

Bengang Steel Plates Co., Ltd.

2023 Semi-Annual Report

August, 2023

Section I Important Notice, Contents and Definitions

The Company's Board of Directors, Board of Supervisors, directors, supervisors, and senior managers guarantee that the content of the semi-annual report is true, accurate, and complete, and there are no false records, misleading statements, or major omissions, and assume individual and joint legal responsibilities.

Li Yan, legal representative, Zheng Zhengli, Chief financial officer, and Sun Yanbin, Chief accountant (the person in charge of the accounting), hereby declare that they guarantee the authenticity, accuracy and completeness of the financial report in this semi-annual report.

All directors have attended the board meeting for reviewing the semi-annual report.

This report involves forward-looking statements such as future plans, and does not constitute a substantial commitment by the Company to investors. Investors are reminded to pay attention to investment risks. This report is compiled in Chinese and English respectively. The Chinese version shall prevail when there are any controversial statements in the two versions.

The Company has described the existing risks and countermeasures in detail in this report, please refer to Section III-X "Risks Faced by the Company and Countermeasures". "China Securities Journal", "Securities Times", Shenzhen Stock Exchange website and Juchao Information Network are the media selected by the company for information disclosure. All the information of the Company is subject to the information published in the above-mentioned designated media. Investors are reminded to pay attention to investment risks.

The Company does not have any significant risks that require investors' attention.

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

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Reference File Directory

1. Financial statements signed and sealed by Legal representative, Chief financial officer, Chief accountant;
2. The originals of all company documents and announcements publicly disclosed during the reporting period;
3. Semi-annual reports published in other securities markets.

Definition

Terms to be defined	Refers to	Definition
Bengang Bancai, Bengang Steel, the Company, the Listed Company	Refers to	Bengang Steel Plates Co., Ltd.
Ansteel Group	Refers to	Ansteel Group Co., Ltd.
Bensteel Group	Refers to	Bensteel Group Co., Ltd.
Benxi Steel and Iron Co., Bengang Co.	Refers to	Benxi Steel and Iron (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.
Ansteel Co.	Refers to	Ansteel Co., Ltd.
Vanadium and Titanium Co.	Refers to	Pangang Group Vanadium and Titanium Resources Co., Ltd.

Section II Company Profile and Main Financial Index

I. Company Profile

Stock abbreviation	Bengang Bancai, Bengangban B	Stock code	000761, 200761
Stock exchange for listing	Shenzhen Stock Exchange		
Company name in Chinese	本钢板材股份有限公司		
Abbreviation of Company name in Chinese	本钢板材		
Company name in English (If any)	BENGANG STEEL PLATES CO.,LTD		
Abbreviation of Company name in English (If any)	BSP		
Legal representative	Li Yan		

II. Contact Person and Contact Information

	Secretary of Board of Directors	Representative of Securities Affairs
Name	Zheng Zhengli	Chen Liwen
Contact address	No. 1-1 Steel Road, Pingshan District, Benxi City, Liaoning Province	No. 1-1 Steel Road, Pingshan District, Benxi City, Liaoning Province
Telephone number	024-47827003	024-47828980
Fax	024-47827004	024-47827004
E-mail	zhengzhengli76@126.com	bgbc000761@126.com

III. Other Information

1. Contract Information of the Company

Whether the Company's registered address, Company's office address and mail code, Company website, E-mail address, etc. have changed during the reporting period

Applicable Not applicable

The Company's registered address, Company office address and mail code, Company website, E-mail, etc. have not changed during the reporting period. For details, please refer to the 2022 annual report.

2. Information Disclosure and Preparation Location

Whether the location of information disclosure and preparation changed during the reporting period

Applicable Not applicable

The stock exchange website and media name and website where the Company discloses the semi-annual report, and the location where the Company's semi-annual report is prepared has not changed during the reporting period. For details, please refer to the 2022 annual report.

3. Other Relevant Information

Whether other relevant information has changed during the reporting period

Applicable Not applicable

IV. Main Financial Data and Financial Index

Whether the company needs to retrospectively adjust or restate accounting data for previous years

Yes No

	Current period	Previous period	Changes over previous period
Operating income (RMB)	30,567,409,205.03	35,015,177,304.98	-12.70%
Net profit attributable to the shareholders of the listed company (RMB)	-1,004,945,623.68	564,435,010.86	-278.04%
Net profit after deducting of non-recurring gains or losses attributable to the shareholders of listed company (RMB)	-1,038,332,938.51	522,219,426.93	-292.88%
Net cash flow from operating activities (RMB)	4,662,637,281.81	227,451,842.21	1,949.94%
Basic earnings per share (RMB/Share)	-0.2446	0.1400	-274.71%
Diluted earnings per share (RMB/Share)	-0.1558	0.1400	-211.29%
Weighted average return on equity	-5.49%	2.60%	-8.09%
	30 June 2023	31 December 2022	Changes over 31 December 2022
Total assets (RMB)	45,871,498,081.84	44,114,652,440.64	3.98%
Net assets attributable to shareholders of the listed company (RMB)	17,811,005,923.44	18,789,151,216.62	-5.21%

V. Differences in Domestic and Foreign Accounting Data

1. Differences of Net Profit and Net Assets Disclosed in Financial Reports Prepared under IFRS and Chinese Accounting Standards

Applicable Not applicable

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

2. Differences of Net Profit and Net Assets Disclosed in Financial Reports Prepared under Overseas and Chinese Accounting Standards

Applicable Not applicable

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

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

Applicable Not applicable

Unit: yuan

Items	Amount	Notes
Profit or loss from disposal of non-current assets (including the reversal part of the provision for asset impairment)	31,053,599.66	
Government grants attributable to profit and loss of current period (except such government subsidy closely related to the company's normal business operation, meeting the regulation of national policy and enjoyed constantly in certain quota or quantity according to a certain standard)	3,518,092.14	
Profit and loss from entrusting others to invest or manage assets	-2,796,530.07	
Debt restructuring profit and loss	694,683.35	
Other non-operating revenue and expenditure other than above items	-30,054,378.76	
Less: Impact of income tax	75,725.75	
Less: Impact of minority interests (net of tax)	6,025.40	
Total	2,333,715.17	

Other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable Not applicable

There exists no situation of other profit and loss items that meet the definition of non-recurring profit and loss.

Explanation on defining the non-recurring profit and loss items listed in the “Interpretive Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Profit and Loss” as recurring profit and loss items

Applicable Not applicable

The Company does not define the non-recurring profit and loss items listed in the “Interpretive Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Profit and Loss” as recurring profit and loss items.

Section III Management Discussion and Analysis

I. Main Business of the Company During the Reporting Period

1. Industry Development Situation

In the first half of 2023, the iron and steel industry showed a situation of rebounding production and weak consumption internally and externally strong, which fell short of expectations as a whole. Especially in the second quarter, the demand of the downstream steel industry is insufficient, the fundamentals of steel products are gradually deteriorating, and the overall steel price is running weak. In the first half of the year, the steel market was still in a state of "high cost" and "low profit".

2. Main Business, Main Products and their Uses

During the reporting period, the main businesses engaged in by the company 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., and basically established a high-quality steel base mainly for automobile steel. More than 60 varieties and more than 7,500 specifications of product series have been formed, and the proportion of high value-added and high-tech products has reached more than 80%. Leading products such as automotive surface panels, home appliance panels, oil pipeline steel, container panels, and ship panels are widely used in the fields of automobiles, home appliances, petrochemicals, aerospace, machinery manufacturing, energy transportation, architectural decoration, and metal products, and exported to more than 60 countries and regions. During the reporting period, there was no major change in the company's main business.

3. 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 long-term association procurement, direct procurement, open and invited bidding, price inquiry and comparison, competitive negotiation, consultation procurement and other modes, and is mainly represented by Bensteel Group International Economic and Trade Co., Ltd.

Sales model: The company's sales are divided into domestic sales and export sales. The domestic sales mainly adopt the direct sales model. The company directly sells to large customers, and other small and medium customers sell to them through regional sales subsidiaries. The export mainly utilizes the powerful marketing network accumulated by Bensteel Group International Economic and Trade Co., Ltd. in international trade for many years, and its agent company exports the products and pays the agency fee to Bensteel Group International Economic and Trade Co., Ltd.

4. Key Drivers of Performance

During the reporting period, in the face of the severe steel market situation, the company closely focused on the "7531" strategic goal of Ansteel Group and the "1357" work guidelines of Bensteel Group, maintained strategic determination, enhanced development confidence, and established "cash is king, customer first", keep an eye on the market, pay close attention to the field, anchor the advanced level of the industry, and use the two hard measures of "benchmarking + lean" to promote extreme cost reduction and quality improvement, to promote vitality through reform, and to increase efficiency with efficiency. We spared no

effort to prevent risks and plug loopholes, and achieved hard-won achievements in production and operation and enterprise reform, and the level of corporate governance was significantly improved.

The company's main operating indicators were completed: the output of pig iron was 5.0294 million tons, an increase of 79,300 tons year-on-year, an increase of 1.6% year-on-year; the output of crude steel was 5.6688 million tons, an increase of 470,600 tons year-on-year, an increase of 9.05% year-on-year; the output of steel products was 8.1371 million tons, an increase of 42,700 tons or 0.52% year-on-year. Looking back on the work in the first half of the year, it is mainly reflected in the following aspects:

(1) Implement the strategy of high-quality products, and the output and quality of automobile sheets have reached new heights. A total of 1.249 million tons of auto sheets were produced, an increase of 244,000 tons year-on-year. The user and product connotation have been significantly improved, the proportion of direct-supply users' orders has increased to 84%, and the proportion of competitive products has increased to 35.28%. Obtained the exclusive contracting share of 38 parts of Mercedes-Benz heavy truck CXT new model; successfully passed BMW, SAIC Passenger Vehicle and other production line certifications and 11 product certifications, and completed GM, Ideal, and Chery Automobile certifications.

(2) Adhere to the needs of users, and the level of physical quality has been greatly improved. Fully implement the "seven iron laws" of Bengang steel and plates's quality and service, adhere to customer needs as the center, vigorously promote the standardized construction of "system + lean", and enhance the hard power of Bengang steel and plates's brand. The one-time pass rate of original varieties in the whole process has been greatly improved, and the quality cost has been reduced by 15%; the delivery rate of Class A direct supply user contracts and main engine factory contracts has reached 100%.

(3) Promote extreme cost reduction, and the process cost reduction effect is remarkable. Relying on the Nissin and Nissin settlement system, we will keep a close eye on procurement, manufacturing, and sales, adhere to benchmarking and tapping potentials, and use the concept of "zero waste" to break down cost reduction indicators to positions. The company's 19 indicators such as power consumption per ton of steel, turnover rate of torpedo tanks, converter gas recovery, and first hot rolling production have reached the best level in history, creating profits of 134 million yuan, and process quota indicators have decreased by 160 million yuan year-on-year.

(4) Continuing to concentrate superior forces and create a "star production line". Guided by the "star production line", through the inclination of resources and policies, on the basis of realizing economic operation, the production efficiency has been greatly improved, and key indicators have continued to improve. The "star production line" of each process has set new production capacity records many times.

(5) Carry out lean reform and promote management upgrading. Promote the separation of the main and auxiliary, the separation of management and office, and professional integration, and optimize the establishment of 118 government departments. Establish a logistics center and resource service branch, promote the separation of main and auxiliary, and realize the deep integration of logistics resources and renewable resources. Carry out actions related to building a world-class enterprise in an all-round way, and implement 108 promotion tasks, with a completion rate of over 93%. Organized a special training camp for operation managers, carried out problem-oriented "red card combat" activities, found 456 abnormal items, and completed 95% of the rectification; promoted 82 lean topics and improved 1,077 proposals. Carry out the "two systems and one contract" innovative penetrating assessment mode, with a signing rate of 100%.

(6) Hold the bottom line of safety and build a modern green steel enterprise. In accordance with the requirements of the "four unifications", strengthen the management and control of related parties, and implement the "blacklist" system and regional restrictive management. Carry out risk identification of all elements and processes, accumulatively identify 11,353 safety risks,

and implement dynamic management on all of them. Adhere to the "six combinations", establish the concept of "active work, all staff work, fast work", and vigorously promote the construction of garden-style factories. According to the "Four Modernizations" list, the overall construction progress has been completed by 89%, the newly added green area is 290,000 square meters, and the green rate has reached 14.53%.

II. Analysis on Core Competitiveness

The company adheres to the innovation-driven and "high-quality goods + service" development model, with the strategic goal of building a highly internationally competitive high-quality plate base, a domestic first-class special steel base and a comprehensive service provider, and plays a strategic leading role, focusing on improving quality and efficiency, variety upgrading, technological innovation, green and intelligent manufacturing, etc., innovate management ideas, enhance the core competitiveness of enterprises, and promote enterprises to achieve high-quality, green and intelligent development.

1. Manufacturing capacity. Guided by "star production lines", the division of labor in production lines will be refined to promote economic operation. Adhere to the iron system as the core, focus on the connection of iron and steel processes, reasonably match the steel post-process production lines and resources, take the improvement of the first product increment represented by the automobile sheet as the main line, continue to optimize the product and user structure, and promote the maximization of benefits. Grasp the "lifeline" of quality, take the "seven iron laws" of company quality and service as the fundamental starting point, comprehensively improve product quality, adhere to customer-centricity, promote the standardized construction of "system + lean", and enhance brand market competitiveness.

2. Equipment transformation and upgrading. Adhere to the efficiency as the center, proceed from the long-term development of the company, unify the thinking, clarify the positioning, and accelerate the upgrading of equipment as a whole. In 2023, the company issued a fixed asset investment plan of 1.52 billion yuan, focusing on the implementation of items such as the environmental protection and intelligent upgrade of the stockyard, the upgrade of the 1780 production line, the transformation of the first cold rolling main body of the cold rolling plant, and the ultra-low emission transformation. Adhere to high-starting planning and high-standard construction, strictly control the level of technology, energy consumption, and environmental protection, and the level of key technology and equipment has reached the industry's advanced level. At present, a number of key projects such as the No. 5 RH refining transformation of the steel plant and the new tertiary dust removal system of the steel plant have been put into operation. Projects such as the environmental protection transformation of the material yard of the Ironmaking General Plant and the energy centralized control of the energy management and control center will enter the commissioning stage in September 2023.

3. New product development capabilities. Successfully developed 26 brands of new products, of which 24 brands achieved market sales, a year-on-year increase of 105%. The successful development of galvanized high-strength QP980+Z added another member to the company's third-generation automotive steel family. The special steel products represented by 18CrNiMo7-6 fill the blank of steel for wind power gears in Benxi Iron and Steel. Breed the first product, complete Delta-TRIP780 laboratory research and industrial trial production of high-strength and high-fatigue performance rim steel BG650LW.

4. Technological innovation ability. Relying on the Liaoning Provincial Industry-University-Research Innovation Alliance Platform, we carried out new product development and cutting-edge technology research, and signed 10 industry-university-research cooperation projects with Dalian University of Technology, Northeastern University, and Liaoning University of Science and Technology. In terms of standards, 60 enterprise standards have been drafted, 2 international standards are under research, 18 national and industry group standards are under research, and 2 newly released and implemented group standards. In terms of intellectual property rights, the number of patents accepted in the first half of the year was 210, and the number of authorized patents was 100, including 36 authorized invention patents and 2 overseas patent authorizations. In terms of scientific and

technological achievements, 9 scientific and technological achievements including "Development of Intensive Ultra-High-Strength Steel Galvanized Dual-Phase Steel Series Based on Pre-oxidation Technology" were nominated for the 2022 Liaoning Provincial Science and Technology Progress Award, reaching the best level in history. "2000MPa Hot Formed Steel" won the first prize in the 5th China Automobile Lightweight Design Competition, and "Hot Stamping Steel Series Product Development" was included in the "Science and Technology of China" Pilot Technology List in the field of advanced materials.

5. Green development capability. In accordance with the policy requirements of the country and Liaoning Province on ultra-low emissions in the iron and steel industry, relying on professional planning and research institutions to scientifically prepare environmental protection improvement plans and project implementation plans, through clean production, treatment of three wastes, environmental protection management, "AAA" scenic garden factory construction and other all-round green improvements, the community of environmental quality has been realized. Promote the integration of industry and city, and strive to build the company into an "ecological steel factory" that develops harmoniously with the city.

6. Intelligent manufacturing capability. Taking "digitalization and intelligence" as the starting point, promote the in-depth application of 10 business systems including sales management, scientific research management, and production management of the "Benxi Iron and Steel Industry Management and Informatization Overall Improvement Project". Promote the implementation of smart quality demonstration projects such as the quality consistency system, energy centralized control, and iron front centralized control projects, and promote the company's digital transformation. Guided by the core indicators of the 14th Five-Year Plan, promote the construction of "four modernizations" indicators such as automation, informatization, digitalization, and intelligence. The automatic control rate of production lines in key areas of production units has increased by 30%, and the coverage rate of production execution system construction has reached 100%. The 3D job replacement rate, the construction completion rate of the four production lines and the four chemical plants increased by 30%.

III. Main Business Analysis

Please refer to the relevant content in "I. Main Business of the Company During the Reporting Period".

Changes in main financial data

Unit: yuan

	Current period	Previous period	Fluctuations	Reasons for fluctuations
Operating income	30,567,409,205.03	35,015,177,304.98	-12.70%	
Operating costs	30,714,640,963.91	33,377,477,540.63	-7.98%	
Selling expenses	69,901,883.24	67,430,875.17	3.66%	
Administrative expenses	339,569,021.49	352,304,684.10	-3.61%	
Finance costs	161,557,765.87	293,093,407.82	-44.88%	Mainly affected by exchange rate changes.
Income tax expenses	33,191,710.84	200,505,321.15	-83.45%	Mainly due to changes in profits.
Research and development investment	969,879,939.00	963,465,760.00	0.67%	
Net cash flow from operating activities	4,662,637,281.81	227,451,842.21	1,949.94%	Mainly due to the increase in bills issued and the decrease in inventory.

Net cash flows from investing activities	-893,054,682.05	-755,346,775.62		
Net cash flow from financing activities	-1,961,254,120.62	-1,022,947,841.22		
Net increase in cash and cash equivalents	1,838,873,251.94	-1,548,625,764.97		

Significant changes in the company's profit composition or profit sources during the reporting period

Applicable Not applicable

There was no major change in the company's profit structure or profit sources during the reporting period.

Composition of Operating Income

Unit: yuan

	Current period		Previous period		Fluctuations
	Amount	Proportion of Operating Income	Amount	Proportion of Operating Income	
Total operating income	30,567,409,205.03	100%	35,015,177,304.98	100%	-12.70%
Classified by industries					
Industry	30,567,409,205.03	100.00%	35,015,177,304.98	100.00%	0.00%
Classified by products					
Steel plate	29,094,813,444.07	95.18%	33,109,977,666.90	92.77%	2.41%
Others	1,472,595,760.96	4.82%	1,905,199,638.08	7.23%	-2.41%
Classified by areas					
Northeast	10,681,770,567.78	34.94%	12,303,656,651.85	35.14%	-0.20%
North China	3,691,103,918.34	12.08%	4,208,207,527.97	12.02%	0.06%
East China	11,397,086,053.98	37.29%	13,168,521,446.80	37.61%	-0.32%
Northwest	69,757,642.43	0.23%	75,492,130.13	0.22%	0.01%
Central south	1,160,763,129.06	3.80%	1,323,870,974.23	3.78%	0.02%
Export	3,566,927,893.44	11.67%	3,935,428,574.00	11.24%	0.43%

The industry, product or region accounting for more than 10% of the company's operating income or operating profit

Applicable Not applicable

Unit: yuan

	Operating income	Operating costs	Gross profit margin	Changes in operating income compared to the previous year	Changes in operating costs compared to the previous year	Changes in gross profit margin compared to the previous year
Classified by industries						
Industry	30,567,409,205.03	30,691,860,493.93	-0.41%	-12.70%	-7.98%	-5.09%
Classified by products						
Steel plate	29,094,813,444.07	29,253,134,435.47	-0.54%	-12.13%	-7.16%	-5.37%
Others	1,472,595,760.96	1,461,506,528.44	0.75%	-22.71%	-21.75%	-1.22%
Classified by areas						
Northeast	10,681,770,567.77	10,737,315,774.72	-0.52%	-13.18%	-8.64%	-5.00%
North China	3,691,103,918.34	3,707,111,460.10	-0.43%	-12.29%	-7.37%	-5.33%
East China	11,397,086,053.98	11,453,189,153.09	-0.49%	-13.45%	-8.70%	-5.23%
Northwest	69,757,642.43	70,190,139.81	-0.62%	-7.60%	-2.45%	-5.31%
Central south	1,160,763,129.06	1,168,540,242.02	-0.67%	-12.32%	-7.47%	-5.28%
Export	3,566,927,893.44	3,578,294,194.17	-0.32%	-9.36%	-4.42%	-5.19%

In the event that the statistical caliber of the company's main business data is adjusted during the reporting period, the company's main business data for the latest period adjusted according to the caliber at the end of the reporting period

Applicable Not applicable

IV. Non-core Business Analysis

Applicable Not applicable

Unit: yuan

	Amount	Proportion of total profit	Explanation of the causes	Whether it is sustainable
Investment income	-2,541,506.30	0.27%	Equity method accounting for long-term equity investment, etc.	No
Asset impairment	-84,458,260.66	8.89%	Due to the provision for price of inventory decline	No
Non-operating income	51,584,548.03	-5.42%	Gains on disposal of fixed assets	No
Non-operating expenses	50,585,327.13	-5.32%	Non-current asset damage and scrapping loss	No

V. Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: yuan

	30 June 2023		31 December 2022		Fluctuations	Reasons for fluctuations
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Monetary funds	3,656,559,532.07	7.97%	4,805,370,697.71	10.22%	-2.25%	
Accounts receivable	914,407,662.17	1.99%	307,887,350.08	0.65%	1.34%	
Inventories	7,602,269,679.35	16.57%	8,740,534,055.47	18.59%	-2.02%	
Long-term equity investments	47,556,655.02	0.10%	3,067,239.29	0.01%	0.09%	
Fixed assets	24,254,961,069.74	52.86%	24,397,907,946.02	51.89%	0.97%	
Construction in progress	4,151,149,369.23	9.05%	3,012,446,289.29	6.41%	2.64%	
Right-of-use assets	1,349,803,446.63	2.94%	1,410,177,981.09	3.00%	-0.06%	
Short-term borrowings	300,020,000.00	0.65%	3,349,342,280.00	7.12%	-6.47%	
Contract liabilities	3,733,739,770.22	8.14%	3,977,011,514.55	8.46%	-0.32%	
Long-term borrowings	959,713,911.60	2.09%	3,002,383,788.13	6.39%	-4.30%	
Lease liabilities	1,364,333,523.13	2.97%	1,404,900,432.63	2.99%	-0.02%	

2. Main Overseas Assets

Applicable Not applicable

3. Assets and Liabilities Measured at Fair Value

Applicable Not applicable

4. Restricted Property Rights as of the End of the Reporting Period

Items	Balance as at 30 June 2023	Reason for restriction
Monetary funds	521,023,596.93	Deposit for notes and letter of credit
Notes receivable	255,189,626.40	Pledge for banker's acceptance bill
Total	776,213,223.33	

VI. Investment Situation Analysis

1. General Situation

Applicable Not applicable

2. Significant Equity Investment Acquired During the Reporting Period

Applicable Not applicable

3. Significant Non-equity Investments in Progress During the Reporting Period

Applicable Not applicable

4. Financial Assets Investment

(1) Securities investment

Applicable Not applicable

There was no securities investment in the company during the reporting period.

