fifth	Account current	4,609,686.93	Within 1 year	2.41%	46,096.87
Total		39,187,857.25		20.49%	12,191,393.26

7. Inventories

Whether the Company is required to comply with the disclosure requirements of the real estate industry

No

(1) Classification of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories or impairment of contract performance costs	Book value	Book balance	Provision for decline in value of inventories or impairment of contract performance costs	Book value
Raw materials	4,215,260,584.25	24,954,852.46	4,190,305,731.79	4,730,515,761.34	26,986,533.69	4,703,529,227.65
Work-in-process	2,070,182,298.44	18,271,254.09	2,051,911,044.35	2,105,832,905.07	25,390,821.52	2,080,442,083.55
Goods in stock	2,236,715,664.20	15,203,965.16	2,221,511,699.04	3,439,625,765.66	33,430,937.88	3,406,194,827.78
Total	8,522,158,546.89	58,430,071.71	8,463,728,475.18	10,275,974,432.07	85,808,293.09	10,190,166,138.98

(2) Provision for the decline in value of inventories and provision for impairment of contract performance costs

Unit: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Accrual	Others	Reversal or carry-forward	Others	
Raw materials	26,986,533.69			2,031,681.23		24,954,852.46
Work-in-process	25,390,821.52	18,271,254.09		25,390,821.52		18,271,254.09
Goods in stock	33,430,937.88	15,203,965.16		33,430,937.88		15,203,965.16
Total	85,808,293.09	33,475,219.25		60,853,440.63		58,430,071.71

8. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Prepaid taxes	166,991,140.45	444,009,128.46
VAT input tax	228,449,995.81	310,939,065.10
Total	395,441,136.26	754,948,193.56

Other notes:

9. Long-term equity investments

Unit: RMB

Investee	Opening balance(Book value)	Increase/decrease in the current period								Closing balance(Book value)	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Gains and losses on investments recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared	Impairment provision	Others		
I. Joint ventures											
II. Associates											
Benxi Iron and Steel Baojin (Shenyang) Automobile New Material Technology Co., Ltd.		48,230,077.75		-233,763.14						47,996,314.61	
Zhejiang Bengang-Elite Iron & Steel Processing Co., Ltd.	2,981,784.07			52,678.50						3,034,462.57	
Subtotal	2,981,784.07	48,230,077.75		-181,084.64						51,030,777.18	
Total	2,981,784.07	48,230,077.75		-181,084.64						51,030,777.18	

Other notes:

10. Other equity instrument investments

Unit: RMB

Item	Closing balance	Opening balance
Equity of Suzhou Longben Metal Material Co., Ltd.	3,998,216.04	3,888,980.00
Equity of Zhonggang Shanghai Steel Processing Co., Ltd.		
Equity of Northeast Special Steel Group Co., Ltd.	1,016,420,266.27	1,037,735,849.00
Equity of Guangzhou Benpu Automobile Panel Sales Co., Ltd.		200,000.00
Wuhan Yuanhong Trading Co., Ltd.		200,000.00
Total	1,020,418,482.31	1,042,024,829.00

Segmental disclosure of investments in non-trading equity instruments in the current period

Unit: RMB

Item	Dividend income recognized	Accumulated gains	Accumulated losses	Transfer from other comprehensive income to retained earnings	Reasons for designation as at fair value through other comprehensive income	Reasons for transfer of other comprehensive income to retained earnings
Equity of Suzhou Longben Metal Material Co., Ltd.		109,236.04				
Equity of Zhonggang Shanghai Steel Processing Co., Ltd.			14,414,693.00			
Equity of Northeast Special Steel Group Co., Ltd.			21,315,582.73			
Equity of Guangzhou Benpu Automobile Panel Sales Co., Ltd.		25,416.40		-25,416.40		Disposal
Wuhan Yuanhong Trading Co., Ltd.						Disposal
Total		134,652.44	35,730,275.73	-25,416.40		

Other notes:

Note: ① The Company holds 15% equity in Zhonggang Shanghai Steel Processing Co., Ltd.

② The Company's 9.93% equity in Northeast Special Steel Group Co., Ltd. has been pledged to Bank of Dalian Co., Ltd. Shenyang Branch and a release of pledge agreement was signed with Bank of Dalian Co., Ltd. Shenyang Branch in February 2022, and the application for release of registration of the pledge of equity interest is being processed.

11. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	24,836,556,422.90	25,480,674,048.94
Total	24,836,556,422.90	25,480,674,048.94

(1) Details of fixed assets

Unit: RMB

Item	Houses and buildings	Machinery and equipment	Transportation and other equipment	Total
I. Original book value:				
1. Opening balance	13,244,653,376.33	49,481,748,950.04	920,958,736.87	63,647,361,063.24
2. Increase in the current period	220,247,656.28	1,628,388,714.05	-339,256,459.51	1,509,379,910.82
(1) Purchase	3,315,146.56	43,608,939.48	1,949,125.85	48,873,211.89
(2) Transferred from construction in progress	215,069,360.24	1,205,698,394.58	39,738,944.11	1,460,506,698.93
(3) Increase from business combinations				
(4) Others	1,863,149.48	379,081,379.99	-380,944,529.47	
3. Decrease in the current period	198,389,769.71	572,892,785.47	7,055,264.92	778,337,820.10
(1) Disposal or scrapping	13,727,420.22	188,889,936.22	4,593,296.36	207,210,652.80
(2) Decrease from business combinations	184,662,349.49	384,002,849.25	2,461,968.56	571,127,167.30
4. Closing balance	13,266,511,262.90	50,537,244,878.62	574,647,012.44	64,378,403,153.96
II. Accumulated depreciation				
1. Opening balance	6,411,622,637.46	31,016,196,563.08	645,389,717.80	38,073,208,918.34
2. Increase in the current period	266,279,988.34	1,898,941,569.41	-223,423,660.39	1,941,797,897.36
(1) Accrual	265,622,268.77	1,621,405,745.52	54,769,883.07	1,941,797,897.36
(2) Others	657,719.57	277,535,823.89	-278,193,543.46	
3. Decrease in the current period	116,138,455.85	445,443,403.26	5,056,321.49	566,638,180.60
(1) Disposal or scrapping	8,981,517.95	157,477,897.86	3,579,135.16	170,038,550.97
(2) Decrease from business combinations	107,156,937.90	287,965,505.40	1,477,186.33	396,599,629.63
4. Closing balance	6,561,764,169.95	32,469,694,729.23	416,909,735.92	39,448,368,635.10
III. Provision for impairment				
1. Opening balance	84,098,414.32	9,379,681.64		93,478,095.96
2. Increase in the current period				
(1) Accrual				
3. Decrease in the current period				
(1) Disposal or scrapping				
4. Closing balance	84,098,414.32	9,379,681.64		93,478,095.96
IV. Book value				
1. Closing book value	6,620,648,678.63	18,058,170,467.75	157,737,276.52	24,836,556,422.90
2. Opening book value	6,748,932,324.55	18,456,172,705.32	275,569,019.07	25,480,674,048.94

(2) Temporarily idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Notes
Houses and buildings	223,416,300.48	139,189,651.03	84,098,414.32	128,235.13	
Machinery and equipment	100,086,005.34	89,198,289.39	9,379,681.64	1,508,034.31	

Transportation	1,042,125.89	1,042,125.89			
Total	324,544,431.71	229,430,066.31	93,478,095.96	1,636,269.44	

(3) Fixed assets leased out through operating leases

Unit: RMB

Item	Closing book value
Houses and buildings	1,239,002.14

(4) Fixed assets without proper title certificate

Unit: RMB

Item	Book value	Reasons for non-completion of title certificates
Houses and buildings	1,142,595,483.45	In process

Other notes:

12. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	3,158,195,899.65	2,431,761,889.08
Construction materials		2,420,212.05
Total	3,158,195,899.65	2,434,182,101.13

(1) Details of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Special Steel Electric Furnace Capacity Replacement Project	1,437,078,751.92		1,437,078,751.92	975,649,876.97		975,649,876.97
CCPP Power Generation Project				662,907,316.06		662,907,316.06
Special Steel Rolling Mill Renovation Project	470,182,411.88		470,182,411.88	225,662,005.25		225,662,005.25
Environmental Protection Renovation of Sheet Raw Material Plant	165,792,014.40		165,792,014.40	10,144,284.63		10,144,284.63
Energy General Plant No. 1 Converter Gas Tank System Transformation Project				66,477,477.13		66,477,477.13
First Cold Rolling Transformation Project	90,087,329.61		90,087,329.61			
360 Square Meter Sintering Machine Waste Heat Utilization	82,730,000.00		82,730,000.00	56,547,049.50		56,547,049.50
Caixi Special Steel Feeding Station of Steel Plate Scrap Plant	51,959,719.57		51,959,719.57	38,375,436.67		38,375,436.67
Steelmaking 1#2#3#7#Converter New Three Times Dust Removal Energy Main Plant Supporting Project	42,834,455.31		42,834,455.31	391,744.50		391,744.50
The Overall Improvement of Benxi Steel's Manufacturing	39,756,485.12		39,756,485.12	36,748,743.10		36,748,743.10
No. 4-6 Converter Environmental Protection Renovation Project	24,470,633.70		24,470,633.70			
Renovation of the Desulphurization System of the Coking Process in the Ironmaking General Plant	23,070,618.10		23,070,618.10			
Plate No.1 Dry Quenching System Boosting Modification and Unit No.33 Relocation	20,249,501.21		20,249,501.21			
Information Technology Construction in the Iron Zone of Bengang Plates	18,023,984.15		18,023,984.15	778,685.00		778,685.00
Overall Improvement of Bengang's Information Technology Infrastructure Platform	17,745,620.12		17,745,620.12	17,108,420.12		17,108,420.12
Self-built Domestic Water Preparation in the Panel Plant Area				38,500,000.00		38,500,000.00
Adaptive Transformation of Steelmaking Processes to Reduce Iron Consumption	17,440,611.68		17,440,611.68	20,492,385.18		20,492,385.18
Purification of I and II vocs Exhaust Gas Treatment	16,878,425.31		16,878,425.31	18,980,000.00		18,980,000.00
360 Square Meter Sintering Machine	92,259,450.24		92,259,450.24	88,340,997.99		88,340,997.99
Other projects	547,635,887.33		547,635,887.33	174,657,466.98		174,657,466.98
Total	3,158,195,899.65		3,158,195,899.65	2,431,761,889.08		2,431,761,889.08

(2) Changes in significant construction in progress projects in the current period

Unit: RMB

Name of project	Budget	Opening balance	Amount increased in the current period	Amount transferred to fixed assets in the current period	Other decreases in the current period	Closing balance	Percentage of cumulative investment in projects to budget	Progress	Accumulated amount of capitalized interest	Including: Amount of interest capitalized in the current period	Capitalization rate of interest in the current period(%)	Source of fund
Special Steel Electric Furnace Capacity Replacement Project	1,923,430,000.00	975,649,876.97	461,428,874.95			1,437,078,751.92	7,471.00%	89	8,077,442.20	8,077,442.20	4.35%	Self- raised
CCPP Power Generation Project	1,060,000,000.00	662,907,316.06	50,965,642.63	713,872,958.69			6,735.00%	100	26,401,127.09	11,903,565.01	3.12 %	Self- raised
Special Steel Rolling Mill Renovation Project	823,860,000.00	225,662,005.25	244,684,106.63	163,700.00		470,182,411.88	6,945.00%	72	13,164,686.38	6,394,453.47	3.12%	Loans from financial institutions
Environmental Protection Renovation of Sheet Raw Material Plant	677,043,263.46	10,144,284.63	155,647,729.77			165,792,014.40	2,449.00%	43	4,302,198.84	4,302,198.84	4.35 %	Loans from financial institutions
No.1 Converter Gas Tank System Modification Project	160,860,000.00	66,477,477.13	54,785,840.22	121,263,317.35			7,538.00%	100	644,634.60	644,634.60	4.35%	Loans from financial institutions
First Cold Rolling Transformation Project	973,010,000.00		90,087,329.61			90,087,329.61	1,514.00%	81	3,831,132.38	3,831,132.38	4.35%	Loans from financial institutions
360 Square Meter Sintering Machine Waste Heat Utilization	91,750,000.00	56,547,049.50	26,182,950.50			82,730,000.00	9,210.00%	95				Others

Name of project	Budget	Opening balance	Amount increased in the current period	Amount transferred to fixed assets in the current period	Other decreases in the current period	Closing balance	Percentage of cumulative investment in projects to budget	Progress	Accumulated amount of capitalized interest	Including: Amount of interest capitalized in the current period	Capitalization rate of interest in the current period(%)	Source of fund
Newly Constructed 8# Single-Strand Slab Casting Machine Supporting Project	592,690,759.86		78,639,051.12	78,639,051.12			8,972.00%	100				Others
Integration of Information Technology Systems in the Reorganization of Ansteel Group Co., Ltd.	232,100,000.00		74,719,067.36	74,719,067.36			3,219.00%	100	1,846,067.36	1,846,067.36	4.35%	Loans from financial institutions
High-Strength Steel Renovation	6,389,880,000.00		68,002,169.36	68,002,169.36			9,326.00%	100				Others
Caixi Special Steel Feeding Station of Steel Plate Scrap Plant	121,140,000.00	38,375,436.67	13,584,282.90			51,959,719.57	4,289.00%	47				Others
Steelmaking 1#2#3#7#Converter New Three Times Dust Removal Energy Main Plant Supporting Project	112,054,271.67	391,744.50	43,020,692.47	577,981.66		42,834,455.31	3,823.00%	66	959,815.54	959,815.54	4.35%	Loans from financial institutions
The Overall Improvement of Benxi Steel's	56,000,000.00	36,748,743.10	3,007,742.02			39,756,485.12	7,099.00%	93				Others

Name of project	Budget	Opening balance	Amount increased in the current period	Amount transferred to fixed assets in the current period	Other decreases in the current period	Closing balance	Percentage of cumulative investment in projects to budget	Progress	Accumulated amount of capitalized interest	Including: Amount of interest capitalized in the current period	Capitalization rate of interest in the current period(%)	Source of fund
Manufacturing												
220kV Substation Project	313,500,000.00		29,491,156.12	29,491,156.12			5,994.00%	100	811,868.32	811,868.32	4.35%	Loans from financial institutions
No. 4-6 Converter Environmental Protection Renovation Project	243,192,029.42		24,470,633.70			24,470,633.70	8,698.00%	91				Others
Renovation of the Desulphurization System of the Coking Process in the Ironmaking General Plant	39,250,000.00		23,070,618.10			23,070,618.10	5,878.00%	20				Others
Support for the Overall Improvement of the Management and Informatization of Bengang's Steel Industry	72,630,000.00		22,370,000.00	22,370,000.00			3,080.00%	100				Others
Plate No.1 Dry Quenching System Boosting Modification and Unit No.33 Relocation	65,400,000.00		20,249,501.21			20,249,501.21	3,096.00%	35				Others

Name of project	Budget	Opening balance	Amount increased in the current period	Amount transferred to fixed assets in the current period	Other decreases in the current period	Closing balance	Percentage of cumulative investment in projects to budget	Progress	Accumulated amount of capitalized interest	Including: Amount of interest capitalized in the current period	Capitalization rate of interest in the current period(%)	Source of fund
Information Technology Construction in the Iron Zone of Bengang Plates	25,550,000.00	778,685.00	17,245,299.15			18,023,984.15	7,054.00%	87				Others
Overall Improvement of Bengang's Information Technology Infrastructure Platform	24,300,000.00	17,108,420.12	637,200.00			17,745,620.12	7,303.00%	84				Others
Self-built Domestic Water Preparation in the Panel Plant Area	38,500,000.00		17,505,131.99	17,505,131.99			4,547.00%	100				Others
Adaptive Transformation of Steelmaking Processes to Reduce Iron Consumption	20,492,385.18	16,182,585.56	3,874,557.86	2,616,531.74		17,440,611.68	8,511.00%	91				Others
Purification of I and II vocs Exhaust Gas Treatment	18,980,000.00		16,878,425.31			16,878,425.31	8,893.00%	94				Others
360 Square Meter Sintering Machine	1,377,230,000.00	88,340,997.99	3,918,452.25			92,259,450.24	9,382.00%	96	68,627,433.26			Loans from financial institutions
Total	15,452,842,709.59	2,195,314,622.48	1,544,466,455.23	1,129,221,065.39		2,610,560,012.32			128,666,405.97	38,771,177.72		

(3) Construction materials

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Construction materials				2,420,212.05		2,420,212.05
Total				2,420,212.05		2,420,212.05

Other notes:

13. Right-of-use assets

Unit: RMB

Item	Land	Houses and buildings	Total
I. Original book value			
1. Opening balance	1,132,274,415.17	368,465,367.56	1,500,739,782.73
2. Increase in the current period			
3. Decrease in the current period			
4. Closing balance	1,132,274,415.17	368,465,367.56	1,500,739,782.73
II. Accumulated depreciation			
1. Opening balance	39,904,236.22	20,470,298.20	60,374,534.42
2. Increase in the current period	39,904,236.22	20,470,298.20	60,374,534.42
(1) Accrual	39,904,236.22	20,470,298.20	60,374,534.42
3. Decrease in the current period			
(1) Disposal			
4. Closing balance	79,808,472.44	40,940,596.40	120,749,068.84
III. Provision for impairment			
1. Opening balance			
2. Increase in the current period			
(1) Accrual			
3. Decrease in the current period			
(1) Disposal			
4. Closing balance			
IV. Book value			
1. Closing book value	1,052,465,942.73	327,524,771.16	1,379,990,713.89
2. Opening book value	1,092,370,178.95	347,995,069.36	1,440,365,248.31

Other notes:

14. Intangible assets**(1) Intangible assets**

Unit: RMB

Item	Land use right	Patent right	Non-patented technology	Software and others	Total
I. Original book value					
1. Opening balance	367,668,797.84			310,401.55	367,979,199.39

Item	Land use right	Patent right	Non-patented technology	Software and others	Total
2. Increase in the current period					
(1) Purchase					
(2) Internal research and development					
(3) Increase from business combinations					
3. Decrease in the current period	30,783,483.08			42,452.83	30,825,935.91
(1) Disposal				42,452.83	42,452.83
(2) Decrease from business combinations	30,783,483.08				30,783,483.08
4. Closing balance	336,885,314.76			267,948.72	337,153,263.48
II. Accumulated amortization					
1. Opening balance	69,882,153.01			175,497.57	70,057,650.58
2. Increase in the current period	7,045,540.80			26,794.92	7,072,335.72
(1) Accrual	5,354,681.52			26,794.92	5,381,476.44
3. Decrease in the current period	2,719,207.40			42,452.83	2,761,660.23
(1) Disposal				42,452.83	42,452.83
(2) Decrease from business combinations	2,719,207.40				2,719,207.40
4. Closing balance	74,208,486.41			159,839.66	74,368,326.07
III. Provision for impairment					
1. Opening balance					
2. Increase in the current period					
(1) Accrual					
3. Decrease in the current period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Closing book value	262,676,828.35			108,109.06	262,784,937.41
2. Opening book value	297,786,644.83			134,903.98	297,921,548.81

Percentage of intangible assets formed through internal research and development to the balance of intangible assets at the end of current period.

(2) Land use right without proper title certificate

Unit: RMB

Item	Book value	Reasons for non-completion of title certificates
Land use right	38,743,466.68	In process

Other notes:

15. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Impairment of assets	396,834,109.83	99,208,527.46	451,808,313.33	112,952,078.33
Internal unrealized profit	80,751,325.52	20,187,831.38	93,178,777.44	23,294,694.36
Depreciation or amortization differences			21,906,259.43	5,476,564.86

Item	Closing balance		Opening balance		
	Deductible differences	temporary	Deferred income tax assets	temporary	Deferred income tax assets
Changes in fair value of other financial assets included in other comprehensive income	21,315,582.73		5,328,895.68		
Others	46,650,523.04		11,662,630.76	48,132,843.04	12,033,210.76
Total	545,551,541.12		136,387,885.28	615,026,193.24	153,756,548.31

(3) Deferred income tax liabilities not offset

Unit: RMB

Item	Closing balance		Opening balance		
	Taxable differences	temporary	Deferred income tax liabilities	temporary	Deferred income tax liabilities
Changes in fair value of other financial assets included in other comprehensive income	109,236.04		27,309.01		
Total	109,236.04		27,309.01		

(4) Unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	305,224,166.01	305,643,743.02
Deductible losses	1,349,817,349.12	45,093,302.90
Total	1,655,041,515.13	350,737,045.92

(3) The deductible loss of unrecognized deferred tax assets due in the following years

Unit: RMB

Item	Amount at end of period	Amount at beginning of period	Notes
Year 2022		1,001,166.72	
Year 2023	6,836,473.11	10,336,118.65	
Year 2024	12,164,389.35	13,696,334.51	
Year 2025	8,257,832.98	10,723,063.42	
Year 2026	6,799,314.77	9,336,619.60	
Year 2027	1,315,759,338.91		
Total	1,349,817,349.12	45,093,302.90	

Other notes:

16. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepaid long-term assets	110,065,560.68		110,065,560.68	30,630,858.13		30,630,858.13
Total	110,065,560.68		110,065,560.68	30,630,858.13		30,630,858.13

Other notes:

17. Short-term borrowings**(1) Classification of short-term borrowings**

Unit: RMB

Item	Closing balance	Opening balance
Guaranteed borrowings		3,823,088,140.00
Credit borrowings		230,000,000.00
Discounted outstanding notes	49,200,000.00	
Total	49,200,000.00	4,053,088,140.00

Notes to the classification of short-term borrowings:

18. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
Commercial acceptance bill	1,407,117,263.33	1,724,083,376.48
Bank acceptance bill	2,242,219,356.03	2,286,000,000.00
Domestic letter of credit	740,000,000.00	625,000,000.00
Total	4,389,336,619.36	4,635,083,376.48

The total amount of notes payable due and unpaid at the end of the current period was RMB 0.

19. Accounts payable**(1) Presentation of accounts payable**

Unit: RMB

Item	Closing balance	Opening balance
Accounts payable for goods	2,650,335,777.91	4,272,890,365.57
Accounts payable for labor services	60,238,703.49	51,392,037.81
Accounts payable for project and equipment	767,867,762.87	557,316,885.80
Repair expense and others	217,978,219.58	470,673,396.71
Total	3,696,420,463.85	5,352,272,685.89

(2) Significant accounts payable aged over 1 year

Unit: RMB

Item	Closing balance	Reasons for non-reimbursement or carry-over
Company 1	12,919,780.46	Settlement conditions not yet met
Total	12,919,780.46	

Other notes:

20. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advance for goods	3,794,115,592.29	4,708,188,093.78
Total	3,794,115,592.29	4,708,188,093.78

Amount and reasons for significant changes in the book value during the reporting period.

Unit: RMB

Item	Amount of change	Reasons for change
Advance for goods	-914,072,501.49	Mainly due to lower steel prices in current year
Total	-914,072,501.49	—

21. Employee benefits payable

(1) Presentation of employee benefits

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term benefits	152,095,376.49	2,341,407,303.98	2,483,456,317.20	10,046,363.27
II. Post-employment benefits - defined contribution plan		274,990,162.78	274,990,162.78	
II. Termination benefits		44,535,875.82	44,535,875.82	
Total	152,095,376.49	2,660,933,342.58	2,802,982,355.80	10,046,363.27

(2) Presentation of short-term benefits

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Salaries, bonuses, allowances and subsidies	138,746,833.89	1,599,823,245.28	1,738,570,079.17	
2. Employee welfare		290,726,764.03	290,726,764.03	
3. Social insurance		194,901,531.45	194,901,531.45	
Work injury insurance		43,279,967.12	43,279,967.12	
4. Housing provident fund	6,862,795.00	166,439,550.24	166,680,036.24	6,622,309.00
5. Union funds and staff education fee	6,485,747.60	37,782,328.66	40,844,021.99	3,424,054.27
6. Other short-term benefits		51,733,884.32	51,733,884.32	
Total	152,095,376.49	2,341,407,303.98	2,483,456,317.20	10,046,363.27

(3) Presentation of defined contribution plan

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic pension fund		266,794,222.70	266,794,222.70	
2. Unemployment insurance		8,195,940.08	8,195,940.08	
Total		274,990,162.78	274,990,162.78	

Other notes:

22. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax (VAT)	5,168,511.13	29,696,795.33
Corporate income tax	11,469,020.92	35,810,190.67
Personal income tax	2,546,699.73	4,744,348.35
City maintenance and construction tax	175,567.61	2,362,795.25
Property tax	3,785,986.96	16,819,232.89
Land use tax	1,051,651.99	2,878,545.36

Education surcharge (including local education surcharge)	125,405.40	1,710,729.40
Others	20,070,077.04	20,245,351.45
Total	44,392,920.78	114,267,988.70

Other notes:

23. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	1,247,722,165.47	1,348,025,731.98
Total	1,247,722,165.47	1,348,025,731.98

(1) Other payables**1) Presentation of other payables by nature of payment**

Unit: RMB

Item	Closing balance	Opening balance
Deposit	2,303,050.00	1,556,363.89
Margin	290,353,044.56	127,642,584.79
Current money	941,440,196.32	1,133,934,695.19
Others	13,625,874.59	84,892,088.11
Total	1,247,722,165.47	1,348,025,731.98

2) Significant other payables aged over 1 year

Unit: RMB

Item	Closing balance	Reasons for non-reimbursement or carry-over
Company 1	26,293,468.88	Unsettled
Total	26,293,468.88	

Other notes:

24. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	2,501,169,854.72	246,949,595.95
Bonds payable due within one year	44,762,324.73	25,053,455.40
Lease liabilities due within one year	40,318,706.98	38,777,466.79
Total	2,586,250,886.43	310,780,518.14

Other notes:

25. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Output tax to be transferred	493,235,027.03	612,064,452.20
Total	493,235,027.03	612,064,452.20

Changes in short-term bonds payable:

Unit: RMB

Name	Nominal value	Issue date	Term to maturity	Amount issued	Opening balance	Issued in the current period	Interest accrues at nominal	Amortization of premium and discount	Current period reimbursement	Closing balance
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							value						
Total													

Other notes:

26. Long-term borrowings

(1) Classification of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Pledged borrowings		622,600,000.00
Guaranteed borrowings	360,780,612.70	595,921,771.74
Credit borrowings	1,366,157,689.60	3,004,300,000.00
Total	1,726,938,302.30	4,222,821,771.74

Notes to the classification of long-term borrowings:

Interest rates on long-term borrowings ranged from 2.10% to 4.70% at the end of the period.

Other notes, including interest rate ranges.

27. Bonds payable**(1) Bonds payable**

Unit: RMB

Item	Closing balance	Opening balance
Convertible corporate bonds	5,276,502,232.78	5,054,251,668.83
Total	5,276,502,232.78	5,054,251,668.83

(2) Increase or decrease in bonds payable (Excluding other financial instruments such as preference shares and perpetual debt classified as financial liabilities)

Unit: RMB

Name	Nominal value	Issue date	Term to maturity	Amount issued	Opening balance	Issued in the current period	Interest accrues at nominal value	Amortization of premium and discount	Current period reimbursement	Transfer of shares in the current year	Closing balance
Bengang Convertible Bond (Bond code:127018)	6,800,000,000.00	June 29 th , 2020	6 years	6,800,000,000.00	5,054,251,668.83		64,757,392.53	287,100,456.48		92,500.00	5,276,502,232.78
Total	—			6,800,000,000.00	5,054,251,668.83		64,757,392.53	287,100,456.48		92,500.00	5,276,502,232.78

(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 were listed on the Shenzhen Stock Exchange on August 4th, 2020, and the abbreviation is "Bengang Convertible Bond". 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 3rd, 2020) to the maturity date of the convertible corporate bonds, that is, from January 4th, 2021 to June 28th, 2026. The initial conversion price of the convertible bonds is RMB 5.03 per share. During the period from January 1st, 2022 to December 31st, 2022, the Company's A-share convertible bonds of RMB 92,500.00 were converted into the Company's A-share ordinary shares, and the number of converted shares was 20,838.00 shares. Of which:

In the first quarter of 2022, Bengang's convertible bonds decreased by RMB 67,000 (670 bonds) due to share conversion, the number of shares converted was 14,698 shares, and the conversion price was RMB 4.55 per share;

In the second quarter of 2022, Bengang's convertible bonds decreased by RMB 13,200 (132 bonds) due to share conversion, the number of shares converted was 3,029 shares, and the conversion price was RMB 3.95 per share;

In the third quarter of 2022, Bengang's convertible bonds decreased by RMB 9,300.00 (93 bonds) due to share conversion, the number of shares converted was 2,352 shares, and the conversion price was RMB 3.95 per share;

In the fourth quarter of 2022, Bengang's convertible bonds decreased by RMB 3,000.00 (30 bonds) due to share conversion, the number of shares converted was 759 shares, and the conversion price was RMB 3.95 per share; As at December 31st, 2021, the Company's remaining balance of convertible bonds was RMB 5,631,052,100.00 (56,310,521bonds).

28. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payments	2,191,946,735.27	2,285,639,451.89
Unrecognized financing expenses	-767,279,566.11	-822,194,815.95
Reclassification to non-current liabilities due within one year	-40,318,706.98	-38,777,466.79
Total	1,384,348,462.18	1,424,667,169.15

Other notes:

29. Deferred income

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Causes of formation
Government grants	93,106,285.89	9,720,000.00	60,449,270.38	42,377,015.51	Government grants
Total	93,106,285.89	9,720,000.00	60,449,270.38	42,377,015.51	--

Items involving government grants:

Unit: RMB

Liabilities items	Opening balance	Amount of new grants in the current period	Amount charged to non-operating income in the current period	Amount charged to other gains in the current period	Amount of current period's elimination of costs and expenses	Other changes	Closing balance	Asset-related / income-related
Cold-rolled High-strength Steel Renovation Project	50,000,000.00			50,000,000.00				Asset-related
7 Sets of 130 Tons Combustion Boiler Flue Gas Desulfurization Project in Power Plant	4,800,000.00			4,800,000.00				Asset-related
Research and Development of High-strength Steel for the Third Generation of Automobiles	1,740,000.00			580,000.00			1,160,000.00	Asset-related
Advanced Treatment Project of Carbon Fiber Wastewater in Dongfeng Plant Area of Plate Coking Plant	7,600,000.00			1,900,000.00			5,700,000.00	Asset-related
Desulfurization and Denitrification Project of Coal-fired Boiler in High-pressure Workshop of Bengang Power Plant	3,000,000.00			600,000.00			2,400,000.00	Asset-related
Power Plant Three Power Plant Cogeneration Reform Project	2,000,000.00			2,000,000.00				Asset-related
Air Pollution Prevention and Control Fund-Second Burning Finishing Dust Removal Ultra-Low Emission Transformation Project	1,640,000.00			410,000.00			1,230,000.00	Asset-related
2021 Manufacturing Strong Province Special Fund		8,100,000.00					8,100,000.00	Asset-related
2021 Benxi Talent and Enterprise Matchmaking Project		10,000.00		5,000.00			5,000.00	Income-related
2021 Benxi Pollution Control and Energy Saving and Carbon Reduction Special Project		1,500,000.00					1,500,000.00	Asset-related

Liabilities items	Opening balance	Amount of new grants in the current period	Amount charged to non-operating income in the current period	Amount charged to other gains in the current period	Amount of current period's elimination of costs and expenses	Other changes	Closing balance	Asset-related / income-related
(Converter Gas Recovery and Efficiency Improvement Project)								
2021 Municipal Master Skill Workstation Fee		80,000.00		2,702.49			77,297.51	Asset-related
Liaoning Province "BaiQianWan Talents Program" Funding Project in 2018	220,000.00						220,000.00	Asset-related
2018 Municipal Skill Master Workstation Fee	58,766.34						58,766.34	Asset-related
2019 Municipal Skill Master Workstation Fee	98,084.16			28,583.97			69,500.19	Asset-related
2020 Ecological Civilization Construction Project (Special Steel Electric Furnace Upgrade Project)	20,000,000.00						20,000,000.00	Asset-related
Liaoning Artisan Subsidy	21.89			18.92			2.97	Asset-related
Research on the Influence Mechanism and Control of Rare Earth Oxide Sulfide on Automobile Steel Plasticity	457,413.50			122,965.00			334,448.50	Asset-related
Design of Metallurgical Slag System for Rare Earth Steel and Research on Its Physicochemical Properties	340,000.00						340,000.00	Income-related
Provincial Science and Technology Department National Natural Science Foundation of China-Liaoning Provincial Government Joint Fund Project	334,000.00						334,000.00	Income-related
2019 Provincial Skilled Master Workstation Fee	200,000.00						200,000.00	Income-related
2020 Provincial Skilled Master Workstation Fee	100,000.00						100,000.00	Income-related
Basic Research on New	168,000.00						168,000.00	Income-related

Liabilities items	Opening balance	Amount of new grants in the current period	Amount charged to non-operating income in the current period	Amount charged to other gains in the current period	Amount of current period's elimination of costs and expenses	Other changes	Closing balance	Asset-related / income-related
Technology of Composite Iron Coke Low Carbon Ironmaking Charge								
The Second Batch of 2021 Liaoning Funds on Central Government Guiding the Development of Local Science and Technology	300,000.00						300,000.00	Income-related
Liaoning Province "BaiQianWan Talents Program" Funded Project in 2020	50,000.00						50,000.00	Income-related
Provincial Science and Technology Department 2022 Liaoning Provincial Natural Science Foundation Program		30,000.00					30,000.00	Income-related
Total	93,106,285.89	9,720,000.00		60,449,270.38			42,377,015.51	

Other notes:

30. Share capital

Unit: RMB

	Opening balance	Increase/decrease (+, -)					Closing balance
		Issue of new shares	Bonus issue	Transfer from provident fund	Others	Subtotal	
Total shares	4,108,191,379.00				20,838.00	20,838.00	4,108,212,217.00

Other notes:

The increase in the current period is due to the conversion of the A-share convertible bonds issued by the company into 20,838.00 A-share ordinary shares in the current period. For details, please refer to Note “VI.27 Bonds payable”.