(2) Derivatives Investment Situation

Applicable Not applicable

There was no derivative investment in the reporting period of the company.

5. Use of raised funds

Applicable Not applicable

(1) Overall use of raised funds

☑Applicable ☐Not applicable

Unit: ten thousand yuan

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	Non-public offering of stocks	396,580	4,520.32	338,726.62				57,853.38	Deposit	
2020	Public issuance of convertible corporate 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

For the actual use of the company's raised funds in 2022, please refer to Attachment 1 "Comparison Table of Use of Funds Raised from Non-public Issuance of Stocks" and Attachment 2 "Comparison Table of Use of Funds Raised from Public Issuance of Convertible Corporate 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 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 28, 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 1, 2018 to February 28, 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 1,586,377.16 yuan (not yet

replaced from the special account of raised funds). The company has transferred 86,709,830.40 yuan from the fundraising account to the general deposit account in 2020.

During the period from March 1, 2019 to May 31, 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.

From June 1, 2021 to May 31, 2022, the company will use self-raised funds to pay the construction amount of the raised funds investment project of RMB 37,435,207.38, all of which will be used for the construction of cold-rolled high-strength steel transformation projects. As of December 31, 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 366,180,860.17 yuan. 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 31, 2020, the pre-invested amount of self-raised funds replaced by raised funds was 365,630,860.17 yuan, including 76,278,945.59 yuan for the No. 8 casting machine project of the steelmaking plant, 119,043,290.09 yuan for the No. 5 blast furnace capacity replacement project in the ironmaking plant, and special The steel electric furnace upgrade and reconstruction project is 59,948,807.90 yuan, the CCPP power generation project is 95,098,084.16 yuan, and the steel plant No. 4-6 converter environmental protection renovation project is 15,261,732.43 yuan. As of July 6, 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 1, 2019 to May 31, 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. The No. 5 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 1, 2021 to May 31, 2022, the company will use self-raised funds to pay the construction amount of the raised funds investment project of RMB 614,208,698.23, among them: RMB 12,881,890.61 for the No. 8 casting machine project of the steel plant, RMB 17,508,088.97 for the capacity replacement project of the No. 5 blast furnace of the Iron Plant, RMB 364,155,482.35 for the special steel electric furnace upgrading project, RMB 186,441,497.75 for the CCPP power generation project, RMB 33,221,738.55 for the environmental protection renovation project of No. 4 and No. 6 converters in the steelmaking plant. The company has transferred the above amount from the fund-raising 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 raised funds, part of the funds raised by the company's non-public offering is temporarily idle. According to the China Securities Regulatory Commission's "Listed Company Supervision Guidelines No. 2 - Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (Revised in 2022)" (CSRC Announcement [2022] No. 15) and other regulatory documents, in line with the principle of maximizing

the interests of shareholders, on the premise of ensuring the capital demand of the investment projects of the raised funds and the normal progress of the investment projects of the raised funds, in order to improve the efficiency of the use of raised funds and further reduce the company's financial costs, to reduce financial expenses and protect the interests of investors, the company intends to temporarily supplement working capital with idle raised funds. The use period shall not exceed 12 months from the date of deliberation and approval by the board of directors. Supplementing working capital 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 530,000,000.00 yuan 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 13, 2018). As of March 11, 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 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 21, 2019). As of March 23, 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 RMB666,000,000.00 (RMB370,000,000.00 for the cold-rolled high-strength steel reconstruction project, and RMB296,000,000.00 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 27, 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 666,000,000.00 yuan (370,000,000.00 yuan for the cold-rolled high-strength steel renovation project, and 296,000,000.00 yuan 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 reviewed and approved, 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 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 27, 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 be temporarily supplemented with working capital

The company used 604,000,000.00 yuan of idle raised funds (320,000,000.00 yuan for the cold-rolled high-strength steel transformation project, 284,000,000.00 yuan for the hot-dip galvanizing production line project of the third cold-rolling plant) to temporarily replenish working capital. The matter was considered and approved at the 19th meeting of the eighth board of directors and

the seventeenth meeting of the eighth board of supervisors held on July 28, 2021.

The company's independent directors have issued a 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 replenish working capital and issued the "Guotai Junan Securities Co., Ltd. Verification Opinion on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital".

As of December 31, 2021, the company has returned all the above-mentioned idle raised funds of 604,000,000.00 yuan for temporary supplementary working capital to the company's special account for raised funds.

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

The company used idle raised funds of 592,000,000.00 yuan (308,000,000.00 yuan for the cold-rolled high-strength steel transformation project, and 284,000,000.00 yuan for the hot-dip galvanizing production line project of the third cold-rolling plant) to temporarily supplement working capital matters, it was deliberated and approved at the third meeting of the ninth board of directors and the third meeting of the ninth board of supervisors held on July 28, 2022. The company's independent directors have issued a 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 replenish working capital and issued the "Guotai Junan Securities Co., Ltd. Verification Opinion on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital".

As of December 31, 2022, the balance of the company's temporary replenishment of working capital using idle raised funds from non-public issuance of stocks was 592,000,000.00 yuan.

(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 RMB4,180,000,000.00 (RMB1,010,000,000.00 yuan for the high-grade high magnetic induction non-oriented silicon steel project, RMB220,000,000.00 for the No. 8 casting machine project of the steelmaking plant, RMB800,000,000.00 for the production capacity replacement project of the No. 5 blast furnace in the ironmaking plant, and RMB1,300,000,000.00 for special steel electric furnace upgrade and reconstruction project, RMB700,000,000.00 for CCPP power generation project, RMB150,000,000.00 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 28, 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 27, 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 3,030,000,000.00 yuan (1,010,000,000.00 yuan for the high-grade high magnetic induction non-oriented silicon steel project, 150,000,000.00 yuan for the No. 8 casting machine project of the steelmaking plant, 160,000,000.00 yuan 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. 1,000,000,000.00 yuan, CAPP power generation project 590,000,000.00 yuan, steel plant No. 4-6 converter environmental protection renovation project 120,000,000.00 yuan) Temporary replenishment of working capital The nineteenth meeting of the eighth board of directors of the company held on July 28, 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 December 31, 2021, 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 issuance of convertible corporate bonds will be temporarily supplemented with working capital

The company used idle raised funds of 3,014,000,000.00 yuan (1,015,000,000.00 yuan for the high-grade high magnetic induction non-oriented silicon steel project, 165,000,000.00 yuan for the No. 8 casting machine project of the steel plant, and 175,000,000.00 yuan for the No. Special steel electric furnace upgrading and transformation project 933,000,000.00 yuan, CAPP power generation project 578,000,000.00 yuan, steelmaking plant No. 4-6 converter environmental protection renovation project 148,000,000.00 yuan). The matter of temporarily supplementing working capital was considered and approved at the third meeting of the ninth board of directors and the third meeting of the ninth board of supervisors held on July 28, 2022.

The company's independent directors have issued a clear consent, and the replenishment of working capital shall not exceed 12 months. The sponsor of the company's public issuance of convertible corporate bonds agreed to the company's use of idle raised funds to temporarily replenish working capital and issued the "Guotai Junan Securities Co., Ltd. Verification Opinion on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital". As of December 31, 2022, the balance of the company's temporary replenishment of working capital using idle proceeds from public issuance of convertible corporate bonds was RMB 3,014,000,000.00.

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

There exists no over-raised funds.

8. Purpose and whereabouts of unused raised funds

As of December 31, 2022, in addition to the above-mentioned "3. Status of preliminary investment and replacement of raised funds investment projects", "4. Status of 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.

9. Other information on the use of raised funds

There exists no other situations about the use of raised funds of the company.

(2) Fund Raising Commitments

☑Applicable ☐Not applicable

Unit: ten thousand yuan

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	No	141,600	141,600	37,182.68	78,904.64	55.72%			Not	No

Furnace Upgrade and Reconstruction Project									applicable	
CCPP power generation project	No	83,300	83,300	18,996.71	40,437.02	48.54%			Not applicable	No
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	67,128.36	762,403.09	--	--	-33,854.16	--	--
Over-raised funds are invested in										
None										
Total	--	1,072,500	1,072,500	67,128.36	762,403.09	--	--	-33,854.16	--	--
Situations and reasons for not reaching the planned progress or expected benefits by specific projects (including the reason for choosing "Not applicable" in "Whether the expected benefits are achieved")	The market environment has undergone major changes, and the cold-rolled high-strength steel renovation project and the hot-dip galvanizing production line project of the third cold-rolling plant have basically reached production capacity. The high-grade high magnetic induction non-oriented silicon steel engineering project is still in the ice-breaking period due to the application of the product market. In order to avoid investment risks, the project construction has not yet started in 2022. The company expects to invest RMB 350 million yuan in 2023. The company will pay close attention to the relevant product market.									
Status of description of material changes in project feasibility	None									
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
A 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 situation mentioned in 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 project implementation	Not applicable
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 or otherwise.

(3) Situation for Raised Funds Change Project

Applicable Not applicable

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

VII. Major Assets and Shares Sold**1. Significant Assets Sold**

Applicable Not applicable

There was no significant asset sold during the reporting period.

2. Substantial Equity Sold

Applicable Not applicable

VIII. Analysis on Main Subsidiaries and Share Participating Companies

Applicable Not applicable

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

Unit: yuan

Company Name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net Profit
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	Subsidiary	Processing and sales of steel	1,920,000,000.00	4,595,704,365.54	2,382,481,844.84	4,253,071,574.21	96,776,624.18	69,847,227.23

Acquirement and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company Name	Ways of acquiring and disposing of subsidiaries during the reporting period	Impact on overall production operations and performance
Zhejiang Jingrui Steel Processing Co., Ltd.	Equity transfer	Non-important share participating subsidiaries have no significant impact on the company's production, operation and performance.

Illustration of main joint-stock companies

None.

IX. Structure Entities Controlled by the Company

Applicable Not applicable

X. Risks Faced by the Company and Countermeasures

1. Macroeconomic policy risks

In 2023, the Russia-Uzbekistan war and geopolitical conflicts will continue, the century-old changes will accelerate, the Federal Reserve will continue to raise interest rates, and the recovery of the world economy will be weak. The foundation for my country's economic recovery is not yet solid. Economic development is facing triple pressures of demand contraction, supply shocks, and weakening expectations. The external export environment is severe and the downward pressure on the economy is increasing. The downstream demand of the domestic iron and steel industry is generally weak, and the market pattern of supply exceeding demand has not changed fundamentally. The optimization and adjustment of domestic iron and steel layout is accelerating, the strategic restructuring of iron and steel enterprises continues to advance, and changes in domestic fiscal and financial policies to stabilize growth will bring many uncertain factors to the development of the iron and steel industry.

Countermeasures: First, strengthen research on national fiscal, financial and industrial policies, fully, accurately and comprehensively implement new development concepts, and continuously improve the forward-looking and effectiveness of policy research. The second is to seize the opportunities for macro policy adjustment and development, optimize and adjust strategic planning in a timely manner, focus on key areas such as safety, greenness, efficiency, intelligence, and high-quality products, adhere to extreme thinking, deepen lean operations, accelerate the conversion of old and new growth drivers, and actively promote green and low-carbon transformation and upgrading, create more comparative advantages, continuously improve core competitiveness, and strive to achieve high-quality development of the enterprise.

2. Raw material and fuel prices and supply risks

The monopoly situation of global iron ore supply is difficult to change in the short term, domestic iron ore demand is highly dependent on foreign countries, and strategic resources such as coal and coke have obvious shortcomings. The implementation time of the "Cornerstone Plan" of my country's steel industry is short, and the independent controllability of the supply chain of the steel industry chain is relatively weak. The financial attributes of black ore and coal coke resources have been enhanced, and domestic and foreign hot money speculation is frequent. Energy conservation and emission reduction policies continue to deepen, the production capacity of upstream coal coke enterprises is limited, various internal and external factors lead to frequent fluctuations in the price of raw materials and fuels, and the risk of raw materials and fuel prices and security supply increases.

Countermeasures: First, adhere to the "predictive" business procurement concept, strengthen the analysis and judgment of raw material supply and market demand, build a raw material procurement model, scientifically control the procurement timing, and adjust the procurement strategy in a timely manner. The second is to strengthen strategic cooperation in the supply of raw materials and fuels, consolidate and expand domestic raw and fuel procurement channels, deeply aggregate raw and fuel resources, accelerate the formation of a domestic and foreign dual-cycle supply chain security guarantee pattern, and enhance the price advantage of large-scale procurement. The third is to optimize the structure of production furnace materials, adjust the procurement structure of raw materials and fuels, reasonably control the inventory of raw materials and fuels, effectively reduce the adverse effects caused by fluctuations in the prices of raw materials and fuels, and minimize the cost of raw materials and fuels.

3. Environmental protection risks

With the continuous strengthening of the country's environmental protection and the promotion of "carbon peaking and carbon neutrality", the environmental protection department continues to increase the supervision of pollution control in the iron and steel

industry, and the investment in environmental protection and operating costs of iron and steel enterprises have increased, and iron and steel enterprises will face increasing pressure on environmental protection and governance.

Countermeasures: The first is to establish a sound production and operation system for green and low-carbon circular development, that is, to further improve resource and energy utilization efficiency, promote ultra-low emission transformation and comprehensive pollutant management, and continue to reduce carbon emission intensity through equipment energy-saving and environmental protection upgrades and advanced technology promotion and application. The second is to actively carry out product ecological design and life cycle assessment to create green and low-carbon products. The third is to strengthen the operation and maintenance and standardized operation control of existing environmental protection equipment and facilities, focusing on strengthening the monitoring of air pollution sources. The fourth is to build a "AAA" scenic garden-style factory as a starting point, and strive to improve the environment of the factory area.

Section IV Corporate Governance

I. Annual General Meeting and Extraordinary Meetings of Shareholders in the Reporting Period

1. Annual General Meeting of Shareholders During the Reporting Period

Sessions	Type	Investor participation ratio	Meeting Date	Date of disclosure	Meeting Decision
First Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting	76.81%	March 16, 2023	March 17, 2023	Announcement on Resolutions of First Extraordinary Shareholders General Meeting of 2023
Annual General Meeting of Shareholders in 2022	Annual General Meeting	76.73%	April 27, 2023	April 28, 2023	Announcement on Resolutions of the 2022 Annual General Meeting of Shareholders
Second Extraordinary General Meeting of Shareholders in 2023	Extraordinary General Meeting	76.74%	May 18, 2023	May 19, 2023	Announcement on Resolutions of Second Extraordinary Shareholders General Meeting of 2023

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

Applicable Not applicable

II. Changes in Directors, Supervisors and Senior Management of the Company

Applicable Not applicable

Name	Position	Office status	Date	Reasons
Huo Gang	Chairman	Resigned	February 28, 2023	Voluntary resignation
Han Mei	Director	Resigned	February 28, 2023	Voluntary resignation
Wang Shiyou	Director, Deputy General Manager	Resigned	April 27, 2023	Voluntary resignation
Bai Yufei	Supervisor	Resigned	April 27, 2023	Voluntary resignation
Jiang Xiaoyu	Chief Financial Officer, Secretary of the Board of Directors	Dismissed	February 28, 2023	Job changes
Li Yan	Chairman	Elected	March 16, 2023	Elected
Wang Donghui	Director	Elected	March 16, 2023	Elected
Huang Zuowei	Director, Deputy General Manager	Elected	May 18, 2023	Elected
Lu Xuezhu	Supervisor	Elected	May 18, 2023	Elected
Zheng Zhengli	Chief Financial Officer, Secretary of the Board of Directors	Appointed	February 28, 2023	Appointment

III. Profit Distribution and Capital Reserve Conversion

Applicable Not applicable

There exists no plan for the company to distribute cash dividends , bonus shares or convert capital reserve into share capital.

IV. 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.

Section V Environmental and Social Responsibility

I. Major Environmental Issues

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

Yes No

Environmental protection related policies and industry standards

The company implements the "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", "Air 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" , "The Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste" and other relevant ecological and environmental policies, and implement the "Discharge Standards for Water Pollutants in the Iron and Steel Industry" (GB13456-2012) and "Discharge Standards for Pollutants in the Coking Chemical Industry" (GB 16171-2012) , "Emission Standards of Air Pollutants for Sintering and Sintering Pellets in Iron and Steel Industry" (GB28662-2012), "Emission Standards of Air Pollutants for Ironmaking Industry" (GB28663-2012), "Emission Standards for Air Pollutants for Steel Rolling Industry" (GB28665-2012) , "Emission Standards of Air Pollutants for Thermal Power Plants" (GB13223-2011) and other related industry standards.

Environmental Protection Administrative Licensing

The company involves 14 pollutant discharge units, 11 of which are key pollutant discharge units. The license was obtained for the first time in December 2018. In December 2021, the license management requirements were extended to December 2026. In 2022, the modification of 2 companies will be postponed to December 2027, and in 2023, the modification of 1 company will be postponed to July 2028; 3 units are subject to registration management, and they will obtain the receipt of registration of pollutant discharge from stationary pollution sources in March 2020, valid until 2025. All units strictly implement the standard and stable operation of environmental protection facilities, and strictly control the discharge of pollutants. Every year, the plates company discharges pollutants within the scope of the permit. All units submit quarterly execution reports and annual reports online as required.

Industry discharge standards and the specific situation of pollutant discharge involved in production and operation activities

Company or subsidiary name	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of outlets	Distribution of outlets	Emission concentration/intensity	Pollutant Emission Standards Executed	Total emissions	Approved Total Emissions	Excessive emissions
Bengang Steel Plates Co., Ltd.	Wastewater pollutants	COD	Continuous	1	Energy General Plant Sewage Treatment Plant	5.83	50	8.75 tons	Not approved by the government	None
Bengang Steel Plates Co., Ltd.	Wastewater pollutants	Ammonia nitrogen	Continuous	1	Energy General Plant Sewage Treatment Plant	0.35	8	0.54 tons	Not approved by the government	None
Bengang Steel Plates Co., Ltd.	Exhaust pollutants	Particulates	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 acid regeneration, pickling, straightening, welding, leveling, annealing, roasting; hot rolling furnace.	Raw material <20; sintering 8-26; iron making 8-9; steel making 3-20; special steel 2-15; coking 4-30; power generation 3-8; cold rolling 3-20; hot rolling 5-18.	Raw material 25; sintering 10-50; iron making 25; steel making 20-50; special steel 20; coking 30; power generation 5-30; cold rolling 20-30; hot rolling 20-30.	Smok: 580; dust: 5875	Not approved by the government	None

Bengang Steel Plates Co., Ltd.	Exhaust 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 48-174; coke oven 24-48; power generation 3-55; cold rolling 24-95; hot rolling 50-125.	Sintering head 200; coke oven 30-100; power generation 100-200 cold rolling 150; hot rolling 150.	1666 tons	Not approved by the government	None
Bengang Steel Plates Co., Ltd.	Exhaust pollutants	Nitrogen oxides	Continuous and intermittent	58	Sintering head; coking chimney; power generation boiler; cold rolling roasting, annealing; hot rolling heating furnace.	Sintering head 110-150; coking chimney 99-148; power generation 10-103; cold rolling 50-150; hot rolling 80-120.	Sintering head 300; coking chimney 150; power generation 100-200; cold rolling 200; hot rolling 300.	4394 tons	Not approved by the government	None

Treatment of Pollutants

2023 involves 32 ultra-low emission items under construction, 4 of which have been completed, involving the third dust removal of steelmaking 1#2#3#7# converters, the upgrading and transformation of Pohang acid mist purification system, and the upgrading and transformation of three cooling acid mist purification systems. 1. Upgrading and transformation of the acid mist purification system for cold silicon steel; the remaining 25 projects are under construction, and 3 projects are being tendered. After the construction of the ultra-low emission project is completed by the end of 2023, all the main discharge outlets and general discharge outlet treatment facilities of the panel company will meet the requirements of the ultra-low emission standard. The pollution prevention and control facilities of the 23 ultra-low emission projects that have been completed so far are in stable operation and meet the requirements of ultra-low emission standards. In the first half of 2023, the total amount of pollutant emissions will be reduced by 7.94% year-on-year.

Emergency plan for environmental emergencies

The company and its 14 affiliated units strictly follow the "Emergency Response Law of the People's Republic of China", "Notice on Printing and Distributing the "Guidelines for Risk Assessment of Environmental Emergencies for Enterprises (Trial)", the current laws and regulations such as the "Administrative Measures for the Recordation of Emergency Plans for Environmental Emergencies in Enterprises and Institutions (Trial)" carry out environmental emergency management work, and the revision of emergency plans for environmental emergencies has been completed. The risk assessment and emergency resource investigation work has been carried out again, and the assessment and filing work have been completed according to the management requirements of the Municipal Bureau. At the same time, each unit of the plate company formulates a drill plan according to the plan, and carries out the corresponding plan drill.

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

In the first half of 2023, the operating cost of environmental protection facilities will be 645 million yuan, the investment in environmental governance and protection will be 426 million yuan, and the environmental protection tax will be 17.97 million yuan.

Environmental self-monitoring program

During the reporting period, manual monitoring of pollution source monitoring points: 250 flue gas monitoring points, 13 waste water monitoring points, 13 factory boundary noise points, 15 atmospheric dust reduction points, 195 flue gas organized monitoring points, there are 55 flue gas unorganized monitoring points, which are divided into weekly, monthly, quarterly, half-yearly, and annual frequency monitoring according to the monitoring plan, and the routine monitoring tasks of atmospheric dust fall have been completed, and a total of 90 monitoring data have been obtained in half a year; completed the routine monitoring tasks of atmospheric unorganized and organized flue gas, and obtained a total of 1301 monitoring data in half a year; 208 monitoring data were obtained for plant boundary noise monitoring; 1616 monitoring data were obtained for wastewater monitoring, and monthly, quarterly and annual monitoring reports were formed.

During the reporting period, automatic monitoring of pollution source monitoring points: 64 organized monitoring points for flue gas and 2 monitoring points for waste water, realizing continuous automatic monitoring.