31. Other equity instruments

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

Unit: RMB

Items	Beginning of the period		Increase in the current period		Decrease in the current period		End of the period	
	Number	Book value	Number	Book value	Number	Book value	Number	Book value
Convertible corporate bonds	56,311,446.00	947,882,663.63			925.00	18,829.61	56,310,521.00	947,863,834.02
Total	56,311,446.00	947,882,663.63			925.00	18,829.61	56,310,521.00	947,863,834.02

Notes to the changes in other equity instruments in the current period, the reasons for the changes, and the basis of the related accounting treatment.

The decrease in the current period is due to the accumulative amount of RMB 92,500.00 (925 bonds) of A-share convertible bonds issued by the Company being converted into the Company's A-share ordinary shares. As at December 31st, 2021, the remaining convertible bond balance of the company is RMB 5,631,052,100.00 (56,310,521 bonds). For details, please refer to Note “VI.27 Bonds payable”.

Other notes:

32. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share capital premium)	13,156,216,704.27	70,987.12		13,156,287,691.39
Other capital reserve	115,917,468.82			115,917,468.82
Total	13,272,134,173.09	70,987.12		13,272,205,160.21

Other notes, including notes on changes in the current period and reasons for changes:

The increase in the current period is due to the conversion of A-share convertible bonds issued by the Company into A-share ordinary shares. For details, please refer to note “VI. 27. Bonds payable”.

33. Other comprehensive income

Item	Opening balance	Amount incurred in the current period					Closing balance
		Amount incurred before income tax in the current period	Less: Transfer to profit or loss in the current period from prior periods charged to other comprehensive income	Less: Transfer to retained earnings in the current period from prior periods charged to other comprehensive income	Less: Income tax expense	Attributable to the parent company after tax	
I. Other comprehensive income that cannot be reclassified to profit or loss		- 21,206,346.69			- 5,301,586.67	- 15,904,760.02	- 15,904,760.02
Changes in fair value of investments in other equity instruments		- 21,206,346.69			- 5,301,586.67	- 15,904,760.02	- 15,904,760.02
Total other comprehensive income		- 21,206,346.69			- 5,301,586.67	- 15,904,760.02	- 15,904,760.02

Other notes, including adjustments to the effective portion of the cash flow hedge gain or loss transferred to the amount initially recognized for the hedged item:

34. Special reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safety production cost	337,978.57	77,018,511.80	75,138,576.60	2,217,913.77
Total	337,978.57	77,018,511.80	75,138,576.60	2,217,913.77

Other notes, including notes on changes in the current period and reasons for changes.

35. Surplus reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	1,195,116,522.37			1,195,116,522.37
Total	1,195,116,522.37			1,195,116,522.37

Notes on surplus reserves, including changes in the current period and reasons for the changes:

36. Undistributed profits

Unit: RMB

Item	Current period	Prior period
Adjustments of the beginning distributed profits	2,977,306,297.64	2,692,018,405.40
Add: Net profit for the period attributable to owners of the parent company	-1,232,976,557.37	2,500,582,902.58
Less: Withdrawal of statutory surplus reserve		234,010,992.52
Dividends payable on ordinary shares	2,464,914,827.40	1,981,284,017.82
Other factors	25,416.40	
Undistributed profit at the end of the period	-720,559,670.73	2,977,306,297.64

Details of adjustments to undistributed profit at the beginning of the period:

- 1) The retrospective adjustment due to the Accounting Standards for Business Enterprises and its related new provisions affected the opening undistributed profit by RMB 0.00.
- 2) As a result of the change in accounting policy, the opening undistributed profit was affected by RMB 0.00.
- 3) As a result of the correction of a material accounting error, the opening undistributed profit was affected by RMB 0.00.
- 4) The change in scope of consolidation due to the same control affected opening undistributed profit by RMB 0.00.
- 5) The aggregate of other adjustments affected the opening undistributed profit of RMB 0.00.

37. Operating income and operating cost

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Income	Cost	Income	Cost
Main operations	59,395,642,984.38	59,110,682,153.73	69,992,675,798.60	64,770,421,744.20
Other operations	3,220,978,643.22	3,148,652,700.99	7,919,469,182.86	7,121,176,592.76
Total	62,616,621,627.60	62,259,334,854.72	77,912,144,981.46	71,891,598,336.96

Whether the lower of audited net profit before or after extraordinary gain or loss is negative

Yes No

Revenue-related information:

Unit: RMB

Classification of contracts	Division 1	Division 2	Income from main operations	Income from other operations	Total
By type of commodity					
Including:					
By region of operation			59,395,642,984.38	3,220,978,643.22	62,616,621,627.60
Including:					
Domestic			54,363,209,958.37	3,220,978,643.22	57,584,188,601.59
Abroad			5,032,433,026.01		5,032,433,026.01
By market or customer type					
Including:					
By type of contract					
Including:					
Classified by the time of commodity transfer			59,395,642,984.38	3,220,978,643.22	62,616,621,627.60
Including:					
Recognize at a certain point in time			59,395,642,984.38	3,218,410,482.41	62,614,053,466.79
Recognize within a certain time				2,568,160.81	2,568,160.81
By duration of contract					
Including:					
By sales channel					
Including:					
Total			59,395,642,984.38	3,220,978,643.22	62,616,621,627.60

Information relating to performance obligations:

None.

Information relating to the transaction price apportioned to the remaining performance obligation:

The amount of revenue corresponding to performance obligations that have been contracted for but not yet performed or not yet completed at the end of the reporting period is RMB 0.00, of which RMB X is expected to be recognized as revenue in the X year, RMB X is expected to be recognized as revenue in the X year and RMB is expected to be recognized as revenue in the X year.

Other notes:

38. Taxes and surcharges

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
City maintenance and construction tax	8,247,520.23	123,495,868.43
Education surcharge	6,202,547.48	88,373,442.32
Property tax	81,251,574.97	81,377,911.78
Land use tax	13,148,324.89	13,696,962.53
Stamp duty	59,436,033.58	82,245,033.15
Environmental tax	37,955,614.65	41,124,449.80
Others	199,254.76	1,146,895.68
Total	206,440,870.56	431,460,563.69

Other notes:

39. Selling expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Import and export agency fee	62,722,202.78	73,807,602.10
Employee benefits	37,325,748.94	35,270,978.16
Package fee	10,634,173.84	6,901,048.55
Others	17,807,571.24	25,414,936.76
Total	128,489,696.80	141,394,565.57

Other notes:

40. Administrative expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Employee benefits	319,515,626.55	656,796,852.87
Repair expense	159,772,788.05	249,469,415.56
Heating fee	60,603,595.23	91,825,534.38
Depreciation	40,266,699.01	42,367,710.99
Land use charges	39,904,236.24	39,930,546.94
Sewage charges	8,639,505.26	14,522,765.23
Sewage charges	1,820,505.40	7,059,455.17
Others	32,557,698.71	85,267,160.96
Total	663,080,654.45	1,187,239,442.10

Other notes:

41. Research and development expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Depreciation, materials and benefits, etc.	58,088,008.14	56,401,594.44
Total	58,088,008.14	56,401,594.44

Other notes:

42. Financial expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Interest expenses	599,359,597.96	1,007,595,231.75
Interest income	-80,619,490.18	-393,818,460.36
Exchange loss	-3,956,001.44	-86,313,266.83
Other expenditure	8,286,059.01	9,130,130.50
Total	523,070,165.35	536,593,635.06

Other notes:

43. Other income

Unit: RMB

Sources of other income	Amount incurred in the current period	Amount incurred in the prior period
Government grants	68,613,890.38	66,345,976.64

Sources of other income	Amount incurred in the current period	Amount incurred in the prior period
Tax credits	3,408,920.09	
Personal tax rebates	278,020.01	
Total	72,300,830.48	66,345,976.64

44. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Investment income from long-term equity investments accounted for under the equity method	-181,084.64	520,432.46
Investment income from the disposal of long-term equity investments	88,020,044.39	1,434,393.28
Investment income from the disposal of financial assets held for trading	-6,558,780.75	-124,911,004.89
Gain from remeasurement of remaining equity at fair value after loss of control	4,154,883.39	
Gain from debt restructuring	1,274,270.98	
Others	2,879,850.07	2,436,869.33
Total	89,589,183.44	-120,519,309.82

Other notes:

45. Credit impairment losses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Bad debt losses on other receivables	4,789,476.31	-5,336,416.67
Bad debt losses on accounts receivable	-9,155,504.25	-2,417,959.10
Total	-4,366,027.94	-7,754,375.77

Other notes:

46. Assets impairment losses

Unit: RMB

Item	Amount incurred in the period	Amount incurred in the prior period
II. Loss on decline in value of inventories and impairment loss on contract performance costs	-33,475,219.25	-58,821,759.40
V. Impairment loss on fixed assets		-54,849,575.62
Total	-33,475,219.25	-113,671,335.02

Other notes:

47. Assets disposal gains

Unit: RMB

Source	Amount incurred in the period	Amount incurred in the prior period
Gain or loss on the disposal of fixed assets not classified as held for sale	3,648,546.62	130,675.05
Total	3,648,546.62	130,675.05

48. Non-operating income

Unit: RMB

Item	Amount incurred in the period	Amount incurred in the prior period	Amount recorded in non-recurring gains and losses during the current period
Gains on destruction and retirement of non-current assets	19,686,518.10	2,606,854.39	19,686,518.10
Liquidated damages	82,285.55		82,285.55
Unpayable accounts payable	17,144,884.54		17,144,884.54
Others	3,217,256.20	5,176,371.41	3,217,256.20
Total	40,130,944.39	7,783,225.80	40,130,944.39

Government grants charged to current profit or loss:

Unit: RMB

Subsidy item	Issuing body	Reason for issuing	Type of nature	Whether the subsidy affects the profit and loss for the year	Whether it is a special subsidy	Amount incurred in the period	Amount incurred in the prior period	Asset-related/income-related

Other notes:

49. Non-operating expenses

Unit: RMB

Item	Amount incurred in the period	Amount incurred in the prior period	Amount recorded in non-recurring gains and losses during the current period
Losses on destruction and retirement of non-current assets	26,618,184.57	64,272,629.43	26,618,184.57
Penalty expenses	4,993.20		4,993.20
Total	26,623,177.77	64,272,629.43	26,623,177.77

Other notes:

50. Income tax expenses**(1) Table of income tax expenses**

Unit: RMB

Item	Amount incurred in the period	Amount incurred in the prior period
Current income tax expenses	108,153,891.06	853,911,187.93
Deferred income tax expenses	17,220,286.35	47,952,384.53
Total	125,374,177.41	901,863,572.46

(2) Reconciliation between income tax expense and accounting profit:

Unit: RMB

Item	Amount incurred in the period
Total profit	-1,080,677,542.45
Income tax expense calculated at statutory/applicable tax rate	-270,169,385.61
Effect of the adjustment on prior-period income tax	42,091,927.34
Effect of non-taxable income	132,027.51
Effect of non-deductible costs, expenses and losses	102,571.04
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognised in the year	351,789,748.57

Item	Amount incurred in the period
Others	1,427,288.56
Income tax expense	125,374,177.41

Other notes:

51. Cash flow statement items

(1) Other cash received in relation to operating activities

Unit: RMB

Item	Amount incurred in the period	Amount incurred in the prior period
Current accounts, advances received	5,681,740.65	4,269,927.26
Interest income	80,619,490.18	424,979,825.98
Special subsidies, grants	9,720,381.00	3,752,120.00
Non-operating income	1,853,285.67	3,029,073.33
Others	25,134,883.78	65,335,821.55
Total	123,009,781.28	501,366,768.12

Notes:

(2) Other cash paid in relation to operating activities

Unit: RMB

Item	Amount incurred in the period	Amount incurred in the prior period
Intercompany current accounts	15,076,408.22	19,482,383.93
Administration expenses	45,010,167.69	86,597,752.51
Selling expenses	19,555,768.39	14,638,578.99
Service charges	8,286,059.01	22,157,726.11
Others	397,007.18	299,743.97
Total	88,325,410.49	143,176,185.51

Note:

(3) Other cash received in relation to financing activities

Unit: RMB

Item	Amount incurred in the period	Amount incurred in the prior period
Notes, letter of guarantee, and letter of credit margins	1,845,751,595.78	2,105,252,645.77
Recovery of time deposits	174,000,000.00	
Recovery of short-term borrowing funds used for targeted payments	740,000,000.00	
Documentary credit income		41,310,294.37
Finance lease payments		214,709,267.94
Total	2,759,751,595.78	2,361,272,208.08

Note:

(4) Other cash paid in relation to financing activities

Unit: RMB

Item	Amount incurred in the period	Amount incurred in the prior period
Notes, letter of guarantee, and letter of credit margins	391,052,880.08	
Short-term borrowing funds used for		740,000,000.00

Item	Amount incurred in the period	Amount incurred in the prior period
targeted payments		
Lease payments	93,692,716.62	
Restricted deposits	1,185,000.00	
Total	485,930,596.70	740,000,000.00

Note:

52. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Unit: RMB

Supplementary information	Current period amount	Prior period amount
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	-1,206,051,719.86	2,533,635,498.63
Add: Provision for impairment of assets	37,841,247.19	121,425,710.79
Depreciation of fixed assets, oil and gas assets, and productive biological assets	1,941,797,897.36	2,333,028,229.90
Depreciation of right-of-use assets	60,374,534.42	60,374,534.42
Amortisation of intangible assets	7,072,335.72	7,651,103.73
Amortisation of long-term deferred expenses	0.00	0.00
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain listed with "-")	-3,648,546.62	-130,675.05
Loss on damaged and retired non-current assets (gain listed with "-")	6,931,666.47	61,665,775.04
Loss on changes in fair value (gain listed with "-")	0.00	0.00
Financial expenses (gain listed with "-")	595,403,596.52	921,281,964.92
Investment losses (gain listed with "-")	-89,589,183.44	120,519,309.82
Decrease in deferred tax assets (increase listed with "-")	22,697,558.71	47,952,384.53
Increase in deferred tax liabilities (decrease listed with "-")	0.00	0.00
Decrease in inventories (increase listed with "-")	1,692,962,444.55	-1,202,351,320.94
Decrease in receivables from operating activities (increase listed with "-")	2,034,468,353.22	2,159,270,698.56
Increase in payables from operating activities (decrease listed with "-")	-3,825,777,153.88	-6,750,849,760.31
Othes	1,879,935.20	
Net cash flows from operating activities	1,276,362,965.56	413,473,454.04
2. Significant non-cash investing and financing activities:		
Conversion of debts into capital		
Convertible bonds due within 1 year		
Fixed assets under financing leases		
3. Changes in cash and cash equivalents:		
Closing balance of cash	1,296,662,683.20	6,299,099,063.48
Less: Opening balance of cash	6,299,099,063.48	9,229,417,595.12
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-5,002,436,380.28	-2,930,318,531.64

(2) Net cash from the disposal of subsidiaries during the period

Unit: RMB

	Amount
Cash or cash equivalents received on disposal of subsidiaries during the period	137,470,560.86
Including:	
Bengang Steel Liaoyang Qiutuan Co., Ltd.	137,470,560.86
Less: Cash and cash equivalents held by subsidiaries on the date of loss of control	397,304.46
Including:	

	Amount
Bengang Steel Liaoyang Qiutuan Co., Ltd.	381,298.05
Bengang Baojin (Shenyang) auto new material technology Co., Ltd.	16,006.41
Including:	
Net cash received on disposal of subsidiaries	137,073,256.40

Other notes:

(3) Component of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	1,296,662,683.20	6,299,099,063.48
Including: Cash on hand		24,334.93
Bank deposits available for payment at any time	1,296,662,683.20	6,299,074,728.55
III. Closing balance of cash and cash equivalents	1,296,662,683.20	6,299,099,063.48

Other notes:

53. Assets with restricted ownership and use rights

Unit: RMB

Item	Closing book value	Reasons for restrictions
Cash and cash equivalents	164,482,958.67	Margin on bills
Notes receivable	355,701,965.15	Pledge and endorsement discount not yet due
Fixed assets	85,164,490.39	Mortgage to obtain funds for borrowing
Intangible assets	35,260,567.22	Mortgage to obtain funds for borrowing
Investments in other equity instruments	1,016,420,266.27	Release of pledge agreement was signed and application for release of registration of equity pledge was in process
Total	1,657,030,247.70	

Other notes:

54. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing balance in foreign currencies	Exchange rate	Equivalent RMB amount
Cash and cash equivalents			49,235,465.27
Including: USD	6,358,482.45	6.9646	44,284,286.87
EUR	2,866.74	7.4229	21,279.52
HKD	5,518,749.45	0.8933	4,929,898.88
Accounts receivable			
Including: USD			
EUR			
HKD			
Long-term borrowings			265,008,157.01
Including: USD	2,450,000.00	6.9646	17,063,270.00
EUR	18,714,699.47	7.4229	138,917,342.70
HKD	0.00		0.00
JPY	92,704,000.00	0.0524	4,857,689.60

Non-current liabilities due within 1 year			104,169,854.71
Including: USD	4,700,000.00	6.9646	32,733,620.00
EUR	9,460,158.74	7.4229	70,221,812.31
JPY	23,176,000.00	0.0524	1,214,422.40

Other notes:

(2) Description of foreign operating entities includes discloses on the principal place of overseas business, functional currency and the basis for its selection for significant foreign operating entities, if there is a change in the functional currency, as well as the reasons.

Applicable Not applicable

55. Government grants

(1) Basic information of government grants

Unit: RMB

Type	Amount	Presentation	Amount included to current profit or loss
Cold-rolled high-strength steel renovation project	50,000,000.00	Deferred income	50,000,000.00
7 sets of 130 tons combustion boiler flue gas desulfurization project in power plant	4,800,000.00	Deferred income	4,800,000.00
Research and development of high-strength steel for the third generation of automobiles	1,740,000.00	Deferred income	580,000.00
Advanced Treatment Project of Carbon Fiber Wastewater in Dongfeng Plant Area of Plate Coking Plant	7,600,000.00	Deferred income	1,900,000.00
Desulfurization and Denitrification Project of Coal-fired Boiler in High-pressure Workshop of Bengang Power Plant	3,000,000.00	Deferred income	600,000.00
Power plant three power plant cogeneration renovation project	2,000,000.00	Deferred income	2,000,000.00
Air Pollution Prevention and Control Funds - Finishing Dust Removal Ultra-Low Emission Transformation Project	1,640,000.00	Deferred income	410,000.00
2021 Manufacturing Strong Province Special Fund	8,100,000.00	Deferred income	
2021 Benxi Expert Talent and Enterprise Matchmaking Project	10,000.00	Deferred income	5,000.00
2021 Benxi Pollution Control and Energy Saving and Carbon Reduction Special Project (Converter Gas Recovery and Efficiency Improvement Project)	1,500,000.00	Deferred income	
2021 Municipal Master Skill Workstation Fee	80,000.00	Deferred income	2,702.49
Liaoning Province "Hundred, Thousand, Thousand, Thousand Talents Project" funding project in 2018	220,000.00	Deferred income	
2018 Municipal Skill Master Workstation Fee	58,766.34	Deferred income	
2019 Municipal Skill Master Workstation Fees	98,084.16	Deferred income	28,583.97
2020 Special Project for the Construction of Ecological Civilization (Special Steel Electric Furnace Upgrade Project)	20,000,000.00	Deferred income	
Liaoning Artisan Subsidy	21.89	Deferred income	18.92
Research on the Influence Mechanism and Control of Rare Earth Oxide Sulfide on Automobile Steel Plasticity	457,413.50	Deferred income	122,965.00
Design of Metallurgical Slag Systems for rare Earth Steels and Their Physicochemical Properties	340,000.00	Deferred income	
Provincial Science and Technology Department National Natural	334,000.00	Deferred income	

Type	Amount	Presentation	Amount included to current profit or loss
Science Foundation of China - Liaoning Provincial Government Joint Fund project			
2019 Provincial Skill Master Workstation Fee	200,000.00	Deferred income	
2020 Provincial Skill Master Workstation Fee	100,000.00	Deferred income	
Basic Research on New Technology of Low Carbon Ironmaking Furnace Charge for Composite Iron Coke	168,000.00	Deferred income	
The Second Batch of 2021 Liaoning Funds on Central Government Guiding the Development of Local Science and Technology	300,000.00	Deferred income	
Liaoning Province "Hundred, Thousand, Thousand, Thousand Talents Project" funding project in 2020	50,000.00	Deferred income	
Provincial Science and Technology Department 2022 Liaoning Provincial Natural Science Foundation Program	30,000.00	Deferred income	
Social security and tax refund	771,262.00	Other income	771,262.00
Dalian Jinpu New District Employment and Social Insurance Business Service Centre Skills Upgrading Special Account – Work-for-Training Grants	4,510.00	Other income	4,510.00
Additional tax relief for retired soldiers in 2022	1,080,000.00	Other income	1,080,000.00
Benxi Human Resources Service Centre Unemployment Insurance Fund	6,308,848.00	Other income	6,308,848.00
Total	110,990,905.89	—	68,613,890.38

(2) Return of government grants

Applicable Not applicable

Other notes:

VIII. Changes in the scope of consolidation

1. Disposal of subsidiaries

Whether there is a single disposal of an investment in a subsidiary that results in a loss of control?

Yes No

Unit: RMB

Name of subsidiary	Equity disposal price	Disposal ratio	Disposal way	Point of time at which control is lost	Basis for determining the point of time	Difference between the disposal price and the share of the subsidiary's net assets at the level of the consolidated financial statements corresponding to the disposal of investment	Ratio of the remaining equity at the date of loss of control	Book value of the remaining equity at the date of loss of contro	Fair value of the remaining equity at the date of loss of contro	Gain or loss on the remeasurement of the remaining equity interest to fair value	Method and key assumptions for determining the fair value of the remaining equity interest at the date of loss of control	Amount of other comprehensive income transferred to investment income that is related to the original subsidiary's equity investment
Bengang Steel Plates Liaoyang Pellet Co., Ltd.	697,980,000.00	100.00%	Sold	September 30 th , 2022	Equity transfer agreement and notice of delivery	88,020,044.39						

Other notes:

Whether there is a step-by-step disposal of investment in a subsidiary through multiple transactions and loss of control during the period?

Yes No

2. Changes in the scope of consolidation for other reasons

Description of other reasons resulting in the changes in the scope of consolidation (e.g., new establishment of subsidiaries, liquidation of subsidiaries, etc.) and the related information:

Chongqing Liaoben Steel & Iron Trading Co., Ltd., Harbin Bengang Economic Trading Co., Ltd., Nanjing Bengang Material Sales Co., Ltd. and Wuxi Bengang Steel & Iron Sales Co., Ltd. were cancelled during the reporting period.

Bengang Baojin (Shenyang) Auto New Material Technology Co., Ltd. is no longer included in the scope of consolidation due to the loss of control that resulted from the additional investment from Xiamen Xianghong Investment Co., Ltd. on July 8th, 2022.

IX. Equity in other entities

1. Equity in subsidiaries

(1) Constitution of enterprise group

Name of subsidiary	Main place of business	Registration place	Nature of business	Shareholding ratio		Acquiring method
				Direct	Indirect	
Guangzhou Bengang Steel & Iron Trading Co., Ltd	Guangzhou	Guangzhou	Sale	100.00%		Establishment
Shanghai Bengang Metallurgy Science and Technology Co., Ltd	Shanghai	Shanghai	Sale	100.00%		Establishment
Dalian Benruitong Automobile Material Technology Co., Ltd	Dalian	Dalian	Production	65.00%		Establishment
Bengang POSCO Cold-rolled Sheet Co., Ltd.	Benxi	Benxi	Production	75.00%		Business combination under common control
Changchun Bengang Steel & Iron Trading Co., Ltd.	Changchun	Changchun	Sale	100.00%		Business combination under common control
Yantai Bengang Steel Sales Co., Ltd.	Yantai	Yantai	Sale	100.00%		Business combination under common control
Tianjin Bengang Steel Trading Co., Ltd.	Tianjin	Tianjin	Sale	100.00%		Business combination under common control
Benxi Bengang Steel & Iron Sales Co., Ltd.	Benxi	Benxi	Sale	100.00%		Establishment
Shenyang Bengang Bengang Metallurgy Science and Technology Co., Ltd	Shenyang	Shenyang	Sale	100.00%		Establishment

Description of the shareholding ratio in a subsidiary different from the voting power ratio:

Basis for holding half or less of the voting power but still controlling the investee, and for holding more than half of the voting power but not controlling the investee:

Basis for the control over the significant structured entities included in the scope of consolidation;

Basis for determining whether a company is an agent or a principal:

Other notes:

(2) Significant non-wholly owned subsidiaries

Unit: RMB

Name of subsidiary	Minority shareholding ratio	Profit or loss for the period attributable to minority shareholders	Dividends declared to minority shareholders during the period	Balance of minority interests at the end of the period
Bengang POSCO Cold-rolled Sheet Co., Ltd.	25.00%	33,922,714.35		575,839,513.58

Description of the shareholding ratio of minority shareholders of a subsidiary different from the voting power ratio:

Other notes:

(3) Key financial information on significant non-wholly owned subsidiaries

Unit: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
Bengang POSCO Cold-rolled Sheet Co., Ltd.	2,642,318,664.91	1,031,753,449.22	3,674,072,114.13	1,370,714,059.80		1,370,714,059.80	2,969,950,327.43	1,134,904,732.59	4,104,855,060.02	1,937,187,863.07		1,937,187,863.07

Unit: RMB

Name of subsidiary	Amount incurred in the period				Amount incurred in the prior period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Bengang POSCO Cold-rolled Sheet Co., Ltd.	9,820,616,858.86	135,690,857.38	135,690,857.38	368,340,695.62	11,529,193,715.01	143,131,193.39	143,131,193.39	205,955,801.18

Other notes:

2. Significant joint operations

Name	Principal place of business	Place of registration	Nature of business	Shareholding ratio/entitled share	
				Direct	Indirect

Description of shareholding ratio or entitled share in joint operations different from voting power ratio:

The Company has no significant joint ventures or associates.

Basis for the classification of a joint operation that is a separate entity as the joint operation:

Other notes:

3. Equity in structured entities not included in the scope of the consolidated financial statements

Other notes:

Item	Closing balance / Amount incurred in the year	Opening balance / Amount incurred in the prior year
Joint ventures	—	—
Total book value of investments		
Total amount of the followings calculated based on shareholding ratio	—	—
--Net profit		
--Other comprehensive income		
--Total comprehensive income		
Associates	—	—
Total book value of investments	51,030,777.18	2,981,784.07
Total amount of the followings calculated based on shareholding ratio	-181,084.64	520,432.46
--Net profit	-1,444,809.15	2,602,162.30
--Other comprehensive income		
--Total comprehensive income	-1,444,809.15	2,602,162.30

X. Risks associated with financial instruments

The Company's principal financial instruments include investments in other equity instruments, borrowings, receivables and payables, and a detailed description of each financial instrument is set out in Note VI. The risks associated with these financial instruments, and the risk management policies adopted by the Company to mitigate these risks, are described below. These risk exposures are managed and monitored by the Company's management to ensure that the above risks are kept within limits.

1. Risk management objectives and policies

The Company's objectives in engaging in risk management are to strike an appropriate balance between risk and return, to minimise the negative impact of risk on the Company's operating performance and to maximise the interests of shareholders and other equity investors. Based on these risk management objectives, the Company's basic strategy for risk management is to identify and analyse the various risks to which the Company is exposed, establish appropriate risk tolerance limits and manage the risks, as well as monitor the various risks in a timely and reliable manner to keep the risks within the limits.

(1) Market risk

1) Exchange rate risk

The Company's exposure to exchange rate risk relates primarily to USD, HKD, JPY and EUR. Except for a small amount of purchases of raw materials and sales of finished goods which are settled in USD, HKD, JPY and EUR, the Company's other major business activities are settled in RMB. As at December 31st, 2022, the assets or liabilities described in the table below are the balances of items expressed in USD, HKD, JPY and EUR.

Item	December 31 st , 2022	December 31 st , 2021
Cash and cash equivalents - USD	6,358,482.45	2,815,562.23
Cash and cash equivalents - HKD	5,518,749.45	4,729,748.36
Cash and cash equivalents - EUR	2,866.74	15,038.78
Short-term borrowings - USD		90,200,000.00
Non-current liabilities due within one year - USD	4,700,000.00	4,700,000.00
Non-current liabilities due within one year - EUR	9,460,158.74	9,460,158.72
Non-current liabilities due within one year - JPY	23,176,000.00	23,176,000.00
Long-term borrowings - USD	2,450,000.00	11,850,000.00
Long-term borrowings - EUR	18,714,699.47	37,635,017.31
Long-term borrowings - JPY	92,704,000.00	139,056,000.00

The Company's policy is to control the size of foreign currency denominations and settlements as far as possible, and the management is responsible for monitoring foreign exchange risk and will consider hedging significant foreign exchange exposures as and when required.

2) Interest rate risk

Interest rate risk refers to fluctuations of fair value or future cash flows of a financial instrument due to market rate changes. The Company's exposure to interest rate risk is cash flow interest risk 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 rates with variable interest rates, and short-term obligations with long-term obligations. By using effective interest rate risk management methods, the Company closely monitors interest rate risk, controls the size of variable-rate borrowings and will consider interest-rate swaps to acquire an expected structure of interest rates shall the need arise.

(2) Credit risk

At December 31st, 2022, the largest exposure to credit risk that could give rise to financial losses for the Company arises primarily from losses incurred on the Company's financial assets as a result of the failure of the other party to the contract to perform its obligations, specifically:

The book value of financial assets is recognised in the consolidated balance sheet; for financial instruments measured at fair value, the book value reflects the risk exposure but is not the maximum exposure and its maximum exposure will change with future changes in fair value.

In order to mitigate credit risk, the Company has established a dedicated department to determine credit limits, perform credit approvals and implement other monitoring procedures to ensure that the

necessary measures are taken to collect overdue claims. In addition, the Company reviews the collection of each individual receivable at each balance sheet date to ensure that adequate provisions for bad debts are made for uncollectible amounts. As a result, the Company's management believes that the Company's exposure to credit risk has been significantly reduced.

The Company's working fund is placed with financial institutions with high credit ratings and therefore it is a low-credit risk working fund.

(3) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by ensuring that it has sufficient financial liquidity to meet its obligations as they fall due without incurring unacceptable losses or causing damage to its corporate reputation, and it regularly analyses the structure and maturity of its liabilities to ensure that sufficient funds are available. The Company's management monitors the use of bank borrowings and ensures compliance with borrowing agreements. At the same time, the Company negotiates financing with financial institutions to maintain a certain credit limit and mitigate liquidity risk.

XI. Disclosure of fair value

1. Period-end fair value of assets and liabilities measured at fair value

Unit: RMB

Item	Fair value at 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
I. Continuous fair value measurement	--	--	--	--
(i) Financial assets held for trading			137,591,996.02	137,591,996.02
1. Financial assets at fair value through profit or loss			137,591,996.02	137,591,996.02
(1) Investment in debt instruments			137,591,996.02	137,591,996.02
III. Investments in other equity instruments			1,020,418,482.31	1,020,418,482.31
Total assets continuously measured at fair value			1,158,010,478.33	1,158,010,478.33
II. Non-continuous fair value	--	--	--	--

Item	Fair value at 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
measurements				

2. Qualitative and quantitative information on valuation techniques and significant parameters used in continuous and non-continuous third-level fair value measurement items

Investments in other equity instruments continuously measured at fair value in the third level are unlisted equity investments held by the Company.

Receivables financing continuously measured at fair value in the third level are banker's acceptances held by the Company, the fair value of which is recognised by reference to the face amount.

The Company has adopted valuation techniques for fair value measurement, primarily using valuation techniques based on the listed company comparative method, with reference to share prices of similar securities and taking into account liquidity discounts.

XII. Related Parties and Related Transactions

1. The parent company of the Company

Name	Place of registration	Nature of business	Registered capital	Shareholding ratio	Voting power ratio
XIII. Benxi Steel & Iron (Group) Co., Ltd.	Benxi, Liaoning	Production	74.01	58.65%	58.65%

Note:

- Registered capital of the controlling shareholder and its changes

Controlling shareholder	Opening balance	Increase	Decrease	Closing balance
Benxi Steel & Iron (Group) Co., Ltd.	7,401,091,400.00			7,401,091,400.00

- Shareholding or equity of controlling shareholders and its changes

Controlling shareholder	Amount of shareholding		Shareholding ratio (%)	
	Closing balance	Opening balance	Ratio at the end of year	Ratio at the beginning of year
Benxi Steel & Iron (Group) Co., Ltd.	2,409,628,094.00	2,409,628,094.00	58.65	58.65

The ultimate controlling party of the Company is Ansteel Group Co., Ltd.