Administrative penalties for environmental issues during the reporting period

Company or subsidiary name	Reason for punishment	Violations	Penalty result	Influence on the production and operation of listed companies	The company's rectification measures
Bengang Steel Plates Co., Ltd.	Unorganized Emissions Problem	Scrap steel pipes with rust and impurities were cut in the open air at the No. 3 site of the scrap steel factory, resulting in unorganized emission of smoke and dust and polluting the environment.	A fine of RMB 80,000	None	The rectification has been completed. 1. Strictly implement management responsibilities, strictly control the entry gate, and strictly control the entry of super-sized scrap steel with grease and rubber products that pollute the environment. During the cutting operation, the on-site personnel strictly select and confirm, the scrap steel that may cause environmental pollution shall be stored separately and shall not be processed. 2. Rolls, slag lumps, and waste coils recovered internally are processed in the cutting room of the dust collector in our factory; cut and process the pure steel scrap with low dust such as middle plate and tail roll recovered by internal production at the existing site; the non-production recycled and engineering maintenance large scrap steel will be processed by the scrap producer and handed over to the scrap steel factory.
Bengang Steel Plates Co., Ltd.	Unorganized Emissions Problem	Materials that are prone to dust generation in the raw material plant in the Coking Dongfeng plant area of the Ironmaking General Plant are stacked in the open air, and no effective covering measures have been taken to prevent dust generation.	A fine of RMB 30,000	None	The rectification has been completed. Make immediate changes and implement cover-ups.
Bengang Steel Plates Co., Ltd.	Unorganized Emissions Problem	The smoke and dust overflowed from the outlet of the 8# and 9# coke screen dust collectors in the Coking Branch Plant of the Ironmaking General Plant, resulting in unorganized discharge of smoke and dust and polluting the environment.	A fine of RMB 60,000	None	The rectification has been completed. Rectification measures: Use the ultra-low emission transformation of dry quenching dust removal scraper to improve the old, after replacing the scraper, discharge ash on time to avoid the occurrence of soot spillover.
Bengang Steel Plates Co., Ltd.	Online Facility Failure Issues	The 360 sintering desulfurization outlet online facility in the third sintering operation area of the iron-making sub-plant of the Iron-making General Plant failed. During the failure period, manual monitoring was not carried out as required, resulting in the loss of some data.	A fine of RMB 60,000	None	The rectification has been completed. The General Iron Works actively organized ice removal work. Due to the cold weather and safety considerations, the ice removal work was completed on the morning of January 13, and manual monitoring was carried out in the afternoon of the same day. The monitoring results showed that the pollutant emission concentrations were all within the limit, and the emissions met the standards. Currently, the 360 desulfurization outlet online equipment is operating normally.

Bengang Steel Plates Co., Ltd.	Pollutant Discharge Issues	Law enforcement officers from the Ecological Bureau of Benxi City inspected the 2022 emissions of the Coking Branch of the Ironmaking General Plant and found that the actual emissions of particulate matter exceeded the amount.	A fine of RMB 300,000	None	4 dry quenching and dust removal and 4 coke oven desulfurization and denitrification treatment facilities are under construction in the coking branch plant. According to the regulations on discharge permit management, if no online facilities are installed, only the pollution production coefficient can be used for accounting, so the total amount of particulate matter exceeds the standard. At present, the construction and installation of coke oven desulfurization and denitrification treatment facilities and dry quenching desulfurization treatment facilities are under way, and the transformation will be completed in December 2023. After the transformation, the online method is used to calculate the emissions.
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Other environmental information that should be disclosed

None.

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

Applicable Not applicable

1. From January to June, the comprehensive energy consumption per ton of steel was 546kgce, which was 19.5kgce lower than the plan and 41.6kgce lower than the same period last year. The main work is that the iron-to-steel ratio is 0.887, which is 0.03 lower than the plan, and the comprehensive energy consumption is reduced by 11kgce; the second is to strengthen the economic operation of each main production process, improve the recovery of residual energy, and the energy consumption of sintering, coking, blast furnace, steelmaking and other processes have all completed the plan, and the year-on-year reductions have been different.

2. According to the maintenance situation of each production line and the gas balance plan, adjust the gas consumption of users and boilers according to the time node, and at the same time give full play to the peak-shaving ability of the gas cabinet to reduce the gas emission index. From January to June, the blast furnace gas release rate was 0.27%, 0.4% lower than the plan, and 0.45% year-on-year; the coke oven gas release rate was 0.14%, 0.31% lower than the plan, and 0.35% year-on-year.

3. Through adjusting the maintenance time of gas furnaces and adjusting converter gas recovery parameters, the recovery of converter gas per ton of steel was 135.3m³ from January to June, an increase of 3.3m³ compared with the plan and 9.5m³ year-on-year.

4. Each process strictly implements the economic operation plan and strengthens the management of daily electricity consumption. In the first half of the year, the power consumption per ton of steel was 500kWh, which was 28.5kWh lower than the plan and 27kWh lower than the same period last year.

5. Take measures such as strictly controlling the amount of externally supplied steam and reducing the pressure of the steam pipe network. In the first half of the year, thermal coal consumption was 62,900 tons, a decrease of 42,100 tons compared with the plan and a year-on-year decrease of 42,500 tons.

6. In the first half of 2023, 4 energy-saving and carbon-reduction projects will be started, including the frequency conversion transformation of the primary dust removal fan of the converter, the boosting transformation of the 1# CDQ boiler, the transformation of the Xing'an raw material district heating method, and the heating transformation of a new high-temperature slag flushing water plate.

The annual profit is 26.79 million yuan, and the annual standard coal is 26,800 tons.

Other environmental related information

None.

II. Social Responsibility Situation

1. The panel company set up a voluntary service detachment to recruit volunteers to participate in social public welfare undertakings and city creation activities, assist in traffic assistance at the intersection of Shifu Road and General Hospital, prevent citizens from crossing the intersection, and ensure the safety of personnel.

2. Organize volunteers from the plate company to participate in the ecological and environmental protection voluntary service activity of "Protecting the Mother River and Co-creating an Eco-City" carried out by the Benxi Iron and Steel Volunteer Service Team, picking up garbage along the Taizi River.

3. The assistance of needy workers is effectively connected with the improvement of the quality of life of workers, and the needy workers are identified according to the review and identification standards of various needy workers, and the working principle of "doing everything that should be built, helping as much as possible, dynamic management, and precise policy implementation" is strictly implemented, establish a long-term mechanism for doing practical and good things for employees, and effectively solve problems for employees in difficulties.

Section VI Important Events

I. Commitments made by the company's actual controller, shareholders, related parties, acquirers, and the company and other related parties that have been fulfilled during the reporting period and that have not been fulfilled by the end of the reporting period

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, Ansteel Group undertakes the following: 1. Ansteel Group guarantees to keep separate from Bengang Steel 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, interfere with Bengang Steel's business decisions, or damage the legitimate rights and interests of Bengang Steel and other shareholders. Ansteel Group and other subsidiaries controlled by it promise not to illegally occupy the funds of Bengang Plate 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 Sheets. If Ansteel Group fails to fulfill the above-mentioned commitments and causes losses to Bengang Steel Sheets, Ansteel Group will bear the corresponding liability for compensation.	August 20,2021	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 matters, Ansteel Group undertakes the following: (1) In view of the overlapping business between Ansteel Group and Bengang Steel 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 from this letter of commitment. Within 5 years from the date of issue, and strive to use a shorter time, in accordance with the 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, in order to facilitate the development of Bengang Steel Sheets and safeguard the interests of shareholders, especially It is the principle of the interests of small and medium shareholders, and comprehensively uses 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. The aforesaid solutions include but are not limited to: 1) Asset reorganization: purchase assets, asset replacement, asset transfer or other feasible reorganization methods in different ways permitted by relevant laws and regulations, such as cash consideration or issue share consideration, and gradually	August 20,2021	Long term	Under normal fulfillment

			<p>reorganize Anshan Iron and Steel Group and Benxi Iron and Steel Group. Sort out and reorganize the assets of the overlapping parts of the business of the sheet metal to eliminate the overlapping of some businesses; 2) Business adjustment: Sort out the business boundaries and try our best to achieve differentiated operations, such as through asset transactions, business division and other different methods. Business distinction, 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 make decisions related to the operation of some related assets with overlapping businesses 4) Other feasible solutions within the scope 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) Anshan Iron and Steel Group has not yet formulated a specific implementation plan and time arrangement for solving the problem of partial business overlap between Anshan Iron and Steel Group and Bengang Steel. (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, Ansteel Group will do its best to give Bengang Steel the priority to develop such opportunities and The right of first refusal to purchase the project makes the price of the relevant transaction fair and reasonable, and will be based on the business practices followed in normal commercial transactions with independent third parties; (4) Ansteel Group guarantees that it will strictly abide by laws, regulations and According to the Articles of Association of Bengang Plate Co., Ltd. and its relevant management system, the company shall not use its position as an indirect controlling shareholder of Bengang Plate to seek illegitimate interests, thereby impairing the rights and interests of other shareholders of Bengang Plate; During the period of control over the steel sheet, the above commitments made by Ansteel Group are all valid. In the event of violation of the above commitments, resulting in damage to the rights and interests of Bengang Steel, Ansteel Group is willing to assume the corresponding liability for damages.</p>			
<p>Commitment made in the acquisition report or the equity change report</p>	<p>Ansteel Group Co., Ltd.</p>	<p>Other commitment</p>	<p>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 that Bengang Steel's business is independent, its assets are complete, and it has independent and complete production, supply, sales and other auxiliary facilities. system. 2. Ansteel Group and other enterprises controlled by Ansteel Group will not take advantage of the control over Bengang Steel Sheets to seek preferential transactions with Bengang Steel Sheets and its subordinate enterprises. 3. Ansteel Group and other enterprises controlled by Ansteel Group will avoid and reduce unnecessary transactions with Bengang Steel Sheets 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 Sheets and its subordinate enterprises in accordance with the principles of fairness, fairness, and compensation for equal value, perform legal procedures, and will comply with the law. According to the requirements of</p>	<p>August 20,2021</p>	<p>Long term</p>	<p>Under normal fulfillment</p>

			relevant laws, regulations and normative documents and the "Articles of Association of Bengang Plate Co., Ltd.", perform information disclosure obligations and perform relevant internal decision-making and approval procedures in accordance with the law, and ensure that no price is unfair compared with market prices. conditions and conduct transactions with Bengang Steel and its subordinate enterprises, and do not use such transactions to engage in any behavior that damages the legitimate rights and interests of Bengang Steel and other shareholders of Bengang Steel. 4. In the event of violation of the above commitments, resulting in damage to the legitimate rights and interests of Bengang Steel, Ansteel Group will compensate for the losses caused to Bengang according to law.			
Commitment made during initial public offering or refinancing	Company directors, senior management/ Controlling shareholders	Other commitment	According to the relevant regulations of the China Securities Regulatory Commission, all directors and senior management of the Company have made the following commitments to the Company's fulfillment of the diluted immediate return measures: 1. I promise to perform my duties faithfully and diligently, and safeguard the legitimate rights and interests of the Company and all shareholders. 2. I promise not to deliver benefits to other units or individuals without compensation or under unfair conditions, nor to use other means to damage the Company's interests. 3. I promise to restrict the position-related consumption behavior of company directors and senior management personnel. 4. I promise not to use the Company's assets to do investment and consumption activities that are not related to the performance of my duties. 5. Within the scope of my responsibilities and authority, I promise to make every effort to promote the company's board of directors or the remuneration system established by the remuneration and appraisal committee to be linked to the implementation of the company's compensation measures, and vote in favor of the relevant proposals reviewed by the company's board of directors and general meeting (If I have voting rights). 6. If the company intends to implement equity incentives, I promise to, within my own responsibilities and jurisdiction, make every effort to promote the Company's proposed equity incentive exercise conditions to be linked to the Company's implementation of the return measures, and to review the Company's board of directors and shareholders' general meetings and vote in favor of the relevant proposals reviewed by the company's board of directors and general meeting (If I have voting rights). 7. If the future issuance of this commitment and the implementation of the Company's public issuance of convertible corporate bonds are completed, if the China Securities Regulatory Commission makes other new regulatory provisions on the measures for filling returns and their commitments, and the above commitments cannot meet the requirements of the China Securities Regulatory Commission When other regulations are stipulated, a commitment will be issued in accordance with the latest regulations of the China Securities Regulatory Commission. The company's controlling shareholder, Benxi Steel and Iron (Group) Co., Ltd., promised not to interfere with the company's operation and management activities beyond its authority and not to infringe on the Company's interests.	May 22, 2019	Long term	Under normal fulfillment
Commitment made	Benxi Steel & Iron (Group)	Other Commitment	The sales companies of Bengang International Trade Co., Ltd. and Bengang Steel plates in the same region guarantee independent personnel, independent business,	July 24,2019	Long term	Under normal fulfillment

during initial public offering or refinancing	Co., Ltd. and Bengang Group Co., Ltd.	<p>independent finance, and independent assets, and are guaranteed not to be in the same registration place or in the same office; The filing of foreign economic and trade operators, taking into account the need to gradually improve the qualification certification of raw material suppliers, customs import and export qualification certification, etc. In the short term, the actual conditions and capabilities for independent import and export business are still lacking. In order to ensure the normal business development of Benxi Steel Plate, the Group agrees that within the period of not more than 5 years from the date of issuance of this commitment, the main import and export business of Benxi Steel Plate will still be represented by Bengang International Trade until Bengang Steel Plates can be independently developed Import and export business, and during this period, Bengang International Trade will provide the necessary support for the establishment and improvement of Bengang's import and export business. In addition, the sales company under Bengang International Trade is only responsible for selling the products of Beiyang Iron and Steel Group, and never sells third-party steel products. 3. The three sales companies under the Group, Shanghai Bengang Iron and Steel Sales Co., Ltd., Shanghai Bengang Iron and Steel Materials Co., Ltd., and Guangzhou Free Trade Zone Bengang Sales Co., Ltd., are currently no longer actually engaged in any business activities, as follows: (1) Shanghai Bengang Iron & Steel Sales Co., Ltd. filed for bankruptcy in 2014, and the Shanghai Changning District People's Court issued an announcement to appoint Guohao Lawyer (Shanghai) Office as the bankruptcy administrator. After communication with the bankruptcy administrator, it is expected that the bankruptcy and liquidation of Shanghai Bengang Iron and Steel Sales Co., Ltd. will be completed by the end of 2020. Upon completion of the aforementioned bankruptcy liquidation procedures, the relevant procedures for cancellation of Shanghai Bengang Iron and Steel Sales Co., Ltd. will be handled immediately. (2) Shanghai Bengang Iron & Steel Materials Co., Ltd. is a holding subsidiary of Shanghai Bengang Iron & Steel Sales Co., Ltd., and its business license has been revoked. As the shareholder Shanghai Bengang Iron & Steel Sales Co., Ltd. is in the process of bankruptcy and liquidation, Shanghai Bengang Iron & Steel Materials Co., Ltd. was unable to convene a shareholders' meeting to cancel the company and establish a liquidation group according to law. Therefore, the cancellation has not yet been completed. After the aforementioned bankruptcy and liquidation procedures of Shanghai Bengang Iron & Steel Sales Co., Ltd. are completed, the relevant procedures for cancellation of Shanghai Bengang Iron & Steel Materials Co., Ltd. will be processed immediately. (3) Guangzhou Free Trade Zone Bengang Sales Co., Ltd. has a contract arrears dispute with Jiedong County Trading Corporation. According to the Civil Judgment ((1999) Ben Jing No. 116), Guangzhou Free Trade Zone Bengang Sales Co., Ltd. applied to the court to seal 62 properties under the name of Jiedong County Trading Corporation. However, due to serious local protection, property rights and other factors, the content of the judgment has not been enforceable. Later, after applying again from Guangzhou Free Trade Zone Bengang Sales Co., Ltd., the Intermediate People's Court of Benxi City, Liaoning Province issued an execution ruling again, and 62 properties of Jiedong County Trading Corporation were re-sealed. As of February 4, 2022. Except for participating in the</p>			
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			litigation activities for the purpose of realizing creditor's rights, Guangzhou Free Trade Zone Bengang Sales Co., Ltd has not carried out other business activities. After the litigation is completed, the relevant procedures for the cancellation of Guangzhou Free Trade Zone Bengang Sales Co., Ltd. will be handled immediately.			
Commitment made during initial public offering or refinancing	Bengang Group Co., Ltd. & Benxi Steel & Iron (Group) Co., Ltd.	Other Commitment	The Group's horizontal competition with Benxi Steel Plates and the measures and commitments to avoid inter-industry competition 1. During the period when the Group is the controlling shareholder of Bengang Steel Plates, in addition to the matters listed in Article 1 of this Commitment Letter, the Group and other enterprises controlled by the Group other than Bengang Steel Plates no longer produce or develop any products that compete or may compete with the products produced by Bengang Steel Plates and its subsidiaries at home and abroad, and do not directly or indirectly operate any business that competes with Bengang Steel Plates and its subsidiaries. Businesses that may constitute competition, nor are they involved in investing in any other enterprise that competes with or may compete with products or businesses produced by Bengang Steel Plates and its subsidiaries. 2. If Bengang Steel Plates and its subsidiaries further expand their business scope, the Group and other enterprises controlled by the Group will not compete with the expanded business of Bengang Steel Plates and its subsidiaries; they may compete with Bengang Steel Plates and its subsidiaries If the company's expanded business produces competition, it will withdraw from the competition with Bengang Steel Plates as follows: (1) Stop business that may or may compete with Bengang Steel Plates and its subsidiaries; (2) Will compete The business is incorporated into Bengang Steel Plates and its subsidiaries in a legal and compliant manner; (3) Competitive business is transferred to unrelated third parties. 3. If the Group has any business opportunities to engage in or participate in the competition with Bengang Steel Plates' operations, the Group shall immediately notify Bengang Steel Plates of the above commercial opportunities. Within a reasonable period specified in the notice, Bengang Steel Plates If an affirmative answer is made to take advantage of the business opportunity, the Group will endeavor to give the business opportunity to Bengang Steel Plates on terms not less than that provided to any independent third party. 4. If the above commitments are violated, the Group is willing to bear all the responsibilities arising therefrom, and fully compensate or compensate for all direct or indirect losses caused to Bengang Steel Plates. 5. This letter of commitment continues to be effective during the period of the Group as the controlling shareholder of Bengang Steel Plates and cannot be changed or withdrawn	July 24,2019	Normal execution	Under normal fulfillment
Commitment made during initial public offering or refinancing	Benxi Steel & Iron (Group) Co., Ltd. and Bengang Group Co., Ltd.	Other Commitment	In order to regulate and reduce the Company 's transactions with controlling shareholders and other related parties, and to protect the interests of the Company and small and medium shareholders, Benxi Steel and Iron (Group) Co., Ltd. and Bengang Group Co., Ltd. have issued the following commitments: "Benxi Steel and Iron (Group) Co., Ltd. and Bengang Group Co., Ltd. (hereinafter collectively referred to as the "Group"), as a direct controlling shareholder and an indirect controlling shareholder of Bengang Steel Plates Co., Ltd. (hereinafter referred to as "Bengang Steel Plates"), in order to protect the interests of Bengang Steel Plates and other shareholders of Bengang Steel Plates, regulate The Group's related transaction with Bengang Steel Plates hereby promises: 1. The Group will fully	July 24,2019	Long term	Under normal fulfillment

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

II. Non-operating Capital Occupation of Listed Companies by Controlling Shareholders and Other Related Parties

Applicable Not applicable

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

III. Non-compliant External Guarantees

Applicable Not applicable

During the reporting period, the company had no non-compliant external guarantees.

IV. Appointment and Dismissal of Accounting Firms

Whether the semi-annual financial report has been audited

Yes No

The semi-annual financial report of the company was not audited.

V. Explanation of the Board of Directors and the Board of Supervisors on the "Non-standard Audit Report" of the Accounting Firm for the Reporting Period

Applicable Not applicable

VI. Explanation of the Board of Directors on the Relevant Situation of the "Non-standard Audit Report" of the Previous Year

Applicable Not applicable

VII. Matters Related to Bankruptcy and Reorganization

Applicable Not applicable

During the reporting period, there were no matters related to bankruptcy and reorganization of the company.

VIII. Litigation

Major litigation and arbitration matters

Applicable Not applicable

During the reporting period, the company had no major lawsuits or arbitrations.

Other litigation matters

Applicable Not applicable

Basic information on litigation (arbitration)	Amount involved (RMB'0,000)	Whether to form provisions	Litigation (arbitration) progress	Litigation (arbitration) trial results and impact	Litigation (arbitration) judgment execution	Disclosure date	Disclosure index
Summary of matters that the company failed to meet the disclosure standards for major litigation (arbitration)	4,281.6	No	Under review and execution	Because most of the cases were won, it did not affect the company.	According to the law		

IX. Punishment and Rectification

Applicable Not applicable

X. Integrity Status of the Company and its Controlling Shareholders and Actual Controllers

Applicable Not applicable

XI. Major Related Party Transactions

1. Related Party Transactions Relevant to Ordinary 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'0,000)	Proportion of similar transactions	The approved trading limit of transactions (RMB'0,000)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Ansteel Scrap Resources (Anshan) Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Procurement of main raw materials	Agreement	Related agreement price	37,008.21	1.21%	130,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Angang Steel Processing and Distribution (Changchun) Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price			1,300	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Rope Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Purchasing auxiliary materials	Agreement	Related agreement price	16.95	0.00%	1,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Procurement of main raw materials	Agreement	Related agreement price			10,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Group Engineering Technology Co., Ltd.	Associate of Ansteel Group	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	19,506.93	0.64%	2,300	No	Execute according to the agreement	Yes	December 14, 2022	2022-73

Ansteel Group International Economic and Trade Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Procurement of main raw materials	Agreement	Related agreement price			30,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Group Mining Gongchangling Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Procurement of main raw materials	Agreement	Related agreement price	20,040.83	0.65%	50,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Group Mining Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Procurement of main raw materials	Agreement	Related agreement price			10,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Other subsidiaries of Ansteel Group	Both belong to Ansteel Group	Purchase of goods/receiving of services	Purchasing auxiliary materials	Agreement	Related agreement price	168.29	0.01%	550	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Other subsidiaries of Ansteel Group	Both belong to Ansteel Group	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	389.61	0.01%	2,100	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Group Automation Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	4,705.5	0.15%	23,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Construction Group Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price			5,500	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Kurita (Anshan) Water Treatment Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price			1,200	No	Execute according to the agreement	Yes	December 14, 2022	2022-73

Ansteel Lianzhong (Guangzhou) Stainless Steel Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Purchasing steel products	Agreement	Related agreement price			16,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Industrial Group (Anshan) Equipment Operation and Maintenance Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	325.33	0.01%	1,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Purchasing auxiliary materials	Agreement	Related agreement price	509.71	0.02%	1,500	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
North Hengda Logistics Co., Ltd.	Both belong to Bengang Group	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	6,810.5	0.22%	3,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Bengang Electric Co., Ltd.	Associate of parent company	Purchase of goods/receiving of services	Purchasing auxiliary materials	Agreement	Related agreement price	5,759.31	0.19%	20,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Bengang Group International Economic and Trade Co., Ltd.	Both belong to Bengang Group	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	3,246.44	0.11%	20,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Bengang Group Co., Ltd.	Controlling shareholder of the parent company	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	497.27	0.02%	10,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73

Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Both belong to Bengang Group	Purchase of goods/receiving of services	Procurement of main raw materials	Agreement	Related agreement price	617,788.13	20.13%	1,508,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Both belong to Bengang Group	Purchase of goods/receiving of services	Purchasing auxiliary materials	Agreement	Related agreement price			2,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Both belong to Bengang Group	Purchase of goods/receiving of services	Purchasing Energy Power	Agreement	Related agreement price	32,921.6	1.07%	80,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Both belong to Bengang Group	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	821.5	0.03%	10,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Same parent company	Purchase of goods/receiving of services	Purchasing auxiliary materials	Agreement	Related agreement price	4,127.51	0.13%	12,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Same parent company	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	2,103.49	0.07%	8,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Construction Co., Ltd.	Same parent company	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	25,410.48	0.83%	58,500	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Mining Co., Ltd.	Same parent company	Purchase of goods/receiving of services	Procurement of main raw materials	Agreement	Related agreement price	198,159.23	6.46%	895,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73

Benxi Iron and Steel (Group) Mining Co., Ltd.	Same parent company	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price			5,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Same parent company	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	18,600.42	0.61%	10,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Same parent company	Purchase of goods/receiving of services	Procurement of main raw materials	Agreement	Related agreement price	1,592.38	0.05%	60,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) New Business Development Co., Ltd.	Same parent company	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	77.43	0.00%	7,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Both belong to Bengang Group	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	7,693.92	0.25%	10,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	Same parent company	Purchase of goods/receiving of services	Procurement of main raw materials	Agreement	Related agreement price	12,315.31	0.40%	30,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Steel and Iron (Group) Co., Ltd.	Parent company	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	12,529.34	0.41%	35,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Liaoning Hengtai Heavy Machinery Co., Ltd.	Same parent company	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price	3,941.52	0.13%	5,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73

Delin Industrial Products Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Purchasing auxiliary materials	Agreement	Related agreement price	1,513.86	0.05%		Yes	Execute according to the agreement	Yes	December 14, 2022	2022-73
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Both belong to Bengang Group	Purchase of goods/receiving of services	Purchasing auxiliary materials	Agreement	Related agreement price			20,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Liaoning Metallurgical Technician College	Same parent company	Purchase of goods/receiving of services	Receive supportive services	Agreement	Related agreement price			1,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Pangang Group Vanadium and Titanium Resources Co., Ltd.	Both belong to Ansteel Group	Purchase of goods/receiving of services	Procurement of main raw materials	Agreement	Related agreement price			4,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Processing and Distribution (Dalian) Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	2,757.78	0.09%	8,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Processing and Distribution (Changchun) Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	200.35	0.01%	4,300	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Processing and Distribution (Zhengzhou) Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	1,043.34	0.03%	30,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Distribution (Hefei) Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	910.95	0.03%	36,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73

Ansteel Distribution (Wuhan) Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	5,510.35	0.18%	30,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	9.43	0.00%	10,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Chemical Technology Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	4,685.85	0.15%	150,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Group International Economic and Trade Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price			30,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Other subsidiaries of Ansteel Group	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	322.99	0.01%	2,200	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Green Resources Technology Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	7,951.55	0.26%	25,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Energy Technology Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	777.23	0.03%	2,700	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Ansteel Shenyang Steel Processing and Distribution Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price			3,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
North Hengda Logistics Co., Ltd.	Both belong to Bengang Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	164,663.22	5.39%	200,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73

Bengang Group Co., Ltd.	Controlling shareholder of the parent company	Sale of goods/render of services	Provide support services	Agreement	Related agreement price	10.17	0.00%	8,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Both belong to Bengang Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	13,354.7	0.44%	180,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Same parent company	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	652.2	0.02%	9,400	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Construction Co., Ltd.	Same parent company	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	375.65	0.01%	10,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Mining Yanjiagou Limestone Mine Co., Ltd.	Same parent company	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	201.77	0.01%	1,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Mining Co., Ltd.	Same parent company	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	46,603.88	1.52%	79,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Mining Co., Ltd.	Same parent company	Sale of goods/render of services	Provide support services	Agreement	Related agreement price	39.1	0.00%	1,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73

Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	Same parent company	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	3,456.29	0.11%	10,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Same parent company	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	1,811.1	0.06%	5,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	Same parent company	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	5,233.69	0.17%	15,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Benxi Steel and Iron (Group) Co., Ltd.	Parent company	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	224.88	0.01%	2,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Dalian Borolle Steel Pipe Co., Ltd.	Same parent company	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	798.23	0.03%	2,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Delin Lugang Supply Chain Service Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	16,290.14	0.53%	190,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Guangzhou Angang Steel Processing Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	1,013.16	0.03%	3,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Both belong to Bengang Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	1,646.08	0.05%	5,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73

Panzhong Yihong Metal Products (Chongqing) Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price			1,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Suzhou Longben Metal Materials Co., Ltd.	Hold an equity interest in the company	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price			1,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Changchun FAW Angang Steel Processing and Distribution Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	9.99	0.00%	5,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Zhejiang Jingrui Steel Processing Co., Ltd.	Both belong to Bengang Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price			130,000	No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Tianjin Ansteel International North Trading Co., Ltd.	Both belong to Ansteel Group	Sale of goods/render of services	Sales of goods	Agreement	Related agreement price	24,951.28	0.82%		No	Execute according to the agreement	Yes	December 14, 2022	2022-73
Total				--	--	1,344,086.35	--	4,287,550	--	--	--	--	--
Details of large-value sales returns				None									
The actual performance during the reporting period (if any) if the total amount of the daily related party transactions that will occur in the current period is estimated by category				None									
The reason for the large difference between the transaction price and the market reference price (if applicable)				None									

2. Related Transactions Relevant to Asset Acquisition or Sold

Applicable Not applicable

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

3. Related Transactions Relevant to Joint Investments

Applicable Not applicable

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

4. Credits and Liabilities with Related Parties

Applicable Not applicable

Whether there are non-operating credits and liabilities with related parties

Yes No

There exists no non-operating credits and liabilities with related parties.

5. Transactions with Related Financial Companies

Applicable Not applicable

Deposit business

Related party	Connection relation	Maximum daily deposit limit (RMB'0,000)	Deposit rate range	Opening balance (RMB'0,000)	Amount for this period		Closing balance (RMB'0,000)
					Total deposit amount for the current period (RMB'0,000)	The total amount withdrawn in the current period (RMB'0,000)	
Ansteel Group Finance Co., Ltd.	Both belong to Ansteel Group	450,000	1.9%	107,491.85	6,716,387.67	6,583,046.96	240,832.56

Loan business

Related party	Connection relation	Loan Amount (RMB'0,000)	Loan Interest Rate Range	Opening balance (RMB'0,000)	Amount for this period		Closing balance (RMB'0,000)
					Total loan amount for the current period (RMB'0,000)	Total repayment amount for the current period (RMB'0,000)	

Credit or other financial business

Related party	Connection relation	Business type	Total (RMB'0,000)	Actual amount (RMB'0,000)
Ansteel Group Finance Co., Ltd.	Both belong to Ansteel Group	Credit	400,000	79,527.07

6. Transactions between Financial Companies Controlled by the Company and Related Parties

Applicable Not applicable

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

7. Other Significant Related Transactions

Applicable Not applicable

The company had no other significant related transactions during the reporting period.

XII. Significant Contracts and their Performance**1. Trusteeship, Contracting and Leasing Matters****(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 recognized in the current period	Lease income recognized in the previous period
Benxi Iron and Steel Tendering Co., Ltd.	Plants and ancillary facilities		250,917.43

Company as the lessee:

Lessor	Lease capital category	Current period					Previous period				
		Simplified treatment of rental expenses for short-term leases and leases of low-value assets	Variable lease payments not included in the measurement of the lease liabilities	Rent paid	Interest expenses on lease liabilities assumed	Increased right-of-use assets	Simplified treatment of rental expenses for short-term leases and leases of low-value assets	Variable lease payments not included in the measurement of the lease liabilities	Rent paid	Interest expenses on lease liabilities assumed	Increased right-of-use assets
Benxi Steel and Iron (Group) Co., Ltd.	Land use right 7,669,068.17 square meter. Land use right 42,920.00 square meter			27,627,809.26	19,750,096.20			27,625,616.70	19,500,054.00		
Benxi Steel and Iron (Group) Co., Ltd.	2300 Hot rolling product line, related real estate			8,049,080.53	3,736,932.14			8,049,080.53	3,870,344.33		
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	1780 Hot rolling product line, related real estate			7,557,730.91	2,877,975.14			6,198,949.54	2,980,721.72		
Bensteel Group Co., Ltd.	Land use right 728,282.30 square meter.			4,972,711.54	1,315,378.20			4,972,711.54	1,224,959.39		

Description of related leases:

1. According to the "Land Use Right Leasing Contract" and subsequent supplementary agreements signed between the Company and Bengang Steel (Group) on April 7, 1997, December 30, 2005 and subsequent, the Company leases land from Benxi Steel (Group), with a monthly rent of 0.594 yuan per square meter. The leased land is 7,669,068.17 square meters and the annual rent is 54,665.10 thousand yuan.

2. On August 14, 2019, the Company signed the "House Lease Agreement" with Benxi Steel (Group) and Beiying Iron and Steel Company, and leased the houses and auxiliary facilities occupied by the 2300 hot rolling mill production line and the 1780 hot rolling mill production line. The lease term of the houses and ancillary facilities is until December 31, 2038.

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

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. Significant Guarantees

Applicable Not applicable

During the reporting period, the company had no significant guarantees.

3. Entrusted Financial Management

Applicable Not applicable

There was no entrusted wealth management in the reporting period of the company.

4. Other Major Contracts

Applicable Not applicable

There was no other major contract during the reporting period.

XIII. Description of Other Major Events

Applicable Not applicable

On 21 March 2023, the company disclosed the "Informative Announcement on Planning for Major Asset Replacement and Related Transactions", planning to conduct asset replacement with Benxi Steel and Iron (Group) Co., Ltd. (hereinafter referred to as "Benxi Iron and Steel"), the assets to be exchanged into the company are 100% equity of Benxi Iron and Steel (Group) Mining Co., Ltd., the assets of the company to be exchanged out are all assets and liabilities of the listed company except retained assets

and liabilities, the difference between the assets to be exchanged in and the assets to be exchanged out shall be made up by one party to the other in cash. The company held the 16th meeting of the 9th Board of Directors and the 11th meeting of the 9th Board of Supervisors on 20 June 2023, the proposals related to the "Proposal on the "Major Assets Replacement and Related Party Transaction Plan of Bengang Steel Plates Co., Ltd." and its summary", were reviewed and approved, and signed the "Major Assets Replacement Framework Agreement between Benxi Iron and Steel Co., Ltd. and Benxi Steel and Iron (Group) Co., Ltd." with Benxi Iron and Steel. On 21 June 2023, the company received the "Letter of Concern on the Major Assets Replacement and Related Transaction Plan of Bengang Plates Co., Ltd." from Shenzhen Stock Exchange, at present, the company is conducting further demonstration, communication and negotiation on the transaction plan, and the scope of the subject assets of the transaction, transaction price and other elements have not been finalized. After the relevant matters are determined, the company will reconvene the Board of Directors for review.

XIV. Major Events of Subsidiaries of the Company

Applicable Not applicable

On February 28, the company transferred 20% of the equity of its subsidiary Zhejiang Jingrui Steel Processing Co., Ltd., and completed the industrial and commercial change on March 6. The company no longer holds the equity of Zhejiang Jingrui Steel Processing Co., Ltd.

Section VII Changes in Share Capital and Shareholders

I. Share Capital Changes

1. Share Capital Changes

Unit: share

	Before the change		Increase/decrease(+, -)					After the Change	
	Quantity	Percentage	Issuing of new share	Bonus shares	Capitalization of common reserve fund	Others	Subtotal	Quantity	Percentage
I. Restricted Shares									
1. State shareholdings									
2. State-own Legal-person Shareholding									
3. Other domestic shareholdings									
Including: Domestic legal person holding									
Domestic person holding									
3. Foreign shareholding									
Including: Foreign legal person									
Foreign nature person									
II. Non-restricted Shares	4,108,212,217	100.00%				2,530	2,530	4,108,214,747	100.00%
1. Common shares in RMB	3,708,212,217	90.26%				2,530	2,530	3,708,214,747	90.26%
2. Foreign shares in domestic market	400,000,000	9.74%						400,000,000	9.74%
3. Foreign shares in foreign market									
4. Other									
III. Total shares	4,108,212,217	100.00%				2,530	2,530	4,108,214,747	100.00%

Reasons for share change

Applicable Not applicable

During the reporting period, 100 convertible corporate bonds publicly issued by the company were converted into shares, and the company's total share capital increased by 2,530 shares.

Status of approval of share capital changes

Applicable Not applicable

Status of registration process of transferred shares

Applicable Not applicable

Implementation progress of share repurchase

Applicable Not applicable

The progress of the implementation of the reduction of repurchased shares by means of centralized bidding

Applicable Not applicable

The impact of shareholding changes on financial indicators such as basic earnings per share, diluted earnings per share, and net assets per share attributable to ordinary shareholders of the company in the last year and the latest period

Applicable Not applicable

Other content that the company deems necessary or required by securities regulators to disclose

Applicable Not applicable

2. Changes of Restricted Shares

Applicable Not applicable

II. Securities Issuance and Listing

Applicable Not applicable

III. Number of Shareholders and Shareholding Status of the Company

单位：股

Total number of common shareholders at the end of the reporting period		51,840		The total number of Preferred shareholders voting rights restored at the end of the reporting period (if any) (refer to Notes 8)		0			
Shareholding of shareholders holding more than 5% or top 10 shareholders									
Name of the shareholder	Nature of shareholder	Holding Percentage (%)	Number of shares held at period-end	Changes in reporting period	Restricted shares held	Un-restricted shares held	Number of pledged or frozen shares		
							Status	Number	
Benxi Steel and Iron (Group) Co., Ltd.	State-owned legal person	58.65%	2,409,628,094			2,409,628,094	Pledged	110,000,000	
							Frozen	102,100,000	
Bensteel Group Co., Ltd.	State-owned legal person	17.95%	737,371,532			737,371,532			
Guan Hui	Domestic natural person	0.63%	25,970,000	8,570,000		25,970,000			
Gao Tao	Domestic natural person	0.56%	23,000,000	23,000,000		23,000,000			
Zhang Wenyong	Domestic natural person	0.47%	19,149,967			19,149,967			
Hong Kong Securities Clearing Company Limited	Foreign legal person	0.42%	17,094,730	5,823,596		17,094,730			
Zhou Wei	Domestic natural person	0.22%	9,081,800	250,000		9,081,800			
Industrial Bank Co., Ltd.-Wanjia dual-engine flexible allocation hybrid securities investment fund	Others	0.18%	7,442,889	7,442,889		7,442,889			
Li Chunhou	Domestic natural person	0.17%	7,000,000	-550,000		7,000,000			
Agricultural Bank of China Co., Ltd.-Wanjia Beijing Stock Exchange Huixuan two-year regular open hybrid securities investment fund	Others	0.15%	6,198,111	6,198,111		6,198,111			
Strategic investors or general legal persons who become the top 10 ordinary shareholders due to allotment of new shares (if any) (see Note 3)	None								
Explanation on the related relationship or concerted action of the above-mentioned shareholders	Benxi Steel and Iron (Group) Co., Ltd. has an associated relationship with Bengang Group Co., Ltd., and is a person acting in concert as stipulated in the "Administrative Measures for the Acquisition of Listed Companies". The company does not know whether there is an associated relationship among other shareholders or whether they are persons acting in concert as stipulated in the "Administrative Measures for the Acquisition of Listed Companies".								
Explanation of the above-mentioned shareholders involved in entrusted/entrusted voting rights and waiver of voting rights	The above-mentioned shareholders are not involved in entrustment, entrusted voting rights, or waiver of voting rights.								

Special instructions for repurchase accounts among the top 10 shareholders (if any) (see Note 11)	None			
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 and Iron (Group) Co., Ltd.	2,409,628,094	Common shares in RMB		2,409,628,094
Bengang Group Co., Ltd.	737,371,532	Common shares in RMB		737,371,532
Guan Hui	25,970,000	Common shares in RMB		25,970,000
Gao Tao	23,000,000	Domestic listed foreign shares		23,000,000
Zhang Wenyong	19,149,967	Common shares in RMB		19,149,967
Hong Kong Securities Clearing Company Limited	17,094,730	Common shares in RMB		17,094,730
Zhou Wei	9,081,800	Common shares in RMB		9,081,800
Industrial Bank Co., Ltd.-Wanjia dual-engine flexible allocation hybrid securities investment fund	7,442,889	Common shares in RMB		7,442,889
Li Chunhou	7,000,000	Common shares in RMB		7,000,000
Agricultural Bank of China Co., Ltd.-Wanjia Beijing Stock Exchange Huixuan two-year regular open hybrid securities investment fund	6,198,111	Common shares in RMB		6,198,111
Explanation on the associated relationship or concerted action among the top 10 shareholders of ordinary shares not subject to sales restrictions, and between the top 10 shareholders of ordinary shares not subject to restrictions on sales and the top 10 shareholders of ordinary shares	Benxi Steel and Iron (Group) Co., Ltd. has an associated relationship with Bensteel Group Co., Ltd., and is a person acting in concert as stipulated in the "Administrative Measures for the Acquisition of Listed Companies". The company is not aware of whether there is an associated relationship among other shareholders or whether they are persons acting in concert as stipulated in the "Administrative Measures for the Acquisition of Listed Companies".			
Explanation on the participation of the top 10 ordinary shareholders in the margin financing and securities lending business (if any) (see note 4)	Guan Hui holds 25,970,000 shares of the company through an investor credit securities account. Zhang Wenyong held 19,149,967 shares of the company through an investor credit securities account. Zhou Wei holds 250,000 shares of the company's stock through the investor's ordinary account, and holds 8,831,800 shares of the company's stock through the investor's credit securities account.			

Whether the company's top 10 shareholders of common shares and top 10 shareholders of common shares not subject to sales restrictions conducted agreed repurchase transactions during the reporting period

Yes No

The company's top 10 shareholders of common shares and top 10 shareholders of common shares not subject to sales restrictions did not conduct agreed repurchase transactions during the reporting period.

IV. Changes in Shareholding of Directors, Supervisors and Senior Management

Applicable Not applicable

There was no change in the shareholding of the directors, supervisors and senior management of the company during the reporting period. Please refer to the 2022 annual report for details.

V. Changes in Controlling Shareholders or Actual Controllers

Changes of controlling shareholders during the reporting period

Applicable Not applicable

During the reporting period, the controlling shareholder of the company remained unchanged.

Changes in the actual controller during the reporting period

Applicable Not applicable

The actual controller of the company did not change during the reporting period.

Section VIII Preference Shares Related Situation

Applicable Not applicable

During the reporting period, the company had no preference shares.

Section IX Bonds Related Situation

Applicable Not applicable

I. Enterprise Bonds

Applicable Not applicable

During the reporting period, the company did not have enterprise bonds.

II. Corporate Bonds

Applicable Not applicable

During the reporting period, the company did not have any corporate bonds.

III. Non-financial Corporate Debt Financing Instruments

Applicable Not applicable

During the reporting period, the company did not have non-financial enterprise debt financing instruments.

IV. Convertible Corporate Bonds

Applicable Not applicable

1. Previous adjustments and revisions of the conversion price

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

(2) Due to the company's implementation of the 2020 equity distribution plan, the conversion price of "Bengang Convertible Bonds" will be adjusted to RMB 5.02 yuan per share on July 19, 2021.

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

(4) Due to the company's implementation of the 2021 equity distribution plan, the conversion price of "Benxiu Convertible Bonds" will be adjusted to RMB 3.95 yuan per share on October 13, 2021.

2. Status of cumulative share transfer

Applicable Not applicable

Convertible bond abbreviation	Conversion starts and end date	Total amount issued (bonds)	Total amount issued	Cumulative share conversion amount (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	January 4, 2021 to June 28, 2026	68,000,000	6,800,000,000.00	1,168,957,900.00	232,843,215	6.01%	5,631,042,100.00	82.81%

3. Top ten holders of convertible bonds

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 (yuan)	Percentage of convertible bonds held at the end of the reporting period
1	Bank of China Limited - Yifangda Steady Income Bond Securities Investment Fund	Others	1,909,631	190,963,100.00	3.39%
2	Agricultural Bank of China Co., Ltd. - Southern Xiyuan Convertible Bond Bond Securities Investment Fund	Others	1,585,975	158,597,500.00	2.82%
3	China CITIC Group Co., Ltd. Enterprise Annuity Plan - China CITIC Bank Co., Ltd.	Others	1,405,380	140,538,000.00	2.50%
4	China AMC Yan Nian Yi Shou No. 9 Fixed Income Pension Product - China Merchants Bank Co., Ltd.	Others	1,362,468	136,246,800.00	2.42%
5	Bank of China Limited - Southern Changyuan Convertible Bond Securities Investment Fund	Others	1,206,048	120,604,800.00	2.14%
6	Industrial and Commercial Bank of China Limited - Boshi Credit Bond Investment Fund	Others	1,200,006	120,000,600.00	2.13%
7	China Construction Bank Corporation - Huashang Credit Enhanced Bond	Others	1,109,058	110,905,800.00	1.97%

	Securities Investment Fund				
8	Industrial Bank Co., Ltd. - Tianhongyongli Bond Securities Investment Fund	Others	957,185	95,718,500.00	1.70%
9	Great Wall Guorui Securities Co., Ltd.	Domestic non-state-owned legal person	853,440	85,344,000.00	1.52%
10	Pacific Asset Management - China Merchants Bank - Pacific Excellence Convertible Bond Products	Others	839,615	83,961,500.00	1.49%

4. Significant changes in the guarantor's profitability, asset condition and credit standing

Applicable Not applicable

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

As of the end of the reporting period, the company's main accounting data and financial indicators for the past two years, the company's convertible bond credit rating for this year has not changed.

V. The Loss in the Consolidated Statement During the Reporting Period Exceeded 10% of the Net Assets at the End of the Previous Year

Applicable Not applicable

VI. The Main Accounting Data and Financial Index of the Company in the Past Two Years at the End of the Reporting Period

Unit: ten thousand yuan

Item	30 June 2023	31 December 2022	Changes over 31 December 2022
Current ratio	0.73	0.81	-8.16%
Liabilities to Assets Ratio	59.83%	56.07%	3.76%
Quick ratio	0.29	0.21	8.04%
	Current period	Previous period	Changes over previous period
Net profit after deducting non-recurring gains and losses (RMB)	-103,833.29	54,044.79	-292.12%
EBITDA total liabilities ratio	1.99%	9.15%	-7.16%
Interest coverage ratio	-3.05	3.29	-192.71%
Cash interest coverage ratio	20.09	1.24	1,520.16%
EBITDA interest coverage ratio	2.33	6.61	-64.75%
Loan repayment rate	100.00%	100.00%	
Interest repayment rate	100.00%	100.00%	

Section X Financial Report

I. Audit report

Whether the semi-annual report is audited

Yes No

The semi-annual report is not audited.

II. Financial Statements

The unit of the statement in the financial notes is: RMB yuan

1. Consolidated Statement of Financial Position

Prepared by: Bengang Steel Plates Co., Ltd.