Other notes:

2. Details of subsidiaries

For details of subsidiaries of the Company please refer to Note "IX. 1. (1) Constitution of enterprise group".

3. The company's joint ventures and associates

For details of significant joint ventures and associates of the Company please refer to Note “IX. 2. (1) Significant joint ventures or associates”.

Other joint ventures or associates that have related party transactions with the Company in the current period, or have related party transactions with the Company in the previous period and formed a balance are as follows:

Name of joint ventures and associates	Relationship
Bengang Baojin (Shenyang) auto new material technology Co., Ltd.	Associate
Zhejiang Elite Iron & Steel Processing Co., Ltd.	Associate

Other notes:

4. Details of other related parties

Name of other related parties	Relationship
Bengang Group Co., Ltd.	Parent company & controlling shareholder
Ansteel Electric Co., Ltd.	Both belong to Ansteel Group
Ansteel Scrap Resources (Anshan) Co., Ltd.	Both belong to Ansteel Group
Zhaoyang Branch of Ansteel Scrap Resources (Anshan) Co., Ltd.	Both belong to Ansteel Group
Ansteel Steel Processing and Distribution (Dalian) Co., Ltd.	Both belong to Ansteel Group
Ansteel Steel Processing and Distribution (Changchun) Co., Ltd.	Both belong to Ansteel Group
Ansteel Steel Processing and Distribution (Zhenzhou) Co., Ltd.	Both belong to Ansteel Group
Ansteel Steel Distribution (Hefei) Co., Ltd.	Both belong to Ansteel Group
Ansteel Steel Distribution (Wuhan) Co., Ltd.	Both belong to Ansteel Group
Ansteel Steel Rope Co., Ltd.	Both belong to Ansteel Group
Anshan Iron and Steel Co., Ltd.	Both belong to Ansteel Group
Ansteel Chemical Technology Co., Ltd.	Both belong to Ansteel Group
Ansteel Group (Anshan) Railway Transportation Equipment Manufacturing Co., Ltd.	Both belong to Ansteel Group
Ansteel Group Finance Co., Ltd.	Both belong to Ansteel Group
Ansteel Group Engineering Technology Development Co., Ltd.	Both belong to Ansteel Group
Ansteel Group Engineering Technology Co., Ltd.	Associates of Ansteel Group
Ansteel Group International Economic and Trade Co., Ltd.	Both belong to Ansteel Group
Ansteel Group Mining Gongchangling Co., Ltd.	Both belong to Ansteel Group
Ansteel Group Mining Co., Ltd.	Both belong to Ansteel Group
Ansteel Group Co., Ltd.	Both belong to Ansteel Group
Ansteel Group Automation Co., Ltd.	Both belong to Ansteel Group
Ansteel Construction Group Co., Ltd.	Both belong to Ansteel Group
Ansteel Metal Construction Co., Ltd.	Both belong to Ansteel Group
Ansteel Technology and Development Co., Ltd.	Both belong to Ansteel Group
Ansteel Mining Machinery Manufacturing Co., Ltd.	Both belong to Ansteel Group
Ansteel Green Resources Technology Co., Ltd.	Both belong to Ansteel Group
Ansteel Energy Technology Co., Ltd.	Both belong to Ansteel Group
Ansteel Industry Group (Anshan) Equipment Operation and Maintenance Co., Ltd.	Both belong to Ansteel Group
Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	Both belong to Ansteel Group
Ansteel Shuangsheng (Anshan) Fan Co., Ltd.	Both belong to Ansteel Group
Ansteel Modern City Service (Anshan) Co., Ltd.	Both belong to Ansteel Group
Ansteel Roller Co., Ltd.	Both belong to Ansteel Group
Ansteel Heavy Machinery Design and Research Institute Co., Ltd.	Both belong to Ansteel Group
Ansteel Heavy Machine Co., Ltd.	Both belong to Ansteel Group

Name of other related parties	Relationship
Ansteel Cast Steel Co., Ltd.	Both belong to Ansteel Group
North Hengda Logistics Co., Ltd.	Both belong to Bengang Group
Benxi Steel Stainless Steel Cold Rolling Dandong Co., Ltd.	Same parent company
Bengang Electric Co., Ltd.	Associates of the parent company
Benxi Iron and Steel Group Finance Co., Ltd.	Both belong to Bengang Group
Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	Both belong to Bengang Group
Benxi Iron and Steel Tendering Co., Ltd.	Both belong to Bengang Group
Benxi Beitai Ductile CAST Iron Pipes Co., Ltd.	Both belong to Bengang Group
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Both belong to Bengang Group
Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	Same parent company
Benxi Iron & Steel (Group) Machinery Manufacture Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Construction Co., Ltd.	Same parent company
Benxi Iron & Steel Mining Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Construction Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Design and Research Institute	Same parent company
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Construction Co., Ltd.	Same parent company
Benxi Iron & Steel (Group) Metallurgical Slag Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Co., Ltd.	Parent company
Benxi Iron and Steel (Group) Chint Building Materials Co., Ltd.	Same parent company
Benxi High-tech Drilling Tools Manufacturing Co., Ltd.	Both belong to Bengang Group
Benxi New Business Development Co., Ltd.	Same parent company
Chengdu Pansteel Hotel Co., Ltd.	Both belong to Ansteel Group
Dalian Boroller Steel Pipe Co., Ltd.	Same parent company
Delin Industrial Products Co., Ltd.	Both belong to Ansteel Group
Delin Land Port Supply Chain Service Co., Ltd.	Both belong to Ansteel Group
Guangzhou Ansteel Processing Co., Ltd.	Both belong to Ansteel Group
Guangzhou Free Trade Zone Benxi Steel Sales Co., Ltd.	Same parent company
Liaoning Hengtai Heavy Machinery Co., Ltd.	Same parent company
Liaoning Hengyi Steel Trade Co., Ltd.	Both belong to Bengang Group
Liaoning Metallurgical Technical College	Same parent company
Liaoning Metallurgical Vocational and Technical College	Same parent company
Pansteel Group Xichang iron and vanadium Co., Ltd.	Both belong to Ansteel Group
Panzhong Yihong Metal Products (Chongqing) Co., Ltd.	Both belong to Ansteel Group
Suzhou Longben Metal Material Co., Ltd.	Joint-stock company
Tianjin Ansteel Steel Processing and Distribution Co., Ltd.	Both belong to Ansteel Group
Tianjin Ansteel International North Trade Co., Ltd.	Both belong to Ansteel Group
Wuhan Yuanhong Trading Co., Ltd.	Joint-stock company
Changchun FAW Ansteel Steel Processing and Distribution Co., Ltd.	Both belong to Ansteel Group
Zhejiang Jingrui Steel Processing Co., Ltd.	Joint-stock company
Ansteel Tendering Co., Ltd.	Both belong to Ansteel Group

Other notes:

5. Related party transactions

(1) Related party transactions of purchasing and selling goods, and rendering and receiving services

Purchasing goods/receiving services

Unit: RMB

Related party	Related party transaction	Amount incurred in the period	Approved transaction amount	Over transaction amount or not	Amount incurred in the prior period
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Agency fee	169,853.96			2,406,400.10
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Energy and power	779,110,506.13	600,000,000.00	No	574,159,764.50
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Repair labor	97,016,086.32	100,000,000.00	No	83,669,158.97
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Raw material	14,015,404,775.69	19,280,000,000.00	No	3,413,966,208.00
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Spare part	237,598,626.48	20,000,000.00	No	16,090,360.87
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Traffic expense	6,238,586.40			5,035,680.51
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Repair labor	33,111,773.58	50,000,000.00	No	38,823,832.46
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Raw material	6,526,348,389.47	8,950,000,000.00	No	7,897,911,371.00
Ansteel Scrap Resources (Anshan) Co., Ltd.	Raw material	501,264,827.39	700,000,000.00	No	10,664,269.91
Ansteel Scrap Resources (Anshan) Co., Ltd.	Raw material				6,052,002.21
Benxi Iron and Steel (Group) Construction Co., Ltd.	Spare part	4,646,764.56			21,777,211.97
Benxi Iron and Steel (Group) Construction Co., Ltd.	Engineering expense	520,498,816.97			347,084,983.80
Benxi Iron and Steel (Group) Construction Co., Ltd.	Repair labor	254,504,020.71	520,000,000.00	Yes	278,104,032.80
Benxi Iron and Steel (Group) Construction Co., Ltd.	Raw material and spare part	31,238,074.42			16,097,907.80
Benxi Iron and Steel (Group) Construction Co., Ltd.	Traffic expense	785,478.54			4,140,887.20
Liaoning Hengyi Steel Trade Co., Ltd.	Spare part	410,585,327.20			
Benxi Steel & Iron (Group) Co., Ltd.	Testing fee	29,476.75			
Benxi Steel & Iron (Group) Co., Ltd.	Repair labor	292,771,749.19	350,000,000.00	No	304,560,898.30
Benxi Steel & Iron (Group) Co., Ltd.	Raw material				181,321.91
Ansteel Group Mining Gongchangling Co., Ltd.	Raw material	362,137,279.01	1,600,000,000.00	No	
Benxi Iron & Steel (Group) Metallurgical Slag Co., Ltd.	Raw material	289,543,277.06	510,000,000.00	No	489,148,093.50
Benxi Iron & Steel (Group) Machinery Manufacture Co., Ltd.	Repair labor	63,956,264.17	100,000,000.00	No	71,834,926.85
Benxi Iron & Steel (Group) Machinery Manufacture Co., Ltd.	Raw material and spare part	154,332,860.09	100,000,000.00	Yes	74,302,355.66
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Engineering expense	2,070,000.00	250,000,000.00	No	
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Repair labor	5,984,428.81			9,214,383.72
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Raw material and spare part	135,689,377.05			67,724,736.21
Bengang Electric Co., Ltd.	Repair labor	13,542,063.00			30,766,390.09

Related party	Related party transaction	Amount incurred in the period	Approved transaction amount	Over transaction amount or not	Amount incurred in the prior period
Bengang Electric Co., Ltd.	Raw material	121,219,826.14	200,000,000.00	No	144,661,193.60
Benxi Iron and Steel (Group) Construction Co., Ltd.	Engineering expense	26,575,682.85			12,223,337.95
Benxi Iron and Steel (Group) Construction Co., Ltd.	Repair labor	103,244,339.53	200,000,000.00	No	172,496,212.10
Benxi Iron and Steel (Group) Construction Co., Ltd.	Raw material and spare part	3,258,197.53			3,141,468.85
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Engineering expense	89,244,708.98			7,731,900.58
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Repair labor	15,339,461.49	130,000,000.00	No	58,288,892.03
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Raw material and spare part	8,171,621.28			2,382,441.39
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Spare part	46,331,491.99	300,000,000.00	Yes	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	project fund	1,974,511.01			1,412,870.70
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Repair labor	3,445,388.98			14,899,040.30
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Raw material	407,371,792.39			195,317,492.00
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Traffic expense	4,953,917.35			1,184,903.02
Ansteel Group Mining Co., Ltd.	Raw material	99,573,714.25			
AnsteelSteel Company Limited	Crude fuel	75,504,413.81	1,300,000,000.00	No	
Ansteel Group Automaion Co., Ltd.	Engineering expense	72,873,000.00			
Ansteel Group Engineering Technology Co., Ltd.	Engineering expense	63,375,792.47	2,015,000,000.00	No	4,156,465.29
Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	Raw material				16,836,635,147.00
Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	Port surcharge	843,578,220.03	500,000,000.00	Yes	401,150,627.60
Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	Agency fee	60,892,920.39			71,401,202.00
AnsteelGroup International Trade Co., Ltd.	Raw material	58,292,035.42	1,200,000,000.00	No	158,920,329.80
North Hengda Logistics Co., Ltd.	Spare part	25,720,478.21			
North Hengda Logistics Co., Ltd.	Storage fee	4,261,203.22			
North Hengda Logistics Co., Ltd.	Processing charge	1,401.77			
North Hengda Logistics Co., Ltd.	Freight revenue	18,595,601.60			
North Hengda Logistics Co., Ltd.	Traffic expense	2,671,869.60			
Liaoning Hengtai Heavy Machinery Co., Ltd.	Engineering expense	13,781,211.87			
Liaoning Hengtai Heavy Machinery Co., Ltd.	Repair labor	15,853,592.59	41,000,000.00	No	25,652,748.93
Liaoning Hengtai Heavy Machinery Co., Ltd.	Raw material and spare part	18,919,911.07			1,779,712.77
Liaoning Hengtai Heavy Machinery Co., Ltd.	Traffic expense	147,379.53			
Ansteel Construction Group Co., Ltd.	Engineering expense	34,442,304.94	30,000,000.00	Yes	1,380,000.00
Ansteel Construction Group Co., Ltd.	Repair labor	2,398,546.32			
AnsteelIndustry Group (Anshan) Equipment Operation and Maintenance Co., Ltd.	Repair labor	14,317,414.23			
Bengang Group Co., Ltd.	Repair labor	3,804,811.13	100,000,000.00	No	103,266,123.30
Benxi New Business Development Co., Ltd.	Repair labor				227,358.60
Benxi New Business Development Co., Ltd.	Raw material and meal fee	12,217,302.64			5,995,558.58

Related party	Related party transaction	Amount incurred in the period	Approved transaction amount	Over transaction amount or not	Amount incurred in the prior period
Delin Industrial Products Co., Ltd.	Spare part	10,765,203.78			
AnsteelHeavy Machinery Design and Research Institute Co., Ltd.	Engineering expense	6,200,000.00			
Delin Land Port Supply Chain Service Co., Ltd.	Freight revenue	818,644.75			
Delin Land Port Supply Chain Service Co., Ltd.	Traffic expense	93,266.01			
Liaoning Metallurgical Vocational and Technical College	Training expense	239,175.22			
Liaoning Metallurgical Vocational and Technical College	Repair labor	14,450,747.87	20,000,000.00	No	20,848,183.42
Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	Heating expense	3,243,574.57			1,935,670.90
Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	Raw material	397,091.33			4,315,772.16
Ansteel Heavy Machine Co., Ltd.	Spare part	3,000,690.00			
Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	Repair labor	2,511,630.02			621,231.00
Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	Engineering expense	1,767,865.81			
Tianjin Ansteel Steel Processing and Distribution Co., Ltd.	Processing charge	1,448,165.59			
AnsteelTechnology Development Co., Ltd.	Testing fee	4,182.00			
AnsteelTechnology Development Co., Ltd.	Repair labor	1,328,524.96			
Liaoning Metallurgical Technical College	Spare part	13,181,606.66			3,180.19
Liaoning Metallurgical Technical College	Training expense	1,180,127.18			
Ansteel Electric Co., Ltd.	Repair labor	985,900.00			1,090,000.00
Chengdu Pansteel Hotel Co., Ltd.	Spare part	693,726.32			
Ansteel Group Co., Ltd.	Technical services	559,822.74			
Ansteel Group (Anshan) Railway Transportation Equipment Manufacturing Co., Ltd.	Raw material	541,592.84			
Ansteel Processing&Distribution (Dalian) Co., Ltd.	Processing charge	532,674.24			
Ansteel Processing&Distribution (Dalian) Co., Ltd.	Repair labor				12,297.35
Ansteel Group Finance Co., Ltd.	Financial service	509,257.61			
Ansteel Shuangsheng (Anshan) Fan Co., Ltd.	Raw material	149,000.00			
Ansteel Processing&Distribution (Changchun) Co., Ltd.	Processing charge	101,089.62	13,000,000.00	No	
Benxi High-tech Drilling Tools Manufacturing Co., Ltd.	Spare part	33,451.50			355,020.64
Ansteel Modern City Service (Anshan) Co., Ltd.	Life service	871.70			
Ansteel Modern City Service (Anshan) Co., Ltd.	Raw material and meal fee	13,379.21			
Chengdu Pansteel Hotel Co., Ltd.	Raw material and meal fee	2,344.35			
Benxi Iron and Steel (Group) Steel Processing and Distribution Co., Ltd.	Processing charge				97,509.28
Ansteel Steel Rope Co., Ltd.	Raw material				16,415.00
Benxi Iron and Steel (Group) Design and Research Institute	Design fee				370,754.72
Ansteel Group Engineering Technology Development Co., Ltd.	Engineering expense				66,371.68
Benxi Steel Stainless Steel Cold Rolling Dandong Co., Ltd.	Goods in stock				830,980.11