30 June 2023

Unit: yuan

Items	30 June 2023	1 January 2023
CURRENT ASSETS:		
Monetary funds	3,656,559,532.07	1,461,145,641.87
Settlements provision		
Loans to banks and other financial institutions		
Financial assets held-for-trading		
Derivative financial assets		
Notes receivable	87,391,995.82	429,707,174.70
Accounts receivable	914,407,662.17	897,230,896.06
Accounts receivable financing	953,938,535.80	137,591,996.02
Prepayments	937,624,582.00	1,247,177,748.33
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	98,776,833.29	127,198,692.92
Including: Interests receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	7,602,269,679.35	8,463,728,475.18
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	39,068,241.10	395,441,136.26
TOTAL CURRENT ASSETS	14,290,037,061.60	13,159,221,761.34
NON-CURRENT ASSETS:		
Disbursement of advances and loans		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	47,556,655.02	51,030,777.18

Other equity instrument investments	1,020,418,482.31	1,020,418,482.31
Other non-current financial assets		
Investment properties		
Fixed assets	24,254,961,069.74	24,836,556,422.90
Construction in progress	4,151,149,369.23	3,158,195,899.65
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets	1,349,803,446.63	1,379,990,713.89
Intangible assets	259,745,931.54	262,784,937.41
Development costs		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	148,010,869.57	136,387,885.28
Other non-current assets	349,815,196.20	110,065,560.68
TOTAL NON-CURRENT ASSETS	31,581,461,020.24	30,955,430,679.30
TOTAL ASSETS	45,871,498,081.84	44,114,652,440.64
CURRENT LIABILITIES:		
Short-term borrowings	300,020,000.00	49,200,000.00
Borrowings from central bank		
Loans from banks and other financial institutions		
Financial liabilities held-for-trading		
Derivative financial liabilities		
Notes payable	7,719,942,239.59	4,389,336,619.36
Accounts payable	4,092,895,525.39	3,696,420,463.85
Advances from customers		
Contract liabilities	3,733,739,770.22	3,794,115,592.29
Financial assets sold under repurchase agreements		
Deposits and balances from customers and banks		
Customer securities brokerage deposits		
Customer securities underwriting deposits		
Employee benefits payable	12,952,463.97	10,046,363.27
Taxes and surcharges payable	106,443,329.12	44,392,920.78
Other payables	1,639,486,201.24	1,247,722,165.47
Including: Interests payable		
Dividends payable		
Fees and commissions payable		
Reinsurance payables		
Liabilities held for sale		
Non-current liabilities maturing within one year	1,613,201,458.81	2,586,250,886.43
Other current liabilities	485,575,516.40	493,235,027.03
TOTAL CURRENT LIABILITIES	19,704,256,504.74	16,310,720,038.48
NON-CURRENT LIABILITIES:		
Insurance contract reserve		
Long-term borrowings	959,713,911.60	1,726,938,302.30
Bonds payable	5,382,304,119.20	5,276,502,232.78
Including: Preferred stock		
Perpetual bonds		
Lease liabilities	1,364,333,523.13	1,384,348,462.18
Long-term payables		
Long-term employee benefits payable		
Provision		
Deferred income	41,387,816.78	42,377,015.51
Deferred tax liabilities	27,309.01	27,309.01
Other non-current liabilities		

TOTAL NON-CURRENT LIABILITIES	7,747,766,679.72	8,430,193,321.78
TOTAL LIABILITIES	27,452,023,184.46	24,740,913,360.26
OWNERS' EQUITY:		
Share capital	4,108,214,747.00	4,108,212,217.00
Other equity instruments	947,861,798.36	947,863,834.02
Including: Preferred stocks		
Perpetual bonds		
Capital reserves	13,272,212,557.25	13,272,205,160.21
Less: treasury stock		
Other comprehensive income	-15,904,760.02	-15,904,760.02
Special reserves	29,010,352.89	2,217,913.77
Surplus reserves	1,195,116,522.37	1,195,116,522.37
General risk reserves		
Undistributed profits	-1,725,505,294.41	-720,559,670.73
Total equity attributable to the owners of the parent company	17,811,005,923.44	18,789,151,216.62
Non-controlling interests	608,468,973.94	584,587,863.76
TOTAL OWNERS' EQUITY	18,419,474,897.38	19,373,739,080.38
TOTAL LIABILITIES AND OWNERS' EQUITY	45,871,498,081.84	44,114,652,440.64

Legal Representative: Li Yan

Chief financial officer: Zheng Zhengli

Chief accountant: Sun Yanbin

2. Parent Company's Statement of Financial Position

Unit: yuan

Items	30 June 2023	1 January 2023
CURRENT ASSETS:		
Monetary funds	2,494,741,609.19	585,125,555.12
Financial assets held-for-trading		
Derivative financial assets		
Notes receivable	877,829,539.94	669,193,401.02
Accounts receivable	693,637,618.60	931,035,796.58
Accounts receivable financing	827,579,316.11	127,468,835.80
Prepayments	922,061,764.36	1,247,084,271.88
Other receivables	166,743,093.49	150,724,545.56
Including: Interests receivable		
Dividends receivable		
Inventories	6,714,763,093.25	6,988,993,205.61
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	848,555.43	310,293,996.25
TOTAL CURRENT ASSETS	12,698,204,590.37	11,009,919,607.82
NON-CURRENT ASSETS:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	2,269,838,245.27	2,270,277,904.85
Other equity instrument investment	1,020,418,482.31	1,020,418,482.31
Other non-current financial assets		
Investment properties		
Fixed assets	23,245,968,241.40	23,777,736,434.39
Construction in progress	4,120,300,973.77	3,127,247,793.98
Productive biological assets		
Oil and natural gas assets		

Right-of-use assets	1,349,803,446.63	1,379,990,713.89
Intangible assets	172,578,872.34	174,295,096.19
Development costs		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	145,264,403.37	115,126,210.76
Other non-current assets	349,815,196.20	110,065,560.68
TOTAL NON-CURRENT ASSETS	32,673,987,861.29	31,975,158,197.05
TOTAL ASSETS	45,372,192,451.66	42,985,077,804.87
CURRENT LIABILITIES:		
Short-term borrowings	300,020,000.00	49,200,000.00
Financial liabilities held-for-trading		
Derivative financial liabilities		
Notes payable	7,715,109,085.39	3,982,738,952.59
Accounts payable	4,236,729,868.04	3,821,848,200.25
Advances from customers		
Contract liabilities	4,845,887,001.18	4,805,281,178.80
Employee benefits payable	12,147,392.67	9,901,551.31
Taxes and surcharges payable	80,296,377.93	22,518,649.65
Other payables	1,481,659,234.98	861,392,691.88
Including: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities maturing within one year	1,613,201,458.81	2,586,250,886.43
Other current liabilities	629,965,310.15	624,686,553.24
TOTAL CURRENT LIABILITIES	20,915,015,729.15	16,763,818,664.15
NON-CURRENT LIABILITIES:		
Long-term borrowings	959,713,911.60	1,726,938,302.30
Bonds payable	5,382,304,119.20	5,276,502,232.78
Including: Preferred stock		
Perpetual bonds		
Lease liabilities	1,364,333,523.13	1,384,348,462.18
Long-term payables		
Long-term employee benefits payable		
Provision		
Deferred income	41,387,816.78	42,377,015.51
Deferred tax liabilities	27,309.01	27,309.01
Other non-current liabilities		
TOTAL NON-CURRENT LIABILITIES	7,747,766,679.72	8,430,193,321.78
TOTAL LIABILITIES	28,662,782,408.87	25,194,011,985.93
OWNERS' EQUITY:		
Share capital	4,108,214,747.00	4,108,212,217.00
Other equity instrument	947,861,798.36	947,863,834.02
Including: Preferred stocks		
Perpetual bonds		
Capital reserves	12,852,060,875.13	12,852,053,478.09
Less: treasury stock		
Other comprehensive income	-15,904,760.02	-15,904,760.02
Special reserves	19,831,812.69	58,212.15
Surplus reserves	1,195,116,522.37	1,195,116,522.37
Undistributed profits	-2,397,770,952.74	-1,296,333,684.67
TOTAL OWNERS' EQUITY	16,709,410,042.79	17,791,065,818.94
TOTAL LIABILITIES AND OWNERS' EQUITY	45,372,192,451.66	42,985,077,804.87

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income

Unit: yuan

Items	Current period	Previous period
I. REVENUE	30,567,409,205.03	35,015,177,304.98
Including: Operating income	30,567,409,205.03	35,015,177,304.98
Interests income		
Earned premiums		
Income from handling charges and commissions		
II. COST OF SALES	31,417,700,991.35	34,212,560,449.82
Including: Operating costs	30,714,640,963.91	33,377,477,540.63
Interest expenses		
Handling charges and commissions expenses		
Surrender value		
Net amount of insurance claims		
Net provision of insurance contract reserve		
Policy dividend payment		
Reinsurance expense		
Taxes and surcharges	99,040,677.75	99,885,445.23
Selling expenses	69,901,883.24	67,430,875.17
Administrative expenses	339,569,021.49	352,304,684.10
Research and development expenses	32,990,679.09	22,368,496.87
Finance costs	161,557,765.87	293,093,407.82
Including: Interest expenses	234,419,462.35	342,674,208.42
Interest income	27,351,519.21	61,019,147.27
Add: Other income	3,518,092.14	30,655,542.92
Investment income ("-" for losses)	-2,541,506.30	115,842.84
Including: Income from investment in associates and joint ventures	-439,659.58	85,455.22
Gains /(losses) from derecognition of financial assets measured at amortised cost		
Foreign exchange gains ("-" for losses)		
Income /(losses) from net exposure hedging		
Gains from changes in fair value ("-" for losses)		
Credit impairment losses ("-" for losses)	-17,450,773.47	-793,906.73
Asset impairment losses ("-" for losses)	-84,458,260.66	-72,880,991.53
Gains on disposal of assets ("-" for losses)		3,648,546.62
III. PROFIT FROM OPERATIONS ("-" For Losses)	-951,224,234.61	763,361,889.28
Add: Non-operating income	51,584,548.03	30,572,281.35
Less: Non-operating expenses	50,585,327.13	10,765,339.79
IV. PROFIT BEFORE TAX ("-" For Total Losses)	-950,225,013.71	783,168,830.84
Less: Income tax expenses	33,191,710.84	203,204,954.60
V. NET PROFIT ("-" For Net Loss)	-983,416,724.55	579,963,876.24
I. Classified by going concern:		
Net profit from the continuing operations("-" for net loss)	-983,416,724.55	579,963,876.24
Net profit from the discontinued operations("-" for net loss)		
II. Classified by ownership:		
Net profit attributable to the owners of the parent company("-" for net loss)	-1,004,945,623.68	561,735,377.41
Non-controlling interests("-" for net loss)	21,528,899.13	18,228,498.83
VI. NET AMOUNT OF OTHER COMPREHENSIVE INCOME AFTER TAX		
Net amount of other comprehensive income attributable to owners of the parent company, net of tax		
(i) Other comprehensive incomes that cannot be reclassified into profit or loss		
1. Changes arising from recalculating defined benefit plans		

2. Other comprehensive incomes that cannot be reclassified into profit or loss under equity accounting method		
3. Changes in fair value of other equity instrument investment		
4. Changes in fair value of the company's own credit risks		
5. Others		
(ii) Other comprehensive incomes that will be reclassified into profit or loss		
1. Other comprehensive incomes that will be reclassified into profit or loss under equity accounting method		
2. Changes in fair value of other debt instrument investment		
3. Other comprehensive income arising from the reclassification of financial assets		
4. Provision for credit impairment in other debt investments		
5. Cash flow hedge reserve		
6. Foreign currency translation differences in financial statements		
7. Others		
Net amount of other comprehensive income attributable to minority shareholders, net of tax		
VII. TOTAL COMPREHENSIVE INCOME	-983,416,724.55	579,963,876.24
Total comprehensive income attributable to owners of the parent company	-1,004,945,623.68	561,735,377.41
Total comprehensive income attributable to minority shareholders	21,528,899.13	18,228,498.83
VIII. EARNINGS PER SHARE:		
1. Basic earnings per share (yuan/share)	-0.2446	0.1400
2. Diluted earnings per share (yuan/share)	-0.1558	0.1400

Legal Representative: Li Yan

Chief financial officer: Zheng Zhengli

Chief accountant: Sun Yanbin

4. Parent Company's Statement of Profit or Loss and Other Comprehensive Income

Unit: yuan

Items	Current period	Previous period
I. REVENUE	30,351,590,885.27	35,774,038,070.43
Less: Operating costs	30,725,796,931.13	34,404,712,933.07
Taxes and surcharges	70,444,069.04	74,061,344.22
Selling expenses	72,626,552.38	58,854,346.91
Administrative expenses	320,165,443.13	323,747,875.71
Research and development expenses	32,990,679.09	22,368,496.87
Finance costs	168,567,801.72	290,720,557.98
Including: Interest expenses	233,021,988.80	327,728,944.07
Interest income	18,139,148.26	48,263,709.87
Add: Other income	2,943,726.56	30,272,965.00
Investment income ("-" for losses)	-2,247,043.73	59,198,924.51
Including: Income from investment in associates and joint ventures	-439,659.58	
Gains from derecognition of financial assets measured at amortized cost		
Income from net exposure hedging ("-" for losses)		
Gains from changes in fair value ("-" for losses)		
Credit impairment losses ("-" for losses)	-11,635,010.35	-1,392,974.69
Asset impairment losses ("-" for losses)	-84,458,260.66	-72,880,991.53
Gains on disposal of assets ("-" for losses)		3,669,258.68
II. PROFIT FROM OPERATIONS ("-"	-1,134,397,179.40	618,439,697.64

For Losses)		
Add: Non-operating income	51,556,172.07	24,296,108.68
Less: Non-operating expenses	50,585,327.13	10,736,478.75
III. PROFIT BEFORE TAX ("-" For Total Losses)	-1,133,426,334.46	631,999,327.57
Less: Income tax expenses	-31,989,066.39	150,685,673.12
IV. NET PROFIT ("-" For Net Loss)	-1,101,437,268.07	481,313,654.45
1. Net profit/(loss) from continuing operation	-1,101,437,268.07	481,313,654.45
2. Net profit/(loss) from discontinued operation		
V. NET AMOUNT OF OTHER COMPREHENSIVE INCOME AFTER TAX		
(i) Other comprehensive incomes that cannot be reclassified into profit or loss		
1. Changes arising from recalculating defined benefit plans		
2. Other comprehensive incomes that cannot be reclassified into profit or loss under equity accounting method		
3. Changes in fair value of other equity instrument investment		
4. Changes in fair value of the company's own credit risks		
5. Others		
(ii) Other comprehensive incomes that will be reclassified into profit or loss		
1. Other comprehensive incomes that will be reclassified into profit or loss under equity accounting method		
2. Changes in fair value of other debt instrument investment		
3. Other comprehensive income arising from the reclassification of financial assets		
4. Provision for credit impairment in other debt investments		
5. Cash flow hedge reserve		
6. Foreign currency translation differences in financial statements		
7. Others		
VI. TOTAL COMPREHENSIVE INCOME	-1,101,437,268.07	481,313,654.45
VII. EARNINGS PER SHARE:		
1. Basic earnings per share (yuan/share)		
2. Diluted earnings per share (yuan/share)		

5. Consolidated Statement of Cash Flows

Unit: yuan

Items	Current period	Previous period
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from sale of goods and rendering of services	28,113,350,099.51	30,399,917,736.81
Net increase in deposits from customers and other banks		
Net increase in borrowings from central bank		
Net increase in loans from other financial institutions		
Cash received from receiving insurance premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		

Cash received from interest, handling charges and commissions		
Net increase in loans from banks and other financial institutions		
Net increase in repurchase business funds		
Net cash received from securities trading brokerage business		
Cash received from tax refund	152,957,619.94	411,362,662.88
Cash received from other operating activities	66,147,192.05	168,719,124.22
SUB-TOTAL OF CASH INFLOWS FROM OPERATING ACTIVITIES	28,332,454,911.50	30,979,999,523.91
Cash paid for goods purchased and services received	22,042,504,737.63	28,939,015,822.97
Net increase in loans and advances to customers		
Net increase in deposits in central bank and other banks		
Cash paid for original insurance contract claims		
Net increase in loans to banks and other financial institutions		
Cash paid for interest, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	1,233,151,555.08	1,281,589,573.82
Cash paid for taxes and surcharges	216,708,235.51	282,883,307.60
Cash paid for other operating activities	177,453,101.47	249,058,977.31
SUB-TOTAL OF CASH OUTFLOWS FROM OPERATING ACTIVITIES	23,669,817,629.69	30,752,547,681.70
NET CASH FLOWS FROM OPERATING ACTIVITIES	4,662,637,281.81	227,451,842.21
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from disposal of investments	1,843,800.00	
Cash received from returns on investments	896,200.00	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	31,053,599.66	60,800.00
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
SUB-TOTAL OF CASH INFLOWS FROM INVESTING ACTIVITIES	33,793,599.66	60,800.00
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	926,848,281.71	755,407,575.62
Cash paid for investments		
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
SUB-TOTAL OF CASH OUTFLOWS FROM INVESTING ACTIVITIES	926,848,281.71	755,407,575.62
NET CASH FLOWS FROM INVESTING ACTIVITIES	-893,054,682.05	-755,346,775.62
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash from absorption of investments		
Including: Cash received by subsidiaries from investments by minority shareholders		
Cash received from borrowings	300,000,000.00	602,067,123.44
Cash received from other financing activities	299,914,718.38	2,548,792,921.60
SUB-TOTAL OF CASH INFLOWS FROM FINANCING ACTIVITIES	599,914,718.38	3,150,860,045.04
Cash paid for debt repayments	1,691,272,090.32	1,393,191,834.05
Cash paid for distribution of dividends and	174,775,117.17	2,708,922,405.78

profits or payment of interest		
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Cash paid for other financing activities	695,121,631.51	71,693,646.43
SUB-TOTAL OF CASH OUTFLOWS FROM FINANCING ACTIVITIES	2,561,168,839.00	4,173,807,886.26
NET CASH FLOWS FROM FINANCING ACTIVITIES	-1,961,254,120.62	-1,022,947,841.22
IV. EFFECT OF FLUCTUATION IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	30,544,772.80	2,217,009.66
V. NET INCREASE IN CASH AND CASH EQUIVALENTS	1,838,873,251.94	-1,548,625,764.97
Add: Balance of cash and cash equivalents at the beginning of the period	1,296,662,683.20	6,299,099,063.48
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,135,535,935.14	4,750,473,298.51

6. Parent Company's Statement of Cash Flows

Unit: yuan

Items	Current period	Previous period
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from sale of goods and rendering of services	27,625,067,518.78	30,919,471,674.38
Cash received from tax refund	144,310,086.64	406,487,928.59
Cash received from other operating activities	55,780,538.64	155,803,337.55
SUB-TOTAL OF CASH INFLOWS FROM OPERATING ACTIVITIES	27,825,158,144.06	31,481,762,940.52
Cash paid for goods purchased and services received	22,087,125,206.72	29,479,472,246.34
Cash paid to and on behalf of employees	1,169,170,038.27	1,197,357,426.66
Cash paid for taxes and surcharges	64,558,833.83	102,560,662.62
Cash paid for other operating activities	159,109,487.43	138,755,917.63
SUB-TOTAL OF CASH OUTFLOWS FROM OPERATING ACTIVITIES	23,479,963,566.25	30,918,146,253.25
NET CASH FLOWS FROM OPERATING ACTIVITIES	4,345,194,577.81	563,616,687.27
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from returns on investments		
Cash received from returns on investments		53,139,377.16
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	31,053,599.66	60,800.00
Net cash received from disposal of subsidiaries and other business units		33,061,417.35
Cash received from other investing activities	17,624,754.20	
SUB-TOTAL OF CASH INFLOWS FROM INVESTING ACTIVITIES	48,678,353.86	86,261,594.51
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	925,373,942.02	749,875,275.53
Cash paid for investments		850,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
SUB-TOTAL OF CASH OUTFLOWS FROM INVESTING ACTIVITIES	925,373,942.02	1,599,875,275.53

NET CASH FLOWS FROM INVESTING ACTIVITIES	-876,695,588.16	-1,513,613,681.02
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash from absorption of investments		
Cash received from borrowings	300,000,000.00	602,067,123.44
Cash received from other financing activities	299,914,718.38	2,548,792,921.60
SUB-TOTAL OF CASH INFLOWS FROM FINANCING ACTIVITIES	599,914,718.38	3,150,860,045.04
Cash paid for debt repayments	1,691,272,090.32	1,293,191,834.05
Cash paid for distribution of dividends and profits or payment of interest	174,775,117.17	2,695,763,155.78
Cash paid for other financing activities	678,225,192.33	71,693,646.43
SUB-TOTAL OF CASH OUTFLOWS FROM FINANCING ACTIVITIES	2,544,272,399.82	4,060,648,636.26
NET CASH FLOWS FROM FINANCING ACTIVITIES	-1,944,357,681.44	-909,788,591.22
IV. EFFECT OF FLUCTUATION IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	28,934,107.60	1,506,171.92
V. NET INCREASE IN CASH AND CASH EQUIVALENTS	1,553,075,415.81	-1,858,279,413.05
Add: Balance of cash and cash equivalents at the beginning of the period	420,642,596.45	5,048,875,333.01
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,973,718,012.26	3,190,595,919.96

7. Consolidated Statement of Changes in Equity

Current period

Unit: yuan

Items	Current period														
	Owner's equity attributable to parent company												Non-controlling interest	Total of shareholders' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others			Subtotal
	Preference shares	Perpetual bond	Others												
I. Ending balance of last year	4,108,212,217.00			947,863,834.02	13,272,205,160.21		-15,904,760.02	2,217,913.77	1,195,116,522.37		-720,559,670.73		18,789,151,216.62	584,587,863.76	19,373,739,080.38
Add: Change of accounting policies															
Correction of errors for last period															
Business consolidation under common control															
Others															
II. Opening balance of current year	4,108,212,217.00			947,863,834.02	13,272,205,160.21		-15,904,760.02	2,217,913.77	1,195,116,522.37		-720,559,670.73		18,789,151,216.62	584,587,863.76	19,373,739,080.38
III. Changes in current year ("-" for decreases)	2,530.00			-2,035.66	7,397.04			26,792,439.12			-1,004,945,623.68		-978,145,293.18	23,881,110.18	-954,264,183.00
1. Total comprehensive income											-1,004,945,623.68		-1,004,945,623.68	21,528,899.13	-983,416,724.55
2. Capital increases and decreases by shareholders	2,530.00			-2,035.66	7,397.04								7,891.38		7,891.38
(1) Common share invested by shareholders															
(2) Capital input by the holder of other equity instruments															
(3) Share-based payment attributable to owners' equity															
(4) Others	2,530.00			-2,035.66	7,397.04								7,891.38		7,891.38
3. Profit distribution															
(1) Appropriation to surplus reserves															
(2) Appropriation to general risk reserves															
(3) Profit distribution to shareholders															
(4) Others															
4. Transfers within shareholders' equity															
(1) Capital reserves transferred into paid-in capital (or share capital)															
(2) Surplus reserves transferred into paid-in capital (or share capital)															
(3) Surplus reserves to recover losses															
(4) Net changes of defined contribution plans transferred into retained earnings															
(5) Other comprehensive income transferred into retained earnings															
(6) Others															
5. Special reserves								26,792,439.12					26,792,439.12	2,352,211.05	29,144,650.17
(1) Provision of special reserves								34,099,757.81					34,099,757.81	2,472,551.75	36,572,309.56
(2) Use of special reserves								7,307,318.69					7,307,318.69	120,340.70	7,427,659.39
6. Others															
IV. Ending balance of current year	4,108,214,747.00			947,861,798.36	13,272,212,557.25		-15,904,760.02	29,010,352.89	1,195,116,522.37		-1,725,505,294.41		17,811,005,923.44	608,468,973.94	18,419,474,897.38

Previous period

Unit: yuan

Items	Previous period														Non-controlling interest	Total of shareholders' equity
	Owner's equity attributable to parent company															
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Subtotal			
		Preference shares	Perpetual bond	Others												
I. Ending balance of last year	4,108,191,379.00			947,882,663.63	13,272,134,173.09			337,978.57	1,195,116,522.37		2,977,306,297.64		22,500,969,014.30	565,441,001.73	23,066,410,016.03	
Add: Change of accounting policies																
Correction of errors for last period																
Business consolidation under common control																
Others																
II. Opening balance of current year	4,108,191,379.00			947,882,663.63	13,272,134,173.09			337,978.57	1,195,116,522.37		2,977,306,297.64		22,500,969,014.30	565,441,001.73	23,066,410,016.03	
III. Changes in current year ("-" for decreases)	17,727.00			-16,325.76	61,887.86			31,151,584.66			-1,903,179,449.99		-1,871,964,576.23	20,714,933.09	-1,851,249,643.14	
1. Total comprehensive income										561,735,377.41		561,735,377.41	18,228,498.83	579,963,876.24		
2. Capital increases and decreases by shareholders	17,727.00			-16,325.76	61,887.86							63,289.10		63,289.10		
(1) Common share invested by shareholders																
(2) Capital input by the holder of other equity instruments																
(3) Share-based payment attributable to owners' equity																
(4) Others	17,727.00			-16,325.76	61,887.86							63,289.10		63,289.10		
3. Profit distribution																
(1) Appropriation to surplus reserves																
(2) Appropriation to general risk reserves																
(3) Profit distribution to shareholders																
(4) Others																
4. Transfers within shareholders' equity																
(1) Capital reserves transferred into paid-in capital (or share capital)																
(2) Surplus reserves transferred into paid-in capital (or share capital)																
(3) Surplus reserves to recover losses																
(4) Net changes of defined contribution plans transferred into retained earnings																
(5) Other comprehensive income transferred into retained earnings																
(6) Others																
5. Special reserves								31,151,584.66					31,151,584.66	2,486,434.26	33,638,018.92	
(1) Provision of special reserves								38,838,893.44					38,838,893.44	2,489,359.76	41,328,253.20	
(2) Use of special reserves								7,687,308.78					7,687,308.78	2,925.50	7,690,234.28	
6. Others																
IV. Ending balance of current year	4,108,209,106.00			947,866,337.87	13,272,196,060.95			31,489,563.23	1,195,116,522.37		1,074,126,847.65		20,629,004,438.07	586,155,934.82	21,215,160,372.89	

8. Parent Company's Statement of Changes in Equity

Current period

Unit: yuan

Items	Current period											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total of shareholders' equity
		Preference shares	Perpetual bond	Others								
I. Ending balance of last year	4,108,212,217.00			947,863,834.02	12,852,053,478.09		-15,904,760.02	58,212.15	1,195,116,522.37	-1,296,333,684.67		17,791,065,818.94
Add: Change of accounting policies												
Correction of errors for last period												
Others												
II. Opening balance of current year	4,108,212,217.00			947,863,834.02	12,852,053,478.09		-15,904,760.02	58,212.15	1,195,116,522.37	-1,296,333,684.67		17,791,065,818.94
III. Changes in current year ("-" for decreases)	2,530.00			-2,035.66	7,397.04			19,773,600.54		-1,101,437,268.07		-1,081,655,776.15
1. Total comprehensive income										-1,101,437,268.07		-1,101,437,268.07
2. Capital increases and decreases by shareholders	2,530.00			-2,035.66	7,397.04							7,891.38
(1) Common share invested by shareholders												
(2) Capital input by the holder of other equity instruments												
(3) Share-based payment attributable to owners' equity												
(4) Others	2,530.00			-2,035.66	7,397.04							7,891.38
3. Profit distribution												
(1) Appropriation to surplus reserves												
(2) Appropriation to general risk reserves												
(3) Profit distribution to shareholders												
5. Transfers within shareholders' equity												
(1) Capital reserves transferred into paid-in capital (or share capital)												
(2) Surplus reserves transferred into paid-in capital (or share capital)												
(3) Surplus reserves to recover losses												
(4) Net changes of defined contribution plans transferred into retained earnings												
(5) Other comprehensive income transferred into retained earnings												
(6) Others												
5. Special reserves								19,773,600.54				19,773,600.54
(1) Provision of special reserves								26,797,787.85				26,797,787.85
(2) Use of special reserves								7,024,187.31				7,024,187.31
6. Others												
IV. Ending balance of current year	4,108,214,747.00			947,861,798.36	12,852,060,875.13		-15,904,760.02	19,831,812.69	1,195,116,522.37	-2,397,770,952.74		16,709,410,042.79

Previous period

Unit: yuan

Items	Previous period											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total of shareholders' equity
		Preference shares	Perpetual bond	Others								
I. Ending balance of last year	4,108,191,379.00			947,882,663.63	12,851,982,490.97			155,469.58	1,195,116,522.37	2,491,021,746.82		21,594,350,272.37
Add: Change of accounting policies												
Correction of errors for last period												
Others												
II. Opening balance of current year	4,108,191,379.00			947,882,663.63	12,851,982,490.97			155,469.58	1,195,116,522.37	2,491,021,746.82		21,594,350,272.37
III. Changes in current year ("-" for decreases)	17,727.00			-16,325.76	61,887.86			22,374,153.44		-1,983,601,172.95		-1,961,163,730.41
1. Total comprehensive income										481,313,654.45		481,313,654.45
2. Capital increases and decreases by shareholders	17,727.00			-16,325.76	61,887.86							63,289.10
(1) Common share invested by shareholders												
(2) Capital input by the holder of other equity instruments												
(3) Share-based payment attributable to owners' equity												
(4) Others	17,727.00			-16,325.76	61,887.86							63,289.10
3. Profit distribution										-2,464,914,827.40		-2,464,914,827.40
(1) Appropriation to surplus reserves												
(2) Appropriation to general risk reserves										-2,464,914,827.40		-2,464,914,827.40
(3) Profit distribution to shareholders												
5. Transfers within shareholders' equity												
(1) Capital reserves transferred into paid-in capital (or share capital)												
(2) Surplus reserves transferred into paid-in capital (or share capital)												
(3) Surplus reserves to recover losses												
(4) Net changes of defined contribution plans transferred into retained earnings												
(5) Other comprehensive income transferred into retained earnings												
(6) Others												
5. Special reserves								22,374,153.44				22,374,153.44
(1) Provision of special reserves								30,052,685.76				30,052,685.76
(2) Use of special reserves								7,678,532.32				7,678,532.32
6. Others												
IV. Ending balance of current year	4,108,209,106.00			947,866,337.87	12,852,044,378.83			22,529,623.02	1,195,116,522.37	507,420,573.87		19,633,186,541.96

III. Company's Basic Information

1. Company Profile

Bengang Steel Plates Co., Ltd. (hereinafter referred to as “Bengang Steel Plates” or “Company” or “the Company”) was approved by the People's Government of Liaoning Province on March 27, 1997 in “Liao Zheng [1997] No. 57”. Benxi Steel and Iron (Group) Co., Ltd. (hereinafter referred to as Benxi Iron and Steel) will be reorganized with the assets and liabilities of its steelmaking plant, preliminary rolling plant and hot continuous rolling plant in relation to the steel plate business, it is a joint stock limited company established on June 27, 1997 by issuing domestically listed foreign shares (B shares) by way of public offering.

Approved by the China Securities Regulatory Commission, Benxi Iron and Steel Co., Ltd. publicly issued 400,000,000 B shares on the Shenzhen Stock Exchange on June 10, 1997, at an issue price of HK\$2.38 per share. On November 3, 1997, it successfully issued 120,000,000 RMB ordinary shares (A shares) to the public at an issue price of RMB 5.4 per share. The A shares were listed on the Shenzhen Stock Exchange on January 15, 1998. The total share capital is 1,136,000,000 shares. According to the resolutions of the relevant shareholders' meeting of Bengang Steel Plates Co., Ltd. on the shareholding structure reform, the “Bengang Steel Plates Co., Ltd. shareholding structure reform plan”, the State-owned Assets Supervision and Administration Commission “Reply on Relevant Issues Concerning Bengang Steel Plates Co., Ltd.’s Equity Separation Reform”, Benxi Iron and Steel, the only non-tradable state-owned legal person shareholder of Bengang Steel Plates Co., Ltd., in order to obtain the circulation right of the shares held, on 14 March 2006, 40,800,000 of the 616,000,000 shares of Bengang Steel Plates were paid to shareholders of Bengang Steel Plates’ A-share tradable shares. The total share capital of Bengang Steel Plates has not changed in this shareholding reform.

On July 6, 2006, Benxi Steel Plates obtained the “Zheng Jian Company Zi (2006) No. 126” document issued by the China Securities Regulatory Commission on June 30, 2006.

The article approved the issuance of 2 billion RMB ordinary shares by Benxi Iron and Steel to Benxi Iron and Steel for the acquisition of relevant assets of Benxi Iron and Steel. On the same day, Benxi Iron and Steel obtained the document “Zheng Jian Company Zi (2006) No. 127” issued by the China Securities Regulatory Commission, the article agreed to exempt Benxi Iron and Steel from the obligation of tender offer due to the acquisition of 2 billion new shares issued by the Company, resulting in the number of shares held reaching 2.5752 billion shares (accounting for 82.12% of the Company's total share capital). On August 28, 2006, with the approval of Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., Benxi Steel Plates completed the registration of the newly issued 2 billion shares and restricted sales of shares. On September 28, 2006, the listing procedures for the non-public issuance of new shares of Benxi Steel Plates Co., Ltd. were approved by the Shenzhen Stock Exchange. The new issue price: 4.6733 yuan / share.

Approved by the China Securities Regulatory Commission’s Zhengjian Xuke [2017] No. 1476, Benxi Steel Plate will issue no more than 739,371,534 RMB ordinary shares (A shares) in a non-public manner to no more than 10 issuers. This non-public offering was completed on February 9, 2018, and 739,371,532 shares were actually issued. The new issue price: 5.41 yuan / share. On August 20, 2021, the State-owned Assets

Supervision and Administration Commission of the Liaoning Provincial People's Government (hereinafter referred to as the Liaoning Provincial SASAC) and Ansteel Group Co., Ltd. (hereinafter referred to as the Ansteel Group) signed the “National Assets Supervision and Administration Commission of the People's Government of Liaoning Province and Ansteel Group Co., Ltd. on the gratuitous transfer of state-owned equity of Bengang Group Co., Ltd.”. According to the agreement, the State-owned Assets Supervision and Administration Commission of Liaoning Province transferred its 51% equity of Bengang Group Co., Ltd. (hereinafter referred to as Bengang Group) to Ansteel Group for free. After the completion of this gratuitous transfer, Ansteel Group will become the controlling shareholder of Bengang Group, and Ansteel Group will indirectly hold 81.07% of the total share capital of Bengang Iron and Steel Plates.

As of June 30, 2023, the Company has issued a total of 4,108,214,747.00 shares, with a registered capital of RMB 4,108,214,700 yuan. The registered place is No. 16, Renmin Road, Pingshan District, Benxi City, Liaoning Province. The Company's main business activities are: ferrous metal smelting and rolling processing. The parent company of the Company is Benxi Steel and Iron (Group) Co., Ltd., and the actual controller of the company is Ansteel Group Co., Ltd.

For details about the relevant information of the Company's subsidiaries, please refer to “IX. Interests in Other Entities” in this note.

For details of changes in the scope of consolidation during the reporting period, please refer to “VIII. Changes in the Scope of Consolidation” in this note.

IV. Basis of Preparation of Financial Statements

1. Basis of Preparation

The financial statements are prepared in accordance with the “Accounting Standards for Business Enterprises - Basic Standards” and relevant specific accounting standards, application guidance for Accounting Standards for Business Enterprises, interpretations for Accounting Standards for Business Enterprises and other related provisions issued by the Ministry of Finance (hereinafter collectively referred to as “Accounting Standards for Business Enterprises”), and “Information Disclosure Rules for Companies of Securities for Public Issuance No. 15 – General Regulations for Financial Statements” issued by the China Securities Regulatory Commission.

2. Going Concern

These financial statements are prepared on going concern basis. The Company has evaluated that it has the ability to continue operating within 12 months from the end of the reporting period, and there are no matters that cause serious doubts about the ability to continue as going concern.

V. Significant Accounting Policies and Accounting Estimates

Notes for specific accounting policies and accounting estimates:

The following disclosures have covered the specific accounting policies and accounting estimates that are adopted by the Company based on the actual production and operation characteristics. For details, please refer to Note V.10 Financial instruments, V.11 Inventories, V.15 Fixed assets, V.24 Revenue in this notes.

1. Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in compliance with the requirements of the Accounting Standards for Business Enterprises by the Ministry of Finance to truly and completely present the consolidated and the parent company's financial position of the Company as at 30 June 2023 and of the consolidated and the parent company's financial performance and cash flows from January to June 2023.

2. Accounting Period

The Company's accounting year is from 1 January to 31 December.

3. Operating Cycle

The Company's operating cycle is 12 months.

4. Functional Currency

The Company adopts RMB as the functional currency.

5. Accounting Treatment of Business Combinations under Common Control and not under Common Control

Business combination under common control: The assets and liabilities acquired by the merging party in the business combination (including the goodwill formed by the acquisition of the merged party by the ultimate controlling party) shall be measured on the basis of the book value of the assets and liabilities of the merged party on the merger date in the consolidated financial statements of the ultimate controlling party. The difference between the book value of the net assets obtained in the merger and the book value of the merger consideration paid (or the total par value of the issued shares) is adjusted to the share premium in the capital reserve, and if the share premium in the capital reserve is not enough to offset, the retained earnings are adjusted.

Business combination not under common control: The combination cost is the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser in order to obtain the control of the purchased party on the date of purchase. 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 identifiable assets, liabilities and contingent liabilities of the acquiree acquired in the merger that meet the recognition conditions are measured at fair value on the date of purchase.

The direct related expenses incurred for the business combination shall be included in the current profit and loss when incurred. The transaction costs of issuing equity securities or debt securities for business combination shall be included in the initial recognition amount of equity securities or debt securities.

6. Preparation Method of Consolidated Financial Statements

(1) Scope of consolidation

The scope of consolidation of consolidated financial statements is determined on the basis of control, and the scope of consolidation includes the Company and all subsidiaries. Control means that the company has power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use its power over the investee to affect its return.

(2) Consolidation procedure

The Company regards the entire enterprise group as an accounting entity, and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial status, operating results and cash flow of the enterprise group. The impact of internal transactions between the Company and its subsidiaries and between subsidiaries shall be offset. If the internal transaction shows that the relevant asset has an impairment loss, the full amount of the loss shall be recognized.

If the accounting policy and accounting period adopted by the subsidiary are inconsistent with the Company, necessary adjustments shall be made in accordance with the Company's accounting policy and accounting period when preparing the consolidated financial statements.

Subsidiary owners' equity, net profit and loss for the current period and the share of minority shareholders in the current comprehensive income are listed separately under the owner's equity item in the consolidated balance sheet, the net profit item in the consolidated income statement, and the total comprehensive income item. The current loss shared by the minority shareholders of the subsidiary exceeds the balance formed by the minority shareholders in the initial owner's equity of the subsidiary, offsetting the minority shareholders' equity.

1) Add a subsidiary or business

During the reporting period, if a subsidiary or business is added due to a business combination under the same control, the operating results and cash flows of the subsidiary or business combination from the beginning of the current period to the end of the reporting period shall be included in the consolidated financial statements. At the same time, the opening balance of the consolidated financial statements and the relevant items in the comparative statements shall be adjusted, as if the consolidated reporting entity has always existed since the time when the ultimate controlling party began to control it.

During the reporting period, if a subsidiary or business is added due to a business combination not under the same control, it shall be included in the consolidated financial statements from the purchase date on the basis of the fair value of each identifiable asset, liability and contingent liability determined on the purchase date.

2) Disposal of subsidiaries

① General treatment

When the control of the investee is lost due to the disposal of part of the equity investment or other reasons, the remaining equity investment after disposal shall be remeasured according to its fair value on the date of loss of control.

The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity, minus the share of the original subsidiary's net assets calculated continuously from the purchase date or the merger date and the sum of goodwill calculated according to the original shareholding ratio, the difference will be included in the investment income of the period when the control right is lost. Other comprehensive income related to the equity investment of the original subsidiary that can be reclassified into profit or loss, and other changes in owner's equity accounted for under the equity method are converted into current investment income when control is lost.

② Step-by-step disposal of subsidiaries

Where the equity investment in a subsidiary is disposed of step by step through multiple transactions until it loses control, the terms, conditions and economic impact of each transaction for disposing of the equity investment in a subsidiary meet one or more of the following conditions, it usually indicates that the multiple transactions are a package deal:

- i. These transactions were entered into simultaneously or taking into account the mutual influence;
- ii. These transactions were entered into simultaneously or taking into account the mutual influence;
- iii. The occurrence of one transaction depends on the occurrence of at least one other transaction;
- iv. A transaction is not economical alone, but it is economical when considered together with other transactions.

If each transaction belongs to a package deal, each transaction shall be accounted for as a transaction for disposing of a subsidiary and losing control; The difference between each disposal price before the loss of control and the share of the subsidiary's net assets corresponding to the disposal investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the current profit and loss of the loss of control when the control is lost.

If each transaction does not belong to a package deal, before the loss of control, the equity investment of the subsidiary is partially disposed without losing control; when the control is lost, the accounting treatment is carried out according to the general treatment method for disposing of subsidiaries.

3) Purchase a minority stake in a subsidiary

The difference between the newly acquired long-term equity investment due to the purchase of minority shares and the share of net assets that should be enjoyed by the subsidiary continuously calculated from the purchase date or the merger date based on the newly increased shareholding ratio will adjust the share premium in the

capital reserve in the consolidated balance sheet, and if the share premium in the capital reserve is insufficient to offset, the retained earnings will be adjusted.

4) Partial disposal of an equity investment in a subsidiary without loss of control

The difference between the disposal price and the share of the subsidiary's net assets that has been continuously calculated since the purchase date or the merger date corresponding to the disposal of the long-term equity investment will adjust the share premium in the capital reserve in the consolidated balance sheet, and if the share premium in the capital reserve is insufficient to offset, the retained earnings will be adjusted.

7. Classification of Joint Arrangements and Accounting Treatment of Joint Operations

Joint arrangements are divided into joint operations and joint ventures.

Joint operation refers to a joint venture arrangement in which the joint venture party enjoys the assets related to the arrangement and assumes the liabilities related to the arrangement.

The Company confirms the following items related to the interest share in the joint operation:

- (1) Confirm the assets held individually by the Company and the assets jointly held by the Company;
- (2) Confirm the liabilities borne by the Company alone and the liabilities jointly borne by the Company;
- (3) Recognition of income from the sale of the Company's share of the output of joint operations;
- (4) Recognize the income generated by the joint operation from the sale of output according to the share of the Company;
- (5) Confirm the expenses incurred independently, and confirm the expenses incurred in joint operation according to the share of the Company.

The Company's investment in joint ventures is accounted for using the equity method. For details, please refer to "V.13 Long-term equity investments" in this note.

8. Determination Criteria for Cash and Cash Equivalents

Cash refers to the Company's cash on hand and deposits that can be used for payment at any time. Cash equivalents refer to short-term, highly liquid investments held by the Company that are easily convertible into known amounts of cash and have little risk of value change.

9. Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

(1) Foreign currency business

For foreign currency business, the spot exchange rate on the transaction date is used as the conversion rate to convert the foreign currency amount into RMB for bookkeeping.

The balance of foreign currency monetary items on the balance sheet date is translated at the spot exchange rate on the balance sheet date. The resulting exchange differences, except for the exchange differences arising from foreign currency special loans related to the acquisition and construction of assets eligible for capitalization are treated in accordance with the principle of capitalization of borrowing costs, are included in the current profit and loss.

(2) Translation of foreign currency financial statements

The asset and liability items in the statement of financial position are converted at the spot exchange rate on the balance sheet date; the owner's equity items are converted at the spot exchange rate at the time of occurrence except for "Undistributed profit". The income and expense items in the statement of profit or loss and other comprehensive income shall be converted at the spot exchange rate on the transaction date.

When disposing of an overseas operation, the translation difference of the foreign currency financial statements related to the overseas operation shall be transferred from the owner's equity item to the current profit and loss of the disposal.

10. Financial Instruments

When the Company becomes a party to a financial instrument contract, it recognizes a financial asset, financial liability or equity instrument.

(1) Classification of financial instruments

According to the Company's business model for managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified into: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Company classifies financial assets that meet the following conditions and are not designated as financial assets at fair value through profit or loss as financial assets at amortized cost:

- The business model is to collect contractual cash flows;
- Contractual cash flows are only payments of principal and interest on the principal amount outstanding.

The Company classifies financial assets that meet the following conditions and are not designated as financial assets at fair value through profit or loss as financial assets at fair value through other comprehensive income (debt instruments):

- The business model aims at both collecting contractual cash flows and selling the financial asset;
- Contractual cash flows are only payments of principal and interest on the principal amount outstanding.

For non-trading equity instrument investments, the Company can irrevocably designate them as financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income at the time of initial recognition. The designation is made on an individual investment basis, and the underlying investment meets the definition of an equity instrument from the perspective of the issuer.

Except for the above financial assets measured at amortized cost and at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets at fair value through profit or loss.

Financial liabilities are classified at initial recognition into: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

Financial liabilities that meet one of the following conditions can be designated as financial liabilities at fair value through profit or loss at the time of initial measurement:

- 1) Financial liabilities that meet one of the following conditions can be designated as financial liabilities at fair value through profit or loss at the time of initial measurement:
- 2) According to the corporate risk management or investment strategy stated in formal written documents, manage and evaluate the performance of financial liability portfolios or financial assets and financial liability portfolios based on fair value, and report to key management personal within the Company on this basis.
- 3) This financial liability contains embedded derivatives that need to be separated separately.

(2) Recognition basis and measurement method of financial instruments

1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc., and are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount; excluding that the accounts receivable of the major financing component and the accounts receivable of the financing component that the Company decides not to consider for no more than one year shall be initially measured at the contract transaction price.

The interest calculated using the effective interest rate method during the holding period is included in the current profit and loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in the current profit and loss.

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

Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income include receivables financing, other debt investments, etc., and are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income, except for interest calculated using the effective interest rate method, impairment losses or gains, and exchange gains and losses.

When derecognition is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in current profit and loss.