Selling goods/rendering services

Unit: RMB

Related party	Related party transaction	Amount incurred in the period	Amount incurred in the prior period
North Hengda Logistics Co., Ltd.	Storage fee	147,942.35	
North Hengda Logistics Co., Ltd.	Energy and power	1,050.44	
North Hengda Logistics Co., Ltd.	Commodity	1,575,318,242.55	
North Hengda Logistics Co., Ltd.	Storage transfer fee	50,000.00	
North Hengda Logistics Co., Ltd.	Freight revenue	5,147.49	
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Energy and power	59,612,037.69	190,994,041.40
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Commodity	15,275,523.39	32,286,695.60
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Raw material and spare part	892,839,309.94	5,361,496,192.00
Benxi Iron & Steel Mining Co., Ltd.	Energy and power	956,298,497.17	713,763,626.60
Benxi Iron & Steel Mining Co., Ltd.	Raw material and spare part	186,451,326.19	114,817,486.80
Benxi Iron & Steel Mining Co., Ltd.	Freight revenue	6,375,742.64	9,635,045.20
Benxi Iron & Steel Mining Co., Ltd.	Commodity		9,553,320.94
ZheJiang Jingrui Steel Processing Co., Ltd.	Commodity	634,878,571.04	
Benxi Iron & Steel (Group) Metallurgical Slag Co., Ltd.	Energy and power	5,533,038.14	5,657,234.80
Benxi Iron & Steel (Group) Metallurgical Slag Co., Ltd.	Commodity	145,986,324.82	30,477,308.13
Benxi Iron & Steel (Group) Metallurgical Slag Co., Ltd.	Raw material and spare part	27,239,136.49	489,209,578.20
Ansteel Chemical Technology Co., Ltd.	Commodity	142,937,378.90	10,327,963.75
Ansteel Green Resources Technology Co., Ltd.	Commodity	92,587,078.07	
Delin Land Port Supply Chain Service Co., Ltd.	Commodity	68,534,296.17	99,872,552.22
Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	Energy and power	27,593,537.32	46,499,282.17
Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	Raw material and spare part	33,517,303.11	35,958,414.07
Wuhan Yuanhong Trading Co., Ltd.	Commodity	51,854,280.95	
AnsteelSteel Company Limited	Commodity	61,069,908.45	
Benxi Iron & Steel (Group) Machinery Manufacture Co., Ltd.	Energy and power	18,448,720.59	22,129,966.93
Benxi Iron & Steel (Group) Machinery Manufacture Co., Ltd.	Commodity	24,949,599.98	26,997,250.99
Benxi Iron & Steel (Group) Machinery Manufacture Co., Ltd.	Raw material and spare part		1,129,457.58
Ansteel Steel Distribution (Hefei) Co., Ltd.	Commodity	41,250,074.07	
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Commodity	35,333,688.31	25,919,093.49
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Raw material and spare part	13,595.28	3,020,156.10
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Energy and power		320.75
Benxi Iron and Steel (Group) Construction Co., Ltd.	Energy and power	7,997,295.31	7,832,094.60
Benxi Iron and Steel (Group) Construction Co., Ltd.	Raw material and spare part	60,250,515.33	164,513,121.80
Ansteel Processing&Distribution (Dalian) Co., Ltd.	Commodity	22,445,530.77	
Ansteel Steel Distribution (Wuhan) Co., Ltd.	Commodity	18,120,370.66	
Chengdu Pansteel Hotel Co., Ltd.	Storage fee	3,396.23	

Related party	Related party transaction	Amount incurred in the period	Amount incurred in the prior period
Chengdu Pansteel Hotel Co., Ltd.	Commodity	17,135,415.98	13,819,225.85
Ansteel Processing&Distribution (Changchun) Co., Ltd.	Commodity	15,877,239.25	
Benxi Steel & Iron (Group) Co., Ltd.	Energy and power	3,295,769.40	2,419,372.66
Benxi Steel & Iron (Group) Co., Ltd.	Raw material and spare part	11,988,074.72	5,994,769.96
Changchun FAW Ansteel Steel Processing and Distribution Co., Ltd.	Commodity	9,768,207.73	
Panzhong Yihong Metal Products (Chongqing) Co., Ltd.	Commodity	6,764,295.39	8,069,888.63
Ansteel Steel Processing and Distribution (Zhenzhou) Co., Ltd.	Commodity	6,664,609.41	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Energy and power	8,005,174.12	9,729,798.22
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Freight revenue	524,233.20	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Commodity	31,630,297.95	25,064,326.22
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Raw material and spare part		12,069,150.04
Benxi Iron and Steel (Group) Construction Co., Ltd.	Energy and power	1,066,969.43	1,239,534.34
Benxi Iron and Steel (Group) Construction Co., Ltd.	Raw material and spare part	1,236,444.77	3,463,893.89
Suzhou Longben Metal Material Co., Ltd.	Commodity	1,952,008.09	668,359,087.00
Panzhong Yihong Metal Products (Chongqing) Co., Ltd.	Commodity	1,608,574.50	
Tianjin Ansteel Steel Processing and Distribution Co., Ltd.	Commodity	1,607,469.03	
Bengang Electric Co., Ltd.	Energy and power	875,626.86	942,198.15
Benxi Iron and Steel Tendering Co., Ltd.	Raw material and spare part		108,000.74
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Energy and power	153,773.87	127,347.06
Bengang Group Co., Ltd.	Energy and power	135,434.69	124,535.96
Bengang Group Co., Ltd.	Raw material and spare part		12,820,827.06
Bengang Group Co., Ltd.	Service fee		75,423,224.98
Bengang Group Co., Ltd.	Commodity		127,816,445.90
Ansteel Energy Technology Co., Ltd.	Raw material and spare part	124,582.55	796,230.34
Ansteel Construction Group Co., Ltd.	Energy and power	119,001.02	
Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	Energy and power	110,785.80	36,751.81
Ansteel Cast Steel Co., Ltd.	Commodity	87,707.40	
Ansteel Group Engineering Technology Co., Ltd.	Energy and power	81,276.69	
Benxi New Business Development Co., Ltd.	Energy and power	44,469.48	224,285.83
Liaoning Metallurgical Technical College	Service fee	9,072.64	
Liaoning Hengtai Heavy Machinery Co., Ltd.	Energy and power	8,558.44	389,676.08
Benxi Iron and Steel Group Finance Co., Ltd.	Energy and power	8,362.33	13,938.60
Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	Energy and power	2,229.09	
Liaoning Hengyi Steel Trade Co., Ltd.	Energy and power	1,266.90	
Benxi Iron and Steel (Group) Steel Processing and Distribution Co., Ltd.	Energy and power		4,553.41
Benxi Steel Stainless Steel Cold Rolling Dandong Co., Ltd.	Commodity		2,954,071.01
Ansteel Electric Co., Ltd.	Energy and power		109.68

Note:

(2) Lease information of related parties

The Company as the lessor:

Unit: RMB

Lessee	Type of leased assets	Lease income recognized in the period	Lease income recognized in the prior period
Ansteel Tendering Co., Ltd.	Warehouse and ancillary facilities	255,045.87	
Benxi Iron and Steel Tendering Co., Ltd.	Warehouse and ancillary facilities	250,917.43	480,000.00

The Company as the lessee:

Unit: RMB

Lessor	Type of leased assets	Rental expense on short term leases and leases of low value assets with a simplified treatment (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expense on lease liabilities assumed		Increase in right-of-use assets	
		Amount incurred in the period	Amount incurred in the prior period	Amount incurred in the period	Amount incurred in the prior period	Amount incurred in the period	Amount incurred in the prior period	Amount incurred in the period	Amount incurred in the prior period	Amount incurred in the period	Amount incurred in the prior period
Benxi Steel & Iron (Group) Co., Ltd.	Land use right 7,669,068.17 square meter, Land use right 42,920.00 square meter					55,251,233.39	55,251,233.39	38,983,993.51	39,600,209.28		
Benxi Steel & Iron (Group) Co., Ltd.	2300 hot rolling product line, related real estate					16,098,161.06	16,098,161.06	7,657,901.26	7,982,648.96		
Benxi Beiyang Iron and Steel (Group) Co., Ltd.	1780 hot rolling product line, related real estate					12,397,899.09	12,397,899.09	5,897,685.23	6,147,787.68		
Bengang Group Co., Ltd.	Land use right 728,282.30 square meter					9,945,423.08	9,945,423.08	2,375,669.84	2,666,923.92		
North Hengda	Office room	120,596.33									

Logistics Co., Ltd.	property											
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Notes:

(1) According to the *Land Use Right Leasing Contract* and subsequent supplementary agreements signed between the Company and Bengang Steel (Group) on April 7th, 1997, December 30, 2005, and subsequently, the Company leases land from Benxi Steel (Group), with a monthly rent of RMB 0.594 per square meter. The leased land is 7,669,068.17 square meters and the annual rent is RMB 54,665.10 million..

(2) On August 14th, 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 December 31st, 2038.

(3) On July 15th, 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 RMB 1.138 per square meter per month.

(3) Information of Guarantee among related parties

The Company as a guarantor:

Unit: RMB

Secured party	Amount guarantee	of	Starting date of the guarantee	Ending date of the guarantee	Has the guarantee been fulfilled
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The Company as the warranty:

Unit: RMB

Warrantor	Amount guarantee	of	Starting date of the guarantee	Ending date of the guarantee	Has the guarantee been fulfilled
Bengang Group Co., Ltd. 、 Benxi Steel & Iron (Group) Co., Ltd.	50,000,000.00		March 30 th , 2016	March 20 th , 2025	Not fulfilled
Bengang Group Co., Ltd. 、 Benxi Steel & Iron (Group) Co., Ltd.	250,000,000.00		February 27 th , 2017	February 20 th , 2025	Not fulfilled
Bengang Group Co., Ltd.	40,500,000.00		December 27 th , 2016	June 21 st , 2024	Not fulfilled
Bengang Group Co., Ltd.	26,088,872.85		March 12 th , 2015	September 30 th , 2025	Not fulfilled
Bengang Group Co., Ltd.	48,242,944.41		March 12 th , 2015	April 30 th , 2026	Not fulfilled
Bengang Group Co., Ltd.	51,828,156.94		March 12 th , 2015	October 30 th , 2025	Not fulfilled
Bengang Group Co., Ltd.	42,090,659.62		March 12 th , 2015	June 30 th , 2025	Not fulfilled
Bengang Group Co., Ltd.	40,888,521.19		March 12 th , 2015	August 29 th , 2025	Not fulfilled
Bengang Group Co., Ltd.	49,796,890.00		December 27 th , 2016	June 21 st , 2024	Not fulfilled

Note:

(4) Remuneration of key management personnel

Unit: RMB 10,000

Item	Amount incurred in the period	Amount incurred in the prior period
Total remuneration	335.63	322.09

(5) Other related party transactions

1) The Company disposed of the former subsidiary Bengang Steel Plates Liaoyang Pellet Co., Ltd. to Benxi Iron & Steel Mining Co., Ltd.

On September 29th, 2022, the Company and Benxi Iron & Steel Mining Co., Ltd. (hereinafter referred to as " Benxi Iron & Steel Mining Company") entered into the *Bengang Steel Plates Liaoyang Pellet Co., Ltd. Equity Transfer Agreement* to transfer 100% equity interest in Bengang Steel Plates Liaoyang Pellet Co., Ltd. (hereinafter referred to as " Liaoyang Pellet Company") held by the Company to Benxi Iron & Steel Mining Company for an appraised value of RMB 697.98 million (ZLPBZ No. 2715 [2022]), and the industrial and commercial change registration procedures were completed on October 20th, 2022, resulting in an investment gain of RMB 88.02 million in the consolidated financial statements of the Company.

2) The main contents of the centralized management of funds that the Company participates in and implements are as follows:

In April 2021, after negotiation with Benxi Iron and Steel Group Finance Co., Ltd. (hereinafter referred to as Bengang Finance Company), the Financial Services Agreement was signed to stipulate the relevant financial business terms and amount cap of related transactions between the Company and its subsidiaries and Bengang Finance Company. The agreement stipulates that the maximum daily deposit balance of the Company and its controlled subsidiaries in the next twelve months will be RMB 11 billion, the maximum loan and other credit business will be RMB 8 billion, and the maximum credit line will be RMB 8 billion.

In December 2021, after negotiation with Ansteel Group Finance Co., Ltd. (hereinafter referred to as Ansteel Finance Company), the *Financial Services Agreement (2022-2024)* was signed to agree on the relevant financial business terms and amount cap of related transactions between the Company and its subsidiaries and Ansteel Finance Company in 2022, 2023, and 2024. The agreement stipulates that the maximum daily deposit balance of the Company and its holding subsidiaries in Ansteel Finance Company in the next twelve months is RMB 4.5 billion, the maximum credit limit of loans, bills and other forms is RMB 5 billion, and Ansteel Finance Company provides entrusted loans to the Company. The maximum limit is RMB 2 billion.

1. The Company's transactions with finance companies

Item	Opening balance in 2022	Increase	Decrease	Closing balance in 2022	Interest collected	Interest paid, service charge
I. Deposits with finance companies						
Bengang Finance Company		2,697,239.97	2,697,239.97		2,588,679.58	
Ansteel Finance Company	4,429,656,296.13	160,815,520,805.89	164,170,258,570.27	1,074,918,531.75	51,183,445.79	
Including: restricted margin deposits						
Bengang Finance Company						
Ansteel Finance Company						
II. Borrowings from finance companies						
Bengang Finance Company						
Ansteel Finance Company						
III. Notes discounted by finance companies						
Bengang Finance Company						
Ansteel Finance Company		875,823,519.04	875,823,519.04			3,677,270.34
IV. Acceptance bill entrusted to finance companies						
Bengang Finance Company						
Ansteel Finance Company		1,058,145,374.46		1,058,145,374.46		381,101.72
IV. Notes deposited with finance companies						
Bengang Finance Company						
Ansteel Finance Company		211,597,205.57		211,597,205.57		

Note: The maximum credit limit granted by Ansteel Finance Company to Bengang Steel Plates in the form of loans, notes and other forms for the year is RMB 5 billion, and the maximum entrusted loan provided by Ansteel Finance Company to Bengang Steel Plates is RMB 2 billion.

(6) Related party funds borrowing and lending

Name of related party	Closing balance of the period	Closing balance of the prior year
Borrowing funds		
Other payable	85,617,500.00	82,081,562.50

Note: The Company's subsidiary, Dalian Benruitong Automobile Material Technology Co., Ltd, borrowed RMB 75,000,000.00 from Benxi Steel & Iron (Group) Co. As of December 31st, 2022, the Company had an outstanding interest of RMB 10,617,500.00 (as of December 31st, 2021, the Company had an outstanding interest of RMB 7,081,562.50).