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

Financial assets (equity instruments) measured at fair value through other comprehensive income, including other equity instrument investments, are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income. Dividends obtained are included in current profit and loss.

When derecognition is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

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

Financial assets measured at fair value through profit or loss include transactional financial assets, derivative financial assets, and other non-current financial assets, etc., and are initially measured at fair value, and relevant transaction costs are included in current profit or loss. The financial assets are subsequently measured at fair value, and changes in fair value are included in current profit and loss.

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

Financial liabilities measured at fair value and whose changes are included in current profit and loss include trading financial liabilities and derivative financial liabilities, etc., and are initially measured at fair value, and relevant transaction costs are included in current profit and loss. The financial liabilities are subsequently measured at fair value, and changes in fair value are included in current profit and loss.

When derecognition is terminated, the difference between its book value and the consideration paid is included in the current profit and loss.

6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include short-term loans, notes payable, accounts payable, other payables, long-term loans, bonds payable, and long-term payables, and are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount.

The interest calculated using the effective interest rate method during the holding period is included in the current profit and loss.

When derecognition is terminated, the difference between the consideration paid and the book value of the financial liability is included in the current profit and loss.

(3) Derecognition of financial assets and transfer of financial assets

When one of the following conditions is met, the Company derecognizes financial assets:

- Termination of contractual rights to receive cash flows from financial assets;
- The financial asset has been transferred, and almost all the risks and rewards of ownership of the financial asset have been transferred to the transferee;
- The financial assets have been transferred. Although the Company neither transfers nor retains almost all the risks and rewards of ownership of the financial assets, it does not retain control over the financial assets.

When a financial asset is transferred, if almost all the risks and rewards of ownership of the financial asset are retained, the financial asset will not be derecognized.

When judging whether the transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form is adopted. The Company distinguishes the transfer of financial assets into the transfer of financial assets as a whole and the transfer of parts. If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profit and loss:

- 1) The book value of the financial asset transferred;
- 2) The consideration received due to the transfer, and the cumulative amount of changes in fair value that were originally included in the owner's equity (if the financial asset involved in the transfer is a financial asset (debt instrument) that is measured at fair value and whose changes are included in other comprehensive income).

If the partial transfer of financial assets meets the conditions for derecognition, the overall book value of the transferred financial assets shall be apportioned between the derecognized part and the untermiated part according to their respective relative fair values, and the difference between the following two amounts shall be included in current profit and loss:

- 1) The book value of the derecognized portion;
- 2) The consideration for the derecognition part, and the amount corresponding to the derecognition part of the accumulative amount of fair value changes that were originally included in the owner's equity (the financial assets involved in the transfer are financial assets that are measured at fair value and whose changes are included in other comprehensive income (in the case of debt instruments)).

If the transfer of financial assets does not meet the conditions for derecognition, the financial assets shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

(4) Derecognition of financial liabilities

If all or part of the current obligation of a financial liability has been discharged, the financial liability or a part thereof shall be derecognized; if the Company signs an agreement with the creditor to replace the existing financial liability by assuming a new financial liability, and if the contract terms of the new financial liability and the existing financial liability are substantially different, the existing financial liability shall be derecognized and the new financial liability shall be recognized at the same time.

If a substantive modification is made to all or part of the contract terms of an existing financial liability, the existing financial liability or a part thereof shall be derecognized, and the financial liability after the modified terms shall be recognized as a new financial liability.

When all or part of a financial liability is derecognized, the difference between the book value of the derecognized financial liability and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) is included in the current profit and loss.

If the Company repurchases part of the financial liabilities, the book value of the financial liabilities as a whole shall be allocated on the date of repurchase according to the relative fair value of the part that continues to be recognized and the part that is derecognized. The difference between the book value allocated to the derecognized part and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) is included in the current profit and loss.

(5) Determination of fair value of financial assets and financial liabilities

For financial instruments with an active market, their fair value is determined by the quoted price in the active market. For financial instruments that do not have an active market, valuation techniques are used to determine their fair value. When valuing, the Company adopts valuation techniques that are applicable in the current situation and supported by sufficient available data and other information, and select inputs consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities, and give preference to relevant observable inputs. Use unobservable input values only when the relevant observable input values are not available or practicable to obtain.

(6) Test method and accounting treatment method for impairment of financial assets

The Company estimates the expected credit losses of financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (debt instruments) and financial guarantee contracts, either individually or in combination.

The Company considers reasonable and well-founded information about past events, current conditions, and forecasts of future economic conditions, and uses the risk of default as the weight to calculate the difference between the cash flow receivable by the contract and the cash flow expected to be received. The probability-weighted amount of the present value of the recognized expected credit loss. If the credit risk of the financial

instrument has increased significantly since the initial recognition, the Company shall measure its loss provision at an amount equivalent to the expected credit loss of the financial instrument throughout its duration. If the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company shall measure its loss provision at an amount equivalent to the expected credit loss of the financial instrument within the next 12 months. The resulting increase or reversal of the loss provision is included in the current profit and loss as an impairment loss or gain.

The Company compares the default risk of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine the relative change in the default risk of financial instruments during the expected duration, and to assess the credit risk of financial instruments has increased significantly since initial recognition. Usually overdue for more than 30 days, the Company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk of the financial instrument has not increased significantly since the initial recognition.

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

If there is objective evidence that a certain financial asset has been credit-impaired, the Company shall make provision for impairment of the financial asset on an individual basis. For the accounts receivables and contract assets formed by the transactions regulated by “Accounting Standards for Business Enterprises No. 14 – Revenue” (2017), regardless of whether they contain significant financing components, the Company calculates them according to the expected credit loss equivalent to the entire duration to measure its loss allowance.

For lease receivables, the Company chooses to measure its loss provision at an amount equivalent to the expected credit loss during its full lifetime.

If the Company no longer reasonably expects that the cash flow of the financial asset contract can be recovered in whole or in part, it will directly write down the book balance of the financial assets.

11. Inventories

(1) Classification and costs of inventories

Inventory is classified into: materials in transit, raw materials, turnover materials, stock goods, work in progress, goods delivered, and materials for commissioned processing, etc.

Inventories are initially measured at cost, and inventory costs include purchase costs, processing costs and other expenses incurred to bring the inventories to their current location and state.

(2) Valuation method for dispatched inventory

Inventories are priced using the weighted average method when they are dispatched.

(3) Basis for determining the net realizable value of different categories of inventories

On the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. When the cost of inventory is higher than its net realizable value, a provision for price of inventory decline shall be made. The net realizable value of inventories refers to the estimated selling price of inventories in ordinary activities minus the estimated costs to be incurred until completion, estimated sales expenses and related taxes.

Inventories of finished goods, goods in stock and materials for sale, etc., which are directly used for sale, are determined by the estimated selling price of the inventory minus the estimated sales expenses and relevant taxes and fees during the normal production and operation process to determine the net realizable value. Inventory of materials that need to be processed, in the normal production and operation process, is determined by the estimated selling price of the finished product minus the estimated cost to be incurred until completion, estimated sales expenses and related taxes and fees to determine the net realizable value. For inventories held for the execution of sales contracts or service contracts, the net realizable value is calculated based on the contract price. If the quantity of inventories held exceeds the quantity ordered in the sales contract, the net realizable value of the excess inventory is calculated based on the general sales price.

After provision for inventory decline, if the factors affecting the reduction of inventory value before have disappeared, resulting in the net realizable value of the inventory being higher than its book value, it shall be reversed within the amount of the original provision for inventory decline and the reversed amount is included in the current profit and loss.

(4) Inventory system

The Company adopts the 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 Costs

Contract costs are divided into contract fulfillment costs and contract obtaining costs.

If the cost incurred by the Company for the contract fulfillment costs does not fall within the scope of relevant standards such as inventory, fixed assets or intangible assets, it shall be recognized as an asset as a contract fulfillment costs when the following conditions are met:

- The cost is directly related to a current or anticipated contract;
- The cost increases the company's future resources to meet performance obligations;
- The cost is expected to be recoverable.

If the incremental cost incurred by the Company to acquire the contract is expected to be recoverable, it is recognized as an asset as the cost of obtaining the contract.

Assets related to contract costs are amortized on the same basis as the recognition of goods or service revenue related to the assets; however, if the amortization period of contract acquisition costs does not exceed one year, the Company will include them in the current profit and loss when incurred.

For assets related to contract costs, if the book value is higher than the difference between the following two items, the Company will make provision for impairment for the excess part and recognize it as asset impairment loss:

1. The remaining consideration expected to be obtained from the transfer of goods or services related to the asset;
2. The estimated costs to be incurred for the transfer of the related good or service.

If the depreciation factor in the previous period changes later, so that the aforementioned difference is higher than the book value of the asset, the Company will reverse the original depreciation provision and include it in the current profit and loss, but the book value of the asset after the reversal shall not exceed the book value of the asset on the transfer-back date assuming no provision for impairment is made.

13. Long-term Equity Investments

(1) Judgment criteria for joint control and significant influence

Joint control refers to the shared control of an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be unanimously agreed by the parties sharing the control right before decisions can be made. If the Company and other joint venture parties exercise joint control over the invested unit and have rights to the net assets of the invested unit, the invested unit is a joint venture of the Company.

Significant influence refers to the right to participate in the decision-making of the investee's financial and operating decisions, but cannot control or jointly control the formulation of these policies with other parties. If the Company is able to exert significant influence on the invested unit, the invested unit is an associate of the Company.

(2) Determination of initial investment cost

1) Long-term equity investment formed by business combination

For a long-term equity investment in a subsidiary formed by a business combination under the same control, the initial investment cost of the long-term equity investment shall be the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party on the date of combination. For the difference between the initial investment cost of long-term equity investment and the book value of the consideration paid, the equity premium in the capital reserve shall be adjusted; if the equity premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

For a long-term equity investment in a subsidiary formed by a business combination not under the same control, the initial investment cost of the long-term equity investment shall be the combination cost determined on the purchase date.

2) Long-term equity investment obtained through other means than business combination

For long-term equity investment acquired by cash payment, the actual purchase price paid shall be regarded as the initial investment cost.

For long-term equity investment obtained by issuing equity securities, the initial investment cost shall be the fair value of the issued equity securities.

(3) Subsequent measurement and profit or loss recognition method

1) Long-term equity investment accounted for by cost method

The Company's long-term equity investment in subsidiaries is accounted for using the cost method, unless the investment meets the conditions of being held for sale. Except for the price actually paid when acquiring the investment or the cash dividends or profits that have been declared but not yet distributed included in the consideration, the Company recognizes the current investment income according to the cash dividends or profits declared by the invested unit.

2) Long-term equity investment accounted for by equity method

Long-term equity investments in associates and joint ventures are accounted for using the equity method. If the initial investment cost is greater than the difference between the share of the fair value of the identifiable net assets of the investee that should be enjoyed at the time of investment, the initial investment cost of the long-term equity investment will not be adjusted; The difference between the initial investment cost and the share of the fair value of the identifiable net assets of the investee that should be enjoyed at the time of investment shall be included in the current profit and loss, and the cost of long-term equity investment shall be adjusted at the same time.

The Company recognizes the investment income and other comprehensive income respectively according to the share of the net profit or loss and other comprehensive income realized by the invested unit that it should enjoy or share, and adjust the book value of the long-term equity investment at the same time; The book value of the long-term equity investment shall be correspondingly reduced according to the portion of the profits or cash dividends declared by the investee to be distributed; For other changes in the owner's equity of the investee other than net profit and loss, other comprehensive income and profit distribution (referred to as "other changes in owner's equity"), the book value of the long-term equity investment is adjusted and included in the owner's equity.

When confirming the share of the investee's net profit or loss, other comprehensive income and other changes in owner's equity, it is based on the fair value of the investee's identifiable net assets when the investment is obtained, and in accordance with the Company's accounting policies and accounting periods. It is confirmed after adjusting the net profit and other comprehensive income of the invested unit.

The unrealized profit and loss of internal transactions between the Company and its associates and joint ventures shall be calculated according to the share attributable to the Company and offset, investment income is recognized on this basis, except that the assets invested or sold constitute a business. If the unrealized internal transaction loss with the invested unit is an asset impairment loss, it shall be recognized in full.

The Company's net losses to joint ventures or joint ventures, in addition to the obligation to bear additional losses, are limited to zero when the book value of long-term equity investments and other long-term interests that substantially constitute net investments in joint ventures or joint ventures are reduced to zero. If the joint venture or associated enterprise realizes net profit in the future, the Company shall restore the recognition of the profit share after the share of the profit makes up for the share of the unrecognized loss.

3) Disposal of long-term equity investment

For the disposal of long-term equity investment, the difference between its book value and the actual acquisition price shall be included in the current profit and loss.

If part of the long-term equity investment accounted for by the equity method is disposed of, 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 on the same basis as the invested entity's direct disposal of related assets or liabilities and shall be carried forward in corresponding proportions, changes in other owners' equity are transferred to the current profit and loss in proportion.

If the joint control or significant influence on the invested unit is lost due to the disposal of equity investment and other reasons, other comprehensive income recognized by the original equity investment due to the adoption of equity method accounting, when the equity method of accounting is terminated, the accounting treatment is carried out on the same basis as the investee directly disposing of related assets or liabilities, and other changes in owner's equity are all transferred to the current profit and loss when the equity method of accounting is terminated.

If the control over the invested unit is lost due to the disposal of part of the equity investment, etc., when preparing individual financial statements, if the remaining equity can exercise joint control or significant influence on the invested unit, it shall be accounted for using the equity method. And the remaining equity is deemed to be adjusted using the equity method since it is acquired, and other comprehensive income recognized before obtaining the control of the invested company is carried forward on the same basis as the invested company's direct disposal of related assets or liabilities. Changes in other owners' equity due to the adoption of equity method accounting and confirmation are carried forward to the current profit and loss in proportion; If the remaining equity cannot exercise joint control or exert significant influence on the invested unit, it is recognized as a financial asset. The difference between the fair value and the book value on the date when the control is lost is included in the current profit and loss, and all other comprehensive income and other changes in owner's equity recognized before obtaining the control of the invested entity are all carried forward.

If the equity investment in a subsidiary is disposed of step by step through multiple transactions until the control is lost, if it belongs to a package deal, each transaction shall be accounted for as a transaction for disposing of the equity investment in the subsidiary and losing control; The difference between each disposal price before the loss of control and the book value of the long-term equity investment corresponding to the disposed equity

is first recognized as other comprehensive income in the individual financial statements. When the control right is lost, it will be transferred to the current profit and loss of the loss of control right. If it does not belong to a package deal, each transaction shall be accounted for separately.

14. Investment properties

Investment properties refers to properties held for the purpose of earning rent or capital appreciation, or both, including leased land use rights, land use rights held and prepared to be transferred after appreciation, leased buildings (Including buildings that are built for rent after self-construction or development activities are completed, and buildings that are in the process of being built or developed for future rent).

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

The Company adopts the cost model to measure the existing investment properties. The same depreciation policy as the Company's fixed assets is adopted for the investment properties measured according to the cost model - buildings for lease, and the same amortization policy as for intangible assets is adopted for the land use right for lease.

15. Fixed Assets

(1) Recognition criteria

Fixed assets refer to tangible assets that are held for the production of goods, provision of labor services, lease or operation and management, and have a useful life of more than one accounting year.

Fixed assets are recognized when the following conditions are met at the same time: 1) The economic benefits related to the fixed assets are probable to flow into the Company;

2) The cost of the fixed asset can be measured reliably.

Fixed assets are initially measured at cost (and taking into account the impact of estimated disposal costs).

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 the cost can be reliably measured; for the replaced part, its book value is derecognized;

All other subsequent expenses are included in the current profit and loss when incurred.

(2) Depreciation method

Category	Depreciation method	Depreciation period (years)	Scrap value rate (%)	Annual depreciation rate (%)
Property and plant	Average Years Method	5	2.38%	40
Mechanical equipment	Average Years Method	5	3.96%-5.59%	17-24
Transport and other equipment	Average Years Method	5	7.92%-19.00%	5-12

The depreciation of fixed assets is classified and accrued using the average-year method, and the depreciation rate is determined according to the category of fixed assets, estimated service life and estimated net residual value rate. For fixed assets with provision for depreciation, the depreciation amount will be determined according to the book value after deduction of provision for depreciation and the remaining useful life in the future period. If the service life of each component of the fixed asset is different or it provides economic benefits to the Company in different ways, different depreciation rates or depreciation methods should be selected to accrue depreciation separately.

(3) Disposal of fixed assets

When a fixed asset is disposed of, or it is not expected to generate economic benefits through use or disposal, the fixed asset is derecognized. The income from the sale, transfer, retirement or damage of fixed assets after deducting their book value and related taxes and fees is included in the current profit and loss.

16. Construction in Progress

The cost of construction in progress is measured by the actual cost incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization and other necessary expenditures incurred before the construction in progress reaches the intended usable state. When the construction in progress reaches the intended usable state, it will be transferred to fixed assets and depreciation will be accrued from the next month.

17. Borrowing Costs**(1) Recognition principles for capitalization of borrowing costs**

The borrowing expenses incurred by the Company, which can be directly attributable to the purchase, construction or production of assets eligible for capitalization, shall be capitalized and included in the cost of relevant assets; other borrowing expenses shall be recognized as expenses based on the amount incurred when they occur, and shall be calculated and included in current profit and loss.

Assets eligible for capitalization refer to assets such as fixed assets, investment real estate, and inventories that require a long period of purchase, construction or production activities to reach the intended usable or salable state.

(2) Period of capitalization of borrowing costs

The capitalization period refers to the period from the start of capitalization of borrowing costs to the cessation of capitalization, excluding the period of suspension of capitalization of borrowing costs.

Borrowing costs start to be capitalized when the following conditions are met at the same time:

- 1) Asset expenditures have occurred, and asset expenditures include expenditures incurred in the form of cash payments, transfer of non-cash assets, or assumption of interest-bearing debts for the purchase, construction or production of assets eligible for capitalization;
- 2) Borrowing costs have been incurred;
- 3) The acquisition, construction or production activities necessary to make the asset ready for use or sale have started.

Capitalization of borrowing costs stops when the purchased, constructed or produced assets eligible for capitalization have reached the intended usable or salable state.

(3) Suspension of capitalization period

Capitalization of borrowing costs shall be suspended if the acquisition, construction or production process of an asset eligible for capitalization is interrupted abnormally and the interruption lasts for more than 3 months; If the interruption is a necessary procedure for the purchased, constructed or produced assets eligible for capitalization to reach the intended usable state or salable state, the borrowing costs will continue to be capitalized. Borrowing costs incurred during the interruption period are recognized as current profit and loss, and the borrowing costs continue to be capitalized after the acquisition and construction of assets or production activities resume.

(4) Calculation method of borrowing cost capitalization rate and capitalized amount

For special loans borrowed for the purchase, construction or production of assets eligible for capitalization, the capitalized amount of borrowing costs is determined by the amount of the borrowing costs actually incurred in the current period of the special borrowing minus the interest income obtained by depositing the unused borrowing funds in the bank or the investment income obtained from the temporary investment.

For general borrowings used for the acquisition, construction or production of assets eligible for capitalization, calculate and determine the amount of borrowing costs that should be capitalized for general borrowings by multiplying the weighted average of asset expenditures that exceed the portion of special borrowings multiplied by the capitalization rate of general borrowings. The capitalization rate is determined based on the weighted average actual interest rate of general borrowings.

During the capitalization period, the exchange difference between the principal and interest of foreign currency special loans shall be capitalized and included in the cost of assets eligible for capitalization. The exchange difference arising from the principal and interest of other foreign currency loans other than foreign currency special loans is included in the current profit and loss.

18. Intangible Assets

(1) Measurement method, useful life, impairment test

A. Valuation method of intangible assets

1) Initially measured at cost when the Company acquires intangible assets

The cost of purchased intangible assets includes the purchase price, relevant taxes and other expenditures that are directly attributable to making the asset reach its intended use.

2) Subsequent measurement

When acquiring intangible assets, analyze and judge their service life.

For intangible assets with limited service life, they are amortized within the period of bringing economic benefits to the enterprise; if the period of intangible assets bringing economic benefits to the enterprise cannot be foreseen, they are regarded as intangible assets with indefinite service life and shall not be amortized.

B. Estimated useful life of intangible assets with limited useful life

Item	Expected useful life	Amortization method	Residual rate	Basis for expected useful life
Land use rights	50 years	Average age method	0	Land use right certificate

C. Judgment basis for intangible assets with indefinite useful life and procedures for reviewing their useful life

As of the end of the reporting period, the Company had no intangible assets with indefinite useful life.

(2) Accounting policy for internal research and development expenditures

A. Specific criteria for dividing the research phase and development phase

The Company's internal research and development project expenditures are divided into research phase expenditures and development phase expenditures.

Research phase: The phase of original planned investigation and research activities to acquire and understand new scientific or technical knowledge, etc.

Development stage: Before commercial production or use, research results or other knowledge are applied to a certain plan or design to produce new or substantially improved materials, devices, products, etc.

B. Development phase expenditures qualify for capitalization specific conditions

Expenditures in the research stage are included in the current profit and loss when incurred. Expenditures in the development stage that meet the following conditions at the same time are recognized as intangible assets, and expenditures in the development stage that cannot meet the following conditions are included in the current profit and loss:

- 1) It is technically feasible to complete the intangible asset so that it can be used or sold;
- 2) It has the intention to complete the intangible asset and use or sell it;
- 3) The way intangible assets generate economic benefits, including the ability to prove that there is a market for the products produced by using the intangible asset or the intangible asset itself has a market, and if the intangible asset will be used internally, it can prove its usefulness;
- 4) Have sufficient technical, financial and other resource support to complete the development of the intangible asset and have the ability to use or sell the intangible asset;
- 5) The expenditure attributable to the development stage of the intangible asset can be reliably measured.

19. Impairment of Long-term Assets

For long-term equity investment, investment real estate measured by the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with limited service life, oil and gas assets and other long-term assets, if there is any sign of impairment on the balance sheet date, an impairment test is required. If the results of the impairment test show that the recoverable amount of the asset is lower than its book value, the difference shall be recognized as an impairment provision and included in the impairment loss. The recoverable amount is the higher of the net amount of the asset's fair value minus disposal costs and the present value of the estimated future cash flow of the asset. Asset impairment provision is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. An asset group is the smallest combination of assets that can independently generate cash inflows.

For goodwill formed by business combination, intangible assets with indefinite useful life, and intangible assets that have not yet reached the usable state, regardless of whether there is any sign of impairment, an impairment test shall be conducted at least at the end of each year.

The Company carries out the goodwill impairment test, and the book value of the goodwill formed by the business combination shall be apportioned to the relevant asset groups according to a reasonable method from the date of purchase. If it is difficult to allocate to the relevant asset group, it shall be allocated to the relevant asset group combination. The related asset group or asset group combination is the asset group or asset group combination that can benefit from the synergistic effect of the business combination.

When performing an impairment test on the relevant asset group or combination of asset groups containing goodwill, if there is any sign of impairment in the asset group or combination of asset groups related to goodwill, first perform an impairment test on the asset group or combination of asset groups that does not contain goodwill, calculate the recoverable amount and compare it with the relevant book value to confirm the corresponding impairment loss. Then conduct an impairment test on the asset group or asset group combination containing goodwill, compare its book value with the recoverable amount, if the recoverable amount is lower than the book value, the amount of the impairment loss shall first be deducted from the book value of the goodwill apportioned to the asset group or asset group combination, then according to the proportion of the book value of other assets except goodwill in the asset group or asset group combination, the book value of other assets shall be offset in proportion. Once the above asset impairment loss is confirmed, it will not be reversed in the subsequent accounting period.

20. Long-term Deferred Expenses

Long-term deferred expenses refer to various expenses that have occurred but should be borne by the current and subsequent periods with an amortization period of more than one year.

Long-term deferred expenses are amortized evenly during the beneficiary period.

21. Contract Liabilities

The Company presents contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer payments. The Company has received or receivable the customer's consideration and the obligation to transfer goods or provide services to the customer is listed as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

22. Employee Benefits

(1) Accounting treatment of short-term employee benefits

During the accounting period when employees provide services to the Company, the Company recognizes the actual short-term remuneration as a liability, and includes it in the current profit and loss or related asset costs.

The social insurance premiums and housing provident funds paid by the Company for employees, as well as labor union funds and employee education funds drawn according to regulations, are paid according to regulations during the accounting period when employees provide services to the Company. The accrual basis and accrual ratio are calculated to determine the corresponding amount of employee remuneration.

The employee welfare expenses incurred by the Company are included in the current profit and loss or the cost of related assets according to the actual amount when they actually occur. Among them, non-monetary benefits are measured at fair value.

(2) Accounting treatment of post-employment benefits

1) Defined contribution plans

The Company pays the basic endowment insurance and unemployment insurance for employees according to the relevant regulations of the local government. During the accounting period when the employees provide services to the Company, the amount payable is calculated according to the payment base and proportion stipulated by the local government, recognized as liabilities, and included in current profit or loss or related asset cost. In addition, the Company also participates in the enterprise annuity plan/supplementary pension insurance fund approved by the relevant state departments. The Company pays premiums to the annuity plan/local social insurance agency according to a certain percentage of the total salary of employees, and the corresponding expenditure is included in the current profit and loss or the cost of related assets.

2) Defined benefit plans

The Company has no defined benefit plan.

(3) Accounting treatment of termination benefits

If the Company provides termination benefits to employees, the employee salary liabilities arising from the termination benefits shall be recognized on the earlier of the following two dates and included in the current profit and loss: when the Company cannot unilaterally withdraw the termination benefits provided due to the termination of labor relationship plans or layoff proposals; when the Company recognizes costs or expenses associated with a restructuring involving the payment of termination benefits.

23. Provisions

When the obligations related to contingencies meet the following conditions at the same time, the Company will recognize them as provision:

- 1) The obligation is a present obligation of the Company;
- 2) It is probable that the performance of the obligation will result in an outflow of economic benefits from the Company;
- 3) The amount of the obligation can be measured reliably.

Estimated liabilities are initially measured based on the best estimate of the expenditure required to fulfill the relevant current obligations.

When determining the best estimate, factors such as risks, uncertainties and time value of money related to contingencies shall be considered comprehensively. If the time value of money has a significant impact, the best estimate is determined after discounting the relevant future cash outflows.

If there is a continuous range of required expenditures, and the possibility of occurrence of various outcomes within this range is the same, the best estimate shall be determined according to the median value within the range; in other cases, the best estimate shall be dealt with in the following situations:

- If a contingency involves a single item, it shall be determined according to the most likely amount;
- If a contingency involves multiple projects, it shall be calculated and determined according to various possible results and related probabilities.

If all or part of the expenditure required to pay off the estimated liability is expected to be compensated by a third party, the compensation amount shall be recognized as an asset separately when it is basically confirmed that it can be received, and the confirmed compensation amount shall not exceed the book value of the estimated liability.

The Company shall review the book value of estimated liabilities on the balance sheet date. If there is conclusive evidence that the book value cannot reflect the current best estimate, the book value shall be adjusted according to the current best estimate.

24. Revenue

(1) Accounting policies adopted for revenue recognition and measurement

The Company recognizes revenue when the Company fulfills the performance obligations in the contract, that is, when the customer obtains control over the relevant goods or services. Obtaining the right to control the relevant goods or services refers to being able to dominate the use of the goods or services and obtain almost all economic benefits from them.

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

The transaction price refers to the amount of consideration to which the Company is expected to be entitled for the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the customer. The Company determines the transaction price in accordance with the terms of the contract and in combination with its previous practices, and when determining the transaction price, it takes into account the influence of factors such as variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to customers. The Company determines the transaction price including the variable consideration at an amount that does not exceed the amount that the accumulated recognized revenue is unlikely to be significantly reversed when the

relevant uncertainties are eliminated. If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash when the customer obtains the control of the goods or services, and uses the actual interest rate method to amortize the difference between the transaction price and the contract consideration during the contract period.

If one of the following conditions is met, the performance obligation shall be fulfilled within a certain period of time; otherwise, the performance obligation shall be fulfilled at a certain point in time:

- The customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company's performance of the contract.
- The customer is able to control the goods under construction during the Company's performance.
- The goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the performance part that has been completed so far during the entire contract period.

For performance obligations fulfilled within a certain period of time, the Company recognizes revenue according to the progress of the performance within that period of time, except that the progress of the performance of the contract cannot be reasonably determined. The Company considers the nature of the goods or services and adopts the output method or input method to determine the performance progress. When the performance progress cannot be reasonably determined, and the incurred costs are expected to be compensated, the Company shall recognize the revenue according to the incurred cost amount until the performance progress can be reasonably determined.

For performance obligations fulfilled at a certain point in time, the Company recognizes revenue at the point in time when the customer obtains control over the relevant goods or services. When judging whether the customer has obtained control of the goods or services, the Company considers the following signs:

- The Company has the current right to receive payment for the goods or services, that is, the customer has a current payment obligation for the goods or services.
- The Company has transferred the legal title to the product to the customer, that is, the customer already has the legal title to the product.
- The Company has transferred the product to the customer in kind, that is, the customer has taken possession of the product in kind.
- The Company has transferred the main risks and rewards of the ownership of the commodity to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the commodity.
- The customer has accepted the good or service, etc.

Contracts for the sale of goods between companies and customers often contain only performance obligations for the transfer of goods or services such as steel. Such performance obligations are performance obligations performed at a certain point in time, and the Company recognizes revenue at the point in time when the

customer obtains control over the relevant goods or services. When judging whether the customer has obtained control of the goods or services, the Company considers the following signs: the Company obtains the current right to collect the goods, 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.

25. Government Grants

(1) Categories

Government grants are monetary assets or non-monetary assets obtained by the Company from the government for free. It is divided into government grants related to assets and government grants related to income.

Asset-related government grants refer to government grants obtained by the Company for purchase and construction or to form long-term assets in other ways. Government grants related to income refer to government grants other than government grants related to assets.

The Company classifies government grants as assets-related specific criteria: government grants obtained by the enterprise and used to purchase and construct or form long-term assets in other ways.

The specific criteria for the Company to classify government grants as income-related are: government grants with specified grant targets other than asset-related government grants.

For government documents that do not clearly specify the grants object, the Company's judgment basis for classifying the government grants as asset-related or income-related is as follows: for those that can form long-term assets, the part of the government grants corresponding to the asset value shall be regarded as the government grants related to assets, and the rest shall be regarded as the government grants related to income; if it is difficult to distinguish, the government grants as a whole shall be regarded as the government grants related to income.

(2) Timing of recognition

The Company's asset-related government grants are recognized when the government grants are actually received, and the deferred income is evenly amortized and transferred to the current profit and loss according to the expected service life of the long-term assets from the time the long-term assets are available for use.

The Company's government grants related to income are recognized at the following points: if the government grants are actually received and used to compensate the Company's related expenses or losses in the future, it will be included in the current non-operating income during the period when the relevant expenses are confirmed; if it is used to compensate the relevant expenses or losses incurred by the Company, it shall be directly included in the non-operating income of the current period when it is obtained.

(3) Accounting treatment

Government grants related to assets are offset against the book value of related assets or recognized as deferred income. If it is recognized as deferred income, it shall be included in the current profit and loss in stages in a reasonable and systematic manner within the useful life of the relevant assets (if it is related to the Company's ordinary activities, it will be included in other income; if it is not related to the Company's ordinary activities, it will be included in non-operating income).

Government grants related to income, which are used to compensate the relevant costs or losses of the enterprise in the future period, shall be recognized as deferred income, and shall be included in the current profit and loss during the period when the relevant costs or losses are recognized (if it is related to the Company's ordinary activities, it will be included in other income; if it is not related to the Company's ordinary activities, it will be included in non-operating income) or offset related costs or losses; If it is used to compensate the relevant costs or losses incurred by the Company, it shall be directly included in the current profit and loss (if it is related to the Company's ordinary activities, it will be included in other income; if it is not related to the Company's ordinary activities, it will be included in non-operating income) or offset related costs or losses.

The policy-based preferential loan interest discount obtained by the Company is divided into the following two situations, and the accounting treatment is carried out separately:

- 1) If the finance department allocates interest discount funds to the lending bank, and the lending bank provides loans to the Company at a preferential policy rate, the Company takes the actual amount of the loan received as the entry value of the loan, and calculates it based on the principal of the loan and the policy preferential rate related borrowing costs.
- 2) If the finance department directly allocates the interest discount funds to the Company, the Company will offset the corresponding borrowing costs with the corresponding discount interest.

26. Deferred Tax Assets / Deferred Tax Liabilities

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

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

Deferred tax assets recognized for deductible temporary differences shall be limited to the amount of taxable income that is likely to be obtained in the future to offset the deductible temporary differences. For the deductible losses and tax credits that can be carried forward to the following years, the corresponding deferred tax assets are recognized within the limit of the future taxable income that is likely to be used to offset the deductible losses and tax credits .

For taxable temporary differences, except for special circumstances, deferred income tax liabilities are recognized.

The special circumstances that do not recognize deferred tax assets or deferred tax liabilities include:

- Initial recognition of goodwill;
- Transactions or events that are neither business combinations nor affect accounting profits and taxable income (or deductible losses) when they occur.

For taxable temporary differences related to investments in associates and joint ventures, deferred tax liabilities are recognized, unless the Company is able to control the timing of the reversal of the temporary difference and the temporary difference is likely not to be transferred back in the foreseeable future. For the deductible temporary difference related to the investment in associates and joint ventures, when the temporary difference is likely to be reversed in the foreseeable future and the taxable income used to offset the deductible temporary difference is likely to be obtained in the future, the deferred tax assets are recognized.

On the balance sheet date, the deferred tax assets and deferred tax liabilities shall be 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 paid off in accordance with the provisions of the tax law.

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

When there is a legal right to settle on a net basis and there is an intention 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 as the net amount after offsetting.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are presented as the net amount after offsetting when the following conditions are met at the same time:

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred tax assets and deferred tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection authority or to different taxpayers, but each important deferred tax asset and liability will be reversed in the future, the taxpayers involved intend to settle the current income tax assets and liabilities on a net basis or acquire assets and pay off liabilities at the same time.

27. Leases

(1) Accounting Treatment for Operating Leases

Accounting Policy from 1 January 2021

- Lease refers to a contract in which the lessor transfers the right to use an asset to the lessee for consideration within a certain period of time. On the inception date of the contract, the Company assesses whether the contract is or contains a lease. A contract is, or contains, a lease if one party to the contract transfers the right to control the use of one or more identified assets for a period of time in exchange for consideration.
- 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 separately. If the contract contains both lease and non-lease parts, the lessee and lessor will separate the lease and non-lease parts.
- For rental concessions, such as rent reductions, deferred payments, etc., directly caused by the COVID-19 Epidemic, the Company adopts a simplified method for all lease options, and does not evaluate whether there is a lease change and lease classification will not be reassessed if the following conditions are met at the same time:
 - The lease consideration after the concession is reduced or basically unchanged from that before the concession, and the lease consideration can be undiscounted or discounted at the discount rate before the concession;
 - The concession is only for the lease payments payable before 30 June 30 2022. An increase in the lease payments payable after 30 June 2022 does not affect the fulfillment of this condition, and a decrease in the lease payments payable after 30 June 30 2022 does not meet this condition;
 - After comprehensive consideration of qualitative and quantitative factors, it is determined that there is no significant change in other terms and conditions of the lease.

1) The Company acts as the lessee

① Right-of-use assets

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

- The initial measurement amount of the lease liability;
- For the lease payment paid on or before the start date of the lease term, if there is a lease incentive, the relevant amount of the lease incentive already enjoyed shall be deducted;
- Initial direct costs incurred by the Company;
- The cost expected to be incurred by the Company for dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the state stipulated in the lease terms. However, costs incurred for the production of inventories are not included.

The Company subsequently adopts the straight-line method to depreciate the right-of-use assets. If it can be reasonably determined that the ownership of the leased asset will be obtained when the lease term expires, the Company shall accrue depreciation within the remaining useful life of the leased asset. Otherwise, the leased asset is depreciated over the shorter period of the lease term or the remaining useful life of the leased asset

The company determines whether the right-of-use asset has been impaired in accordance with the principles stated in “V. (19) Impairment of Long-term Assets” in this note, and conducts accounting treatment for the identified impairment loss.

② Lease liability

On the commencement date of the lease term, the Company recognizes lease liabilities for leases other than short-term leases and low-value asset leases. The lease liability is initially measured at the present value of the unpaid lease payments. Lease payments include:

- Fixed payments (including substantive 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 rate;
- The amount expected to be paid according to the residual value of the guarantee provided by the Company;
- The exercise price of the option to purchase, if the Company is reasonably certain that the option will be exercised;
- Amounts payable for exercising the option to terminate the lease, provided the term of the lease reflects the exercise of the option to terminate the lease.

The Company uses the lease implicit interest rate as the discount rate, but if the lease implicit interest rate 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 period 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 current profit or loss or related asset costs when they actually occur. After the start date of the lease term, if the following circumstances occur, the Company will remeasure the lease liability and adjust the corresponding right-of-use asset. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the difference is included in the current profit and loss:

- When the evaluation results of the purchase option, lease renewal option or termination option change, or the actual exercise of the aforementioned options is inconsistent with the original evaluation results, the Company will use the lease payment amount after the change and the revised discount rate to calculate the present value and remeasure the lease liability;
- When the actual fixed payment amount changes, the estimated payable amount of the residual value of the guarantee changes, or the index or ratio used to determine the lease payment changes, the Company recalculates the present value based on the changed lease payment amount and the original discount

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

③ Short-term leases and leases of low-value assets

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 during each period of the lease term. Short-term lease refers to a lease with a lease term of no more than 12 months on the commencement date of the lease term and does not include the option to purchase. Lease of low-value assets refers to a lease with a relatively low value when the single leased asset is a brand new asset. Where a company subleases or expects to sublease leased assets, the original lease does not belong to low-value asset leases.

④ Lease change

If the lease is changed 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 increasing the use rights of one or more leased assets;
- The increased consideration is equal to the individual price of the extended part of the leased scope after adjustment according to the conditions of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company re-allocates the consideration of the changed contract, re-determines the lease term, and calculates the cash value based on the changed lease payment and the revised discount rate to remeasure the lease liability.

If the change of the lease results in a reduction in the scope of the lease or a shortening of the lease term, the Company shall reduce the book value of the right-of-use asset accordingly, and include the relevant gains or losses related to the partial or complete termination of the lease in the current profit and loss. If other lease changes lead to the remeasurement of lease liabilities, the Company shall adjust the book value of the right-of-use asset accordingly.

⑤ Rent concessions related to COVID-19 epidemic

For those who adopt the simplified method of rent reduction related to the COVID-19 epidemic, the Company will not evaluate whether there is a lease change, and continue to calculate the interest expense of the lease liability at the same discount rate as before the reduction and include it in the current profit and loss. The right-of-use asset is depreciated in the same way as before. In the event of rent reduction or exemption, the Company will use the reduced or exempt rent as the variable lease payment, and when the original rent payment obligation is terminated by reaching a reduction agreement, the discounted amount at the undiscounted or pre-reduction discount rate will be used to offset the cost of the relevant assets or expenses, and adjust the lease liabilities accordingly; if the rent payment is deferred, the Company will offset the lease liabilities recognized in the previous period when the actual payment is made.

For short-term leases and leases of low-value assets, the Company will continue to include the original contract rent in the cost or expense of the relevant assets in the same way as before the reduction. In case of rent reduction or exemption, the Company will use the reduced rent as the variable lease payment, and offset the cost or expenses of related assets during the reduction or exemption period. The payables confirmed in the previous period are deducted when the actual payment is made.

2) The Company acts as the lessor

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

Accounting for operating lease

The lease receipts from operating leases are recognized as rental income on a straight-line basis during each period of the lease term. The Company capitalizes the initial direct expenses related to operating leases, and amortizes them in the current profit and loss on the same basis as the recognition of rental income during the lease period. Variable lease payments not included in lease receipts are included in current profit or loss when actually incurred. If the operating lease is changed, the Company will take it as a new lease for accounting treatment from the effective date of the change, and the pre-receipt or receivable lease receipts related to the lease before the change will be regarded as the receipts of the new lease.

(2) Accounting Treatment of Finance Lease

1) Accounting treatment of finance lease

On the commencement date of the lease, the Company recognizes the finance lease receivable for the finance lease and derecognizes the finance lease assets. When the Company initially measures the receivable finance lease, it takes the net lease investment as the entry value of the finance lease receivable. The net lease investment is the sum of the unguaranteed residual value and the present value of the unreceived lease receipts at the commencement date of the lease period discounted at the interest rate implicit in the lease.

The Company calculates and recognizes the interest income in each period of the lease term according to the fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with “V.10 Financial Instruments” in this note.

Variable lease payments that are not included in the measurement of net lease investment are included in current profit or loss when they actually occur.

If the financial lease is changed and meets the following conditions at the same time, the Company shall treat the change as a separate lease for accounting treatment:

- The change expands the scope of the lease by adding the right to use one or more of the leased assets;

- The increased consideration is equal to the individual price of the expanded part of the leased scope after adjustment according to the conditions of the contract.

If the modification of the financial lease is not accounted for as a separate lease, the Company handles the modified lease according to the following circumstances:

- If the change takes effect on the lease commencement date, the lease will be classified as an operating lease, and the Company will account for it as a new lease from the lease change effective date, and the lease investment net amount before the lease change becomes effective as the lease the book value of the asset;
- If the change takes effect on the lease commencement date, the lease will be classified as a finance lease, and the Company will conduct accounting treatment in accordance with the policy on modifying or renegotiating the contract in “V.10 Financial Instruments” in this note.

2) Rent concessions related to COVID-19 Epidemic

- For operating leases that adopt the simplified method of rent reduction related to the COVID-19 Epidemic, the Company will continue to recognize the original contract rent as lease income in accordance with the method before the reduction. The amount of payment shall be offset against the rental income during the reduction or exemption period; if the rent is deferred, the Company shall recognize the rent payable as an account receivable during the original collection period, and offset the previously confirmed account receivable when it is actually received.
- For financial leases that adopt the simplified method of rental concessions related to the COVID-19 epidemic, the Company continues to calculate interest at the same discount rate as before the concession and recognize it as lease income. In the event of rent reduction or exemption, the Company will use the reduced or exempt rent as the variable lease payment, and when the right to collect the original rent is waived after reaching a concession agreement, the discounted amount at the undiscounted or pre-reduction discount rate will offset the originally recognized lease income, the part that is not enough to be offset is included in investment income, and the financial lease receivables are adjusted accordingly; if the rent is deferred, the Company will offset the financial lease receivables confirmed in the previous period when it is actually received.

(3) Sale and leaseback transactions

The Company evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the principles stated in “V.24 Revenue” in this note.

1) As lessee

If the asset transfer in the sale-and-leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use asset formed by the sale-and-leaseback based on the part of the book value of the original asset related to the right to use acquired by the leaseback and recognize the relevant gain or loss only for the rights assigned to the lessor; If the asset transfer in the sale-and-leaseback transaction is not a sale, the Company, as

the lessee, shall continue to recognize the transferred asset and at the same time recognize a financial liability equal to the transfer income. For the accounting treatment of financial liabilities, please refer to "V.10 Financial Instruments" in this note.

2) As lessor

If the asset transfer in the sale-and-leaseback transaction is a sale, the Company, as the lessor, conducts accounting treatment for the asset purchase, and conducts accounting treatment for the asset lease in accordance with the policy of "2. The Company as the lessor; If the transfer of assets in a sale-and-leaseback transaction is not a sale, the Company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income. For the accounting treatment of financial assets, please refer to "V.10 Financial Instruments" in this note.

Accounting Policies Before January 1, 2021

Leases are divided into finance leases and operating leases. A financial lease is a lease that substantially transfers all the risks and rewards associated with ownership of an asset. Operating leases are leases other than finance leases.

For rental concessions such as rent reductions and deferred payments that are directly triggered by the new crown pneumonia epidemic and reached on existing lease contracts, if the following conditions are met at the same time, the Company applies the simplified approach to all lease options and does not assess whether a lease modification has occurred or reassess lease classification:

- The lease consideration after the concession is reduced or basically unchanged from that before the concession, and the lease consideration can be undiscounted or discounted at the discount rate before the concession;
- The concession is only for the lease payments payable before June 30, 2021. An increase in the lease payments payable after June 30, 2021 does not affect the fulfillment of this condition, and a decrease in the lease payments payable after June 30, 2021 does not meet the condition; and
- After comprehensive consideration of qualitative and quantitative factors, it is determined that there is no significant change in other terms and conditions of the lease.

1) Accounting for operating leases

① The lease fee paid by the Company for leased assets shall be amortized on a straight-line basis during the entire lease period without deducting the rent-free period, and included in current expenses. The initial direct expenses paid by the Company related to the leasing transaction shall be included in the current expenses.

When the asset lessor bears the lease-related expenses that should be borne by the Company, the Company deducts this part of the expenses from the total rent, and the deducted rent expenses are apportioned during the lease period and included in the current expenses.

For operating leases that adopt the simplified method of rental concessions related to the COVID-19 epidemic, the Company will continue to include the original contract rents in the relevant asset costs or expenses in

accordance with the same method as before the concessions. In the event of rent reduction or exemption, the Company will take the reduced rent as contingent rent and include it in profit or loss during the reduction or exemption period. If the payment of rent is postponed, the Company will recognize the payable rent as an account payable during the original payment period, and offset the payable account recognized in the previous period when the actual payment is made.

② The lease fees collected by the Company for leasing assets shall be amortized on a straight-line basis over the entire lease period without deducting the rent-free period, and shall be recognized as lease-related income. The initial direct expenses paid by the Company related to leasing transactions are included in the current expenses; if the amount is relatively large, they are capitalized and included in the current income in stages on the same basis as the recognition of lease-related income throughout the lease period.

When the Company bears the lease-related expenses that should be borne by the lessee, the Company deducts this part of the expenses from the total rental income, and distributes the deducted rental expenses during the lease period. For operating leases that adopt the simplified method of rent reduction related to the new crown pneumonia epidemic, the Company will continue to recognize the original contract rent as lease