6. Receivables and payables of related party

(1) Receivables

Unit: RMB

Item	related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Notes receivable	Benxi Beiyong Iron and Steel (Group) Co., Ltd.	3,100,000.00		1,146,019,625.74	
Notes receivable	Benxi Iron & Steel Mining Co., Ltd.	5,518,976.33		6,906,467.75	
Notes receivable	Ansteel Roller Co., Ltd.	200,000.00			
Notes receivable	Ansteel Heavy Machine Co., Ltd.	189,621.75			
Notes receivable	Ansteel Steel Distribution (Hefei) Co., Ltd.	30,000,000.00			
Notes receivable	Pansteel Group Panzhuhua iron and vanadium Co., Ltd.	5,000,000.00			
Receivable financing	Suzhou Longben Metal Material Co., Ltd.			6,580,000.00	
Receivable financing	Benxi Beiyong Iron and Steel (Group) Co., Ltd.			2,300,000.00	
Receivable financing	Benxi Steel & Iron (Group) Co., Ltd.			500,000.00	
Receivable financing	Benxi Iron & Steel Mining Co., Ltd.	500,000.00			
Accounts receivable	Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	663,311,074.79	6,633,110.75	30,777,943.03	307,779.43
Accounts receivable	Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	840,398.67	8,403.99	7,007,076.55	70,070.77
Accounts receivable	Ansteel Steel Processing and Distribution (Zhenzhou) Co., Ltd.	4,477,814.06	44,778.14		
Accounts receivable	Ansteel Steel Distribution (Hefei) Co., Ltd.	248,775.35	2,487.75		
Accounts receivable	Ansteel Steel Distribution (Wuhan) Co., Ltd.	8,113,115.19	81,131.15		
Accounts receivable	Ansteel Steel Company Limited	30,314,005.82	303,140.06		
Accounts receivable	Ansteel Green Resources Technology Co., Ltd.	4,667,550.15	46,675.50		
Accounts receivable	Benxi Iron & Steel Mining Co., Ltd.	44,914,278.63	449,142.79		
Accounts receivable	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	144,307.22	1,443.07		

Item	related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Prepayment	Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	398,341,075.40		562,083,080.63	
Prepayment	Benxi Iron & Steel (Group) Machinery Manufacture Co., Ltd.	49,429,296.57		46,764,418.62	
Prepayment	Benxi New Business Development Co., Ltd.	2,324,912.22		2,525,240.41	
Prepayment	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.			365,010.53	
Prepayment	AnsteelGroup International Trade Co., Ltd.	0.01			
Prepayment	Liaoning Hengtai Heavy Machinery Co., Ltd.	13,619,388.23			
Other receivables	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	1,097,290.88	991,268.28	2,798,975.71	2,585,594.69
Other receivables	Bengang Group Co., Ltd.			1,403,512.36	
Other receivables	Benxi Iron and Steel Tendering Co., Ltd.			602,040.84	6,020.41
Other receivables	AnsteelSteel Company Limited	421,142.66	421,142.66	421,142.66	421,142.66
Other receivables	Benxi Iron and Steel (Group) Chint Building Materials Co., Ltd.			270,462.55	211,172.50
Other receivables	AnsteelHeavy Machinery Design and Research Institute Co., Ltd.	5,176,720.00	51,767.20		
Other receivables	North Hengda Logistics Co., Ltd.	65,563.55			
Other receivables	Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	6,617.52			
Other receivables	Benxi Iron and Steel (Group) Construction Co., Ltd.	13,028,492.10	433,910.93		
Other receivables	Benxi Iron & Steel Mining Co., Ltd.	1,193,997.66	11,939.98		
Other receivables	Benxi Iron and Steel (Group) Construction Co., Ltd.	4,760,949.45	47,609.49		
Other receivables	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	4,249,698.29	42,496.98		
Other receivables	Liaoning Metallurgical Technical College			58,042.46	58,042.46
Other receivables	Bengang Electric Co., Ltd.	36,455.28	364.55		
Other receivables	Ansteel Group Engineering Technology Co., Ltd.	73,908.67	739.09		
Other non-current assets	Ansteel Construction Group Co., Ltd.	132,687.84		9,222,050.00	

(2) Payables

Unit: RMB

Item	Related party	Closing book balance	Opening book balance
Notes payable	Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	82,782,219.21	2,591,000,000.00
Notes payable	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	10,191,802.55	27,323,238.23
Notes payable	Liaoning Metallurgical Vocational and Technical College	528,854.07	2,891,901.05
Notes payable	Benxi Iron and Steel (Group) Construction Co., Ltd.	3,789,095.21	2,441,547.34
Notes payable	Liaoning Metallurgical Technical College		1,087,201.26

Item	Related party	Closing book balance	Opening book balance
Notes payable	Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	572,213.92	616,291.83
Notes payable	Liaoning Hengtai Heavy Machinery Co., Ltd.	2,877,574.99	532,627.10
Notes payable	Bengang Electric Co., Ltd.	25,016,176.00	371,305.57
Notes payable	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	34,223,234.99	63,696.00
Notes payable	Benxi Iron & Steel Mining Co., Ltd.	151,930,597.68	30,916.80
Notes payable	Benxi Iron & Steel (Group) Machinery Manufacture Co., Ltd.	41,781,569.75	15,544.28
Notes payable	Ansteel Group Mining Co., Ltd.	79,210,057.06	
Notes payable	AnsteelTechnology Development Co., Ltd.	39,644.00	
Notes payable	AnsteelHeavy Machinery Design and Research Institute Co., Ltd.	6,827,200.00	
Notes payable	AnsteelHeavy Machine Co., Ltd.	745,501.68	
Notes payable	North Hengda Logistics Co., Ltd.	11,350.04	
Notes payable	Benxi Beiyang Iron and Steel (Group) Co., Ltd.	659,999,999.00	
Notes payable	Benxi Iron and Steel (Group) Construction Co., Ltd.	1,611,555.04	
Notes payable	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	1,150,225.42	
Notes payable	Benxi Iron & Steel (Group) Metallurgical Slag Co., Ltd.	10,866,603.68	
Notes payable	Benxi Steel & Iron (Group) Co., Ltd.	361,277.52	
Notes payable	Liaoning Hengyi Steel Trade Co., Ltd.	8,941,086.81	
Accounts payable	Benxi Iron & Steel Mining Co., Ltd.	45,768,605.27	227,930,805.86
Accounts payable	Liaoning Hengyi Steel Trade Co., Ltd.		243,646,365.75
Accounts payable	Benxi Iron and Steel (Group) Construction Co., Ltd.	87,111,368.27	177,332,809.50
Accounts payable	Benxi Iron and Steel (Group) Construction Co., Ltd.	240,928,491.19	127,382,098.50
Accounts payable	Benxi Beiyang Iron and Steel (Group) Co., Ltd.	131,248,293.37	158,531,101.75
Accounts payable	Benxi Iron & Steel (Group) Metallurgical Slag Co., Ltd.	47,468,411.05	85,112,497.52
Accounts payable	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	75,043,780.30	65,505,709.65
Accounts payable	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	88,684,293.06	64,470,595.80
Accounts payable	Bengang Electric Co., Ltd.	1,893,516.67	18,627,189.71
Accounts payable	Liaoning Hengtai Heavy Machinery Co., Ltd.		17,366,942.72
Accounts payable	Bengang Group Co., Ltd.	50,000.00	16,260,041.69
Accounts payable	Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	51,306,166.70	11,684,948.95
Accounts payable	Liaoning Metallurgical Technical College	10,107,863.07	11,290,066.24
Accounts payable	Benxi Iron & Steel (Group) Machinery Manufacture Co., Ltd.	2,874,934.49	6,869,554.14
Accounts payable	Benxi Steel Stainless Steel Cold Rolling Dandong Co., Ltd.		6,108,342.90
Accounts payable	Ansteel Scrap Resources (Anshan) Co., Ltd.	52,203,765.63	4,257,477.87
Accounts payable	Liaoning Metallurgical Vocational and Technical College	513,779.95	3,509,300.42
Accounts payable	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	30,626,084.39	2,527,096.00
Accounts payable	Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	413,463.33	2,430,350.86
Accounts payable	AnsteelHeavy Machine Co., Ltd.	2,873,047.05	1,572,500.00
Accounts payable	Ansteel Electric Co., Ltd.		1,231,700.00
Accounts payable	Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	2,265,928.00	1,125,059.03
Accounts payable	Ansteel Steel Rope Co., Ltd.	894,924.67	913,473.62
Accounts payable	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	372,520.06	615,214.61
Accounts payable	Ansteel Mining Machinery Manufacturing Co., Ltd.		304,530.41
Accounts payable	Benxi High-tech Drilling Tools Manufacturing Co., Ltd.	14,400.16	221,233.55
Accounts payable	Benxi New Business Development Co., Ltd.	18,937.09	67,596.20
Accounts payable	Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.		39,142.00
Accounts payable	Benxi Iron and Steel (Group) Chint Building Materials Co., Ltd.		2,362.00
Accounts payable	Ansteel Group (Anshan) Railway Transportation Equipment Manufacturing Co., Ltd.	577,232.81	
Accounts payable	Ansteel Group Mining Co., Ltd.	591,193.88	
Accounts payable	Ansteel Shuangsheng (Anshan) Fan Co., Ltd.	168,370.00	

Item	Related party	Closing book balance	Opening book balance
Accounts payable	Benxi Steel & Iron (Group) Co., Ltd.	39,872,070.78	
Accounts payable	Chengdu Pansteel Hotel Co., Ltd.	450,952.17	
Accounts payable	Delin Industrial Products Co., Ltd.	9,556,739.82	
Contract liabilities/other current liabilities	Suzhou Longben Metal Material Co., Ltd.		23,506,109.92
Contract liabilities/other current liabilities	Delin Land Port Supply Chain Service Co., Ltd.	14,902,176.11	20,392,114.80
Contract liabilities/other current liabilities	Bengang Group Co., Ltd.		15,675,115.92
Contract liabilities/other current liabilities	Panzhong Yihong Metal Products (Chongqing) Co., Ltd.		7,227,779.60
Contract liabilities/other current liabilities	Chengdu Pansteel Hotel Co., Ltd.	1,776,832.88	2,361,852.95
Contract liabilities/other current liabilities	Benxi Iron & Steel (Group) Metallurgical Slag Co., Ltd.	1,044,047.73	1,123,998.85
Contract liabilities/other current liabilities	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	535,124.96	745,498.28
Contract liabilities/other current liabilities	Ansteel Energy Technology Co., Ltd.	12,048.13	445,249.81
Contract liabilities/other current liabilities	Benxi Steel Stainless Steel Cold Rolling Dandong Co., Ltd.		377,261.08
Contract liabilities/other current liabilities	Tianjin Ansteel Steel Processing and Distribution Co., Ltd.		260,000.00
Contract liabilities/other current liabilities	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.		199,879.86
Contract liabilities/other current liabilities	Ansteel Chemical Technology Co., Ltd.	3,631,726.76	127,391.30
Contract liabilities/other current liabilities	Ansteel Processing&Distribution (Dalian) Co., Ltd.	2,468,274.66	
Contract liabilities/other current liabilities	Ansteel Processing&Distribution (Changchun) Co., Ltd.	695,012.13	
Contract liabilities/other current liabilities	Ansteel Steel Distribution (Hefei) Co., Ltd.	4,731,954.99	
Contract liabilities/other current liabilities	North Hengda Logistics Co., Ltd.	53,109,140.37	
Contract liabilities/other current liabilities	Panzhong Yihong Metal Products (Chongqing) Co., Ltd.	644,213.74	
Contract liabilities/other current liabilities	Tianjin Ansteel International North Trade Co., Ltd.	32,000,000.00	
Contract liabilities/other current liabilities	Changchun FAW Ansteel Steel Processing and Distribution Co., Ltd.	69,561.39	
Contract liabilities/other current liabilities	Zhejiang Jingrui Steel Processing Co., Ltd.	80,484,269.96	
Contract liabilities/other current liabilities	Wuhan Yuanhong Trading Co., Ltd.	4,736,783.67	
Other payables	Bengang Electric Co., Ltd.	9,353,903.06	
Other payables	Benxi Steel & Iron (Group) Co., Ltd.	81,104,935.20	249,739,175.64
Other payables	Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	11,894,493.16	28,083,978.93
Other payables	Benxi Iron and Steel (Group) Construction Co., Ltd.	53,547,549.48	24,834,667.16
Other payables	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	1,259,239.61	18,283,705.72
Other payables	Benxi Iron and Steel (Group) Steel Processing and Distribution Co., Ltd.		16,869,219.13
Other payables	Guangzhou Free Trade Zone Benxi Steel Sales Co., Ltd.		2,674,436.85
Other payables	Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	2,129,446.86	2,187,450.17

Item	Related party	Closing book balance	Opening book balance
Other payables	Benxi New Business Development Co., Ltd.	33,755,860.72	2,069,075.26
Other payables	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	510,910.37	1,435,884.63
Other payables	Ansteel Scrap Resources (Anshan) Co., Ltd.	1,000,000.00	500,000.00
Other payables	Liaoning Metallurgical Technical College	427,188.00	190,513.04
Other payables	Bengang Group Co., Ltd.	7,716,476.47	155,733.55
Other payables	Benxi Iron & Steel (Group) Machinery Manufacture Co., Ltd.	1,681,991.53	10,082.30
Other payables	Ansteel Electric Co., Ltd.	523,642.00	
Other payables	Ansteel Group Automation Co., Ltd.	3,565,330.00	
Other payables	Ansteel Construction Group Co., Ltd.	5,389,177.00	
Other payables	Ansteel Metal Construction Co., Ltd.	10,000.00	
Other payables	Ansteel Technology Development Co., Ltd.	345,269.90	
Other payables	Ansteel Industry Group (Anshan) Equipment Operation and Maintenance Co., Ltd.	4,101,254.08	
Other payables	North Hengda Logistics Co., Ltd.	4,384,330.48	
Other payables	Benxi Iron & Steel Mining Co., Ltd.	543,412.47	
Other payables	Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	1,523,543.12	
Other payables	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	2,881,047.50	
Other payables	Benxi Iron and Steel (Group) Construction Co., Ltd.	1,089,595.17	
Other payables	Chengdu Pansteel Hotel Co., Ltd.	20,000.00	
Other payables	Liaoning Hengtai Heavy Machinery Co., Ltd.	22,000,196.88	
Other payables	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	3,366,743.50	
Other payables	Ansteel Group Engineering Technology Co., Ltd.	23,401,702.63	
Other payables	Liaoning Metallurgical Vocational and Technical College	6,401,530.88	

XIII. Commitments and Contingencies

1. Significant commitments

Significant commitments at the balance sheet date

(1) Significant commitments

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

a. According to the *Land Use Right Leasing Contract* and subsequent supplementary agreements signed by the Company and Benxi Steel (Group) on April 7th, 1997, and December 30th, 2005, the Company leased land from Benxi Steel (Group). The monthly rent is RMB 0.594 per square meter, the leased land area is 7,669,068.17 square meters, and the annual rent is RMB 54,665,100.

b. On August 14th, 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 31st, 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 RMB 20 million and RMB 18 million 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.

c. On July 15th, 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 RMB 1.138 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.

2) Irrevocable letter of credit

As at December 31st, 2022, the amount of irrevocable letter of credit that was not fulfilled was RMB 0.074 billion.

2. Contingencies

(1) It also should be stated that the Company has no significant contingencies that are required to be disclosed

There were no significant contingencies that are required to be disclosed.

XIV. Events after the balance sheet date

1. Profit Distribution

Unit: RMB

Profit or dividend to be distributed	0.00
Profit or dividend declared after consideration and approval	0.00
Profit distribution plan	0

2. Other events after the balance sheet date

As at the Issuance date of the statements, the Company has no significant events after the balance sheet date to disclose

XV. Other significant events

1. Debt restructuring

Way of debt restructuring	Book value of debt	Gain from debt restructuring	Increase in owner's equity such as share capital
Settlement of debts by cash the value is less than the book value of the debts	11,708,653.67	1,274,270.98	---
Settlement of debts with non-cash assets			---
Conversion of debts to capital			
Modification of other debt conditions			---
Mixed restructuring way			
Total	11,708,653.67	1,274,270.98	

2. Segment information

(1) If the Company has no reportable segments or is unable to disclose the total assets and total liabilities of each reportable segment, the reasons should be stated.

Since the Company's main product is steel, other products have a small proportion of sales, the main production base is in Liaoning, and the disclosure of the segment report is not applicable.

3. Other important matters that have an impact on investor decisions

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 360,000,000 shares were in pledged status and 108,326,179 shares were in restricted sales and frozen status.

On March 21st, 2023, the Company issued the Indicative Announcement of Bengang Steel Plates Co., Ltd. on the Planning of Significant Asset Replacement and Related Party Transactions. In order to enhance the operating efficiency and profitability of the Company and accelerate the pace of becoming a world-class mining development enterprise, it intends to conduct an asset replacement with its controlling shareholder, Benxi Steel & Iron (Group) Co., Ltd. (hereinafter referred to as "Benxi Steel & Iron"), specifically, the assets to be received being mining-related assets under Benxi Steel & Iron, to be surrendered being the assets and liabilities related to all the Company's iron and steel businesses, and the difference between received and surrender made up in cash by one party to the other. At present, the transaction is still in the planning stage, which means specific information such as the scope and pricing of the underlying assets have yet to be finalized and no agreement has been signed by the two sides. The transaction proposal still requires further demonstration, communication and consultation, and is subject to necessary decision-making and approval procedures in accordance with relevant laws, regulations and the Articles of Association of the Company. There are still significant uncertainties in the relevant matters.

On March 21st, 2023, the Company issued the Indicative Announcement of Bengang Steel Plates Co., Ltd. on the Planning of Significant Asset Replacement and Related Party Transactions. In order to enhance the operating efficiency and profitability of the Company and accelerate the pace of be a world-class mining development enterprise, it intends to conduct an asset replacement with its controlling shareholder, Benxi Steel & Iron (Group) Co., Ltd. (hereinafter referred to as "Benxi Steel & Iron"), specifically, the assets to be received being mining-related assets under Benxi Steel & Iron, to be surrendered being the assets and liabilities related to all the Company's iron and steel businesses, and the difference between received and surrender made up in cash by one party to the other. At present, the transaction is still in the planning stage, which means specific information such as the scope and pricing of the underlying assets have yet to be finalized and no agreement has been signed by the two sides. The transaction proposal still requires further demonstration, communication and consultation, and is subject to necessary decision-making and approval procedures in accordance with relevant laws, regulations and the Articles of Association of the Company. There are still significant uncertainties in the relevant matters.

XVI. Notes to the financial statements of parent company

1. Accounts receivable

(1) Accounts receivable disclosed by category

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion accrued		Amount	Proportion	Amount	Proportion accrued	
Accounts receivable with provision for bad debts by individual item	48,196,244.68	4.41%	48,196,244.68	100.00%		47,762,337.18	8.90%	47,762,337.18	100.00%	
Including:										
Accounts receivable with provision for bad debts by portfolio	1,045,652,547.13	95.59%	114,616,750.55	10.96%	931,035,796.58	488,701,089.91	91.10%	135,069,526.49	27.64%	353,631,563.42
Including:										
Portfolio1 : Aging portfolio	886,147,539.07	81.01%	114,616,750.55	12.93%	771,530,788.52	328,112,713.51	61.16%	135,069,526.49	41.17%	193,043,187.02
Portfolio 2 : Portfolio of related party in combination	159,505,008.06	14.58%			159,505,008.06	160,588,376.40	29.93%			160,588,376.40
Total	1,093,848,791.81	100.00%	162,812,995.23		931,035,796.58	536,463,427.09	100.00%	182,831,863.67		353,631,563.42

Provision for bad debts by individual item: 48,196,244.68

Unit: RMB

Name	Closing balance			
	Book balance	Provision for bad debts	Proportion accrued	Reason for accrual
Benxi Nanfen Xinhe Metallurgical Burden Co., Ltd.	48,196,244.68	48,196,244.68	100.00%	Production has ceased
Total	48,196,244.68	48,196,244.68		

Provision for bad debts by portfolio:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Proportion accrued
Within 1 year (including 1 year)	765,065,841.39	7,650,658.42	1.00%
1-2 years	14,717,227.92	1,471,722.79	10.00%
2-3 years	1,087,625.52	217,525.10	20.00%
Over 3 years	105,276,844.24	105,276,844.24	100.00%
Total	886,147,539.07	114,616,750.55	

Basis for determining this portfolio:

If the provision for bad debts on accounts receivable is based on the general model of expected credit losses, please refer to the disclosure on other receivables for information relating to the provision for bad debts:

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	924,570,849.45
1-2 years	14,717,227.92
2-3 years	1,087,625.52
Over 3 years	153,473,088.92
3-4 years	153,473,088.92
Total	1,093,848,791.81

(2) Accrual, recovery or reversal of provision for bad debts in the period

Accrual of provision for bad debts:

Unit: RMB

Category	Opening balance	Changes in the period				Closing balance
		Accrual	Recovery or reversal	Write off	Others	
Accounts receivable Provision for bad debts	182,831,863.67	8,585,581.32		28,604,449.76		162,812,995.23
Total	182,831,863.67	8,585,581.32		28,604,449.76		162,812,995.23

Significant amount of recovery or reversal of provision for bad debts in the period:

Unit: RMB

Name of company	Recovery or reversal amount	Recovery way

(3) Actual write-off accounts receivable in the period

Unit: RMB

Item	Write-off amount
Accounts receivable write off	28,604,449.76

Significant write-off accounts receivable:

Unit: RMB

Name of company	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the amount arises from a related transaction
Changzhou Foreign Enterprise Goods & Materials General Company	Payment for goods	9,008,967.00	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Shenyang Welded Pipe Factory	Payment for goods	3,991,372.27	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Benxi Civil Affairs Hongda Metal Restructuring Plant	Payment for goods	2,386,307.13	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Yanji Rongjun Building Materials Sales Department	Payment for goods	2,295,095.34	Cancelled	Legal advice and approval by Board of Directors	No
Zhuhai Special Economic Zone Huaxinyue Industrial Co., Ltd.	Payment for goods	1,883,089.58	Cancelled	Legal advice and approval by Board of Directors	No
Dalian Free Trade Zone Benda Special Steel Co., Ltd.	Payment for goods	1,464,685.47	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Wafangdian Bengang Special Steel Sales Co., Ltd.	Payment for goods	992,110.82	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Dalian Free Trade Zone Maofeng International Industry and Trade Company	Payment for goods	766,111.09	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Tianjin Bengang Special Steel Sales Co., Ltd.	Payment for goods	749,215.44	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Dalian Economic and Technological	Payment for goods	650,313.34	Cancelled	Legal advice and approval	No

Name of company	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the amount arises from a related transaction
Development Zone Bengang Special Steel Sales Office				by Board of Directors	
Benxi Branch of Dalian Hardware and Mineral Import and Export Company	Payment for goods	613,819.73	Cancelled	Legal advice and approval by Board of Directors	No
Hefei Zhongya Cement Machine Factory	Payment for goods	435,086.35	Cancelled	Legal advice and approval by Board of Directors	No
Chengdu Bente Building Materials Management Company	Payment for goods	345,428.35	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Material Supply and Marketing Company of Shenyang Environmental Protection Equipment Industry Company	Payment for goods	343,523.05	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Lingning Linyuan Steel-tube Factory	Payment for goods	340,167.23	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Others	Payment for goods	2,339,157.57	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Total		28,604,449.76			

Note to write-off Accounts receivable:

(4) Accounts receivable of the top five closing balances collected by arrears

Unit: RMB

Name of company	Closing balance of accounts receivable	Proportion to total closing balance of accounts receivable	Closing balance of provision for bad debts
Unit 1	566,960,606.92	51.83%	5,669,606.07
Unit 2	157,101,856.36	14.36%	
Unit 3	73,094,699.54	6.68%	730,947.00
Unit 4	51,257,341.26	4.69%	1,756,550.97
Unit 5	48,196,244.68	4.41%	48,196,244.68
Total	896,610,748.76	81.97%	

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Interest receivable		2,014,931.61
Other receivables	150,724,545.56	266,591,116.91
Total	150,724,545.56	268,606,048.52

(1) Interest receivable**1) Classification of interest receivable**

Unit: RMB

Item	Closing balance	Opening balance
Fixed deposit		2,014,931.61
Total		2,014,931.61

(2) Other receivables**1) Other receivables classified by nature of money**

Unit: RMB

Nature of money	Closing book balance	Opening book balance
Current accounts	205,620,987.47	327,876,947.80
Others	8,506,439.44	10,232,392.89
Total	214,127,426.91	338,109,340.69

2) Accrual of provision for bad debts

Unit: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment has occurred)	
Balance as at January 1 st , 2022	526,800.70	6,305,393.56	64,686,029.52	71,518,223.78
Balance as at January 1 st , 2022 in the period				
-- Transferred to Stage 2	-64,969.07	64,969.07		
-- Transferred to Stage 3		-114,780.42	114,780.42	

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment has occurred)	
Balance as at January 1 st , 2022	526,800.70	6,305,393.56	64,686,029.52	71,518,223.78
Accrual in the period	339,228.81	-4,901,909.83	221,645.90	-4,341,035.12
Reversal in the period				0.00
Charge off in the period				0.00
Write-off in the period			3,774,307.31	3,774,307.31
Other changes				0.00
Balance as at December 31 st , 2022	801,060.44	1,353,672.38	61,248,148.53	63,402,881.35

Significant changes in book balance of provision for losses in the period:

Applicable Not Applicable

Disclose by aging

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	89,160,291.73
1-2 years	58,187,051.40
2-3 years	3,519,908.21
Over 3 years	63,260,175.57
3-4 year	63,260,175.57
Total	214,127,426.91

3) Accrual, recovery or reversal of provision for bad debts in the period

Accrual of provision for bad debts::

Unit: RMB

Category	Opening balance	Changes in the period				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Other receivables Provision for bad debts	71,518,223.78	-4,341,035.12		3,774,307.31		63,402,881.35
Total	71,518,223.78	-4,341,035.12		3,774,307.31		63,402,881.35

Significant amount of recovery or reversal of provision for bad debts in the period:

Unit: RMB

Name of company	recovery or reversal amount	Recovery way

4) Actual write-off other receivables in the period

Unit: RMB

Item	Write-off amount
Write-off other receivables	3,774,307.31

Significant write-off other receivables:

Unit: RMB

Name of company	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the amount arises from a related transaction
Benxi Manchu Autonomous County Dibang Concrete Co., Ltd.	Payment for goods	2,202,434.85	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Liming Farm of Benxi Forestry Department of Shenyang Mining Bureau	Payment for goods	225,088.76	Cancelled	Legal advice and approval by Board of Directors	No
Benxi Lifa New Building Materials Co., Ltd.	Payment for goods	186,772.35	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Benxi Iron and Steel Recycling Materials Plant	Payment for goods	131,098.24	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Benxi Xihu District Huafeng Smelting Plant	Payment for goods	100,150.00	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Benxi Fuledo Pipe Co., Ltd.	Payment for goods	39,904.04	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Benxi Xihu District Xiujiang Paper Products Factory	Payment for goods	32,942.48	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Benxi Plastic Mining and Metallurgy Machinery Factory	Payment for goods	31,257.51	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Xihu Tar Chemical Plant	Payment for goods	21,309.78	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Benxi Iron and Steel (Group) Chint Building Materials Co., Ltd.	Payment for goods	18,673.20	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	Yes
Bengang Crude Fuel Division Distribution Company	Payment for goods	18,001.73	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No

Name of company	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the amount arises from a related transaction
Comprehensive Plant of Oxygen Plant of Benxi Iron and Steel	Payment for goods	18,000.00	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
The Second Small Rolling Mill of Benxi Iron and Steel	Payment for goods	17,522.80	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Supply and marketing office senior metalworking plant	Payment for goods	16,554.16	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Bengang Auto Parts Company	Payment for goods	12,165.92	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Bengang Sheet Processing Plant	Payment for goods	11,093.60	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Bengang Primary Rolling Mini Mill	Payment for goods	9,355.68	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Bengang Primary Rolled Plate Processing Plant	Payment for goods	8,963.60	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Benxi Shenquan Company	Payment for goods	8,763.52	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Others	Payment for goods	664,255.09	A suspended company that is unreachable for a long time without business transactions and included in account cancellation management	Legal advice and approval by Board of Directors	No
Total		3,774,307.31			

Note to write-off other receivables:

5) Other receivables of the top five closing balances collected by arrears

Unit: RMB

Name of company	Nature of money	Closing balance	Aging	Proportion to total closing balance of other receivables	Closing balance provision for bad debts
The first	Current accounts	17,624,754.20	0-2 years	8.23%	
The second	Current accounts	13,028,492.10	1-2 years	6.08%	433,910.93
The third	Current accounts	11,612,008.77	1 year- Over 3 years	5.42%	11,612,008.77
The fourth	Current accounts	11,348,676.33	1-2 years	5.30%	
The fifth	Current accounts	8,437,188.68	Within 1year	3.94%	84,371.89
Total		62,051,120.08		28.97%	12,130,291.59

3. Long-term equity investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	2,222,281,590.24		2,222,281,590.24	2,015,186,190.50		2,015,186,190.50
Investments in joint ventures and associates	47,996,314.61		47,996,314.61			
Total	2,270,277,904.85		2,270,277,904.85	2,015,186,190.50		2,015,186,190.50

(1) Investments in subsidiaries

Unit: RMB

Investee	Opening balance (book value)	Changes in the period				Closing balance (book value)	Closing balance of provision for impairment
		Additional investments	Reduced investments	Accrual of provision for impairment	Others		
Guangzhou Bengang Steel & Iron Trading Co., Ltd	30,000,000.00	170,000,000.00				200,000,000.00	
Shanghai Bengang Metallurgical Technology Co., Ltd.	30,000,000.00	199,936,718.57				229,936,718.57	
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	
Guangzhou Bengang Steel & Iron Trading Co., Ltd.	28,144,875.36					28,144,875.36	
Yantai Bengang Steel Sales Co., Ltd.	49,100,329.41	170,000,000.00				219,100,329.41	
Tianjin Bengang Steel Trade Co., Ltd.	60,318,095.80	170,000,000.00				230,318,095.80	
Benxi Bengang Steel & Iron Sales Co., Ltd.	30,000,000.00					30,000,000.00	
Shenyang Bengang Bengang Metallurgy Science and Technology Co., Ltd	30,000,000.00	170,000,000.00				200,000,000.00	
Bengang Baojin (Shenyang) auto new material technology Co., Ltd.	51,000,000.00		51,000,000.00				
Bengang Steel Liaoyang Qiutuan Co., Ltd.	529,899,801.38		529,899,801.38				
Harbin Bengang Economic Trading Co., Ltd.	29,923,398.23		29,923,398.23				
Nanjing Bengang Material 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				
Chongqing Liaoben Steel & Iron Trading Co., Ltd.	30,000,000.00		30,000,000.00				
Total	2,015,186,190.50	879,936,718.57	672,841,318.83			2,222,281,590.24	

(2) Investments in joint ventures and associates

Unit: RMB

Investee	Opening balance (book value)	Changes in the period								Closing balance (book value)	Closing balance of provision for impairment	
		Additional investments	Reduced investments	Investment income recognized under equity method	Adjustment to other comprehensive income	Other equity changes	Declaration of cash dividend or profit	Accrual of provision for impairment	Others			
I. Joint ventures												
II. Associates												
Bengang Baojin (Shenyang) auto new material technology Co., Ltd.		51,000,000.00		-580,788.56						-2,422,896.83	47,996,314.61	
Subtotal		51,000,000.00		-580,788.56						-2,422,896.83	47,996,314.61	
Total		51,000,000.00		-580,788.56						-2,422,896.83	47,996,314.61	

4. Operating income and operating cost

Unit: RMB

Item	Amount incurred in the period		Amount incurred in the prior period	
	Income	Cost	Income	Cost
Main business	58,937,350,684.09	59,090,024,551.87	69,727,193,761.59	65,005,072,705.35
Other businesses	4,144,406,405.05	4,075,230,315.93	8,994,267,964.12	8,198,390,770.21
Total	63,081,757,089.14	63,165,254,867.80	78,721,461,725.71	73,203,463,475.56

Information relating to income:

Unit: RMB

Classification of contracts	Segment 1	Segment 2	Income from main business	Income from other business	Total
Commodity type					
Including:					
Classified by operation area			58,937,350,684.09	4,144,406,405.05	63,081,757,089.14
Including:					
Including: Domestic			54,451,160,983.64	4,144,406,405.05	58,595,567,388.69
Overseas			4,486,189,700.45		4,486,189,700.45
Market or customer type					
Including:					
Contracy type					
Including:					
Classified by transfer time of Commodity			58,937,350,684.09	4,144,406,405.05	63,081,757,089.14
Including:					
Including: recognized at a point of time			58,937,350,684.09	4,141,838,244.24	63,079,188,928.33
recognized at a period of time				2,568,160.81	2,568,160.81
Classified by contract term					
Including:					
Classified by sale channel					
Including:					
Total			58,937,350,684.09	4,144,406,405.05	63,081,757,089.14

Information relating to performance obligations:

None

Information relating to the transaction price apportioned to the remaining performance obligation:

Amount of income corresponding to performance obligations that have been contracted for but not yet performed or not yet completed at the end of the reporting period is RMB 0.00.

Other notes:

5. Investment income

Unit: RMB

Item	Amount incurred in the period	Amount incurred in the prior period
Investment income from long-term equity investments accounted for under the equity method	-580,788.56	
Investment income from the disposal of long-term equity investments	263,652,271.12	-1,341,423.32
Investment income from the disposal of financial assets held for trading	-6,558,780.75	-124,911,004.89
Income from debt restructuring	1,243,883.36	
Others	2,879,850.07	2,436,869.33
Total	260,636,435.24	-123,815,558.88

XVII. Supplementary information

1. Details of non-recurring profit and loss for the period

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Profit or loss on the disposal of non-current assets	3,648,546.62	
Government grants included to current profit or loss (except those closely related to the Company's normal business operations, which are in line with national policies and are enjoyed on an ongoing basis at a fixed or quantitative rate in accordance with certain standards)	72,300,830.48	
Profit or loss on entrusting others with the investment or management of assets	2,879,850.07	
Profit or loss on debt restructuring	1,274,270.98	
Other non-operating income and expenses other than those mentioned above	13,507,766.62	
Other profit or loss items that meet the definition of non-recurring profit or loss	92,174,927.78	
Less: Income tax effect	1,956,581.46	
Effect of minority interests	391,139.95	
Total	183,438,471.14	--

Other specific profit or loss items that meet the definition of non-recurring profit or loss:

Applicable Not applicable

- Description of "Other profit or loss items that meet the definition of non-recurring profit or loss" and non-recurring profit or loss items that are defined as recurring profit and loss items based on the nature and characteristics of its normal business operations

Item	Amount	Reason
Other profit or loss items that meet the definition of non-recurring profit or loss	4,154,883.39	Gain arising from remeasurement of the remaining equity interest at fair value after loss of control over Shenyang Baojin
Other profit or loss items that meet the definition of non-recurring profit or loss	88,020,044.39	Investment income from the disposal of long-term equity investment in Liaoyang Qiutuan

The description of non-recurring profit or loss items listed in the *Explanatory Notice No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring profit or Loss* that are defined as

recurring profit and loss items:

Applicable Not applicable

2. Return on equity and earnings per share

Profit for the reporting period	Weighted average return on equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	-0.06%	-0.300	-0.300
Net profit after non-recurring profit and loss attributable to ordinary shareholders of the Company	-0.06%	-0.345	-0.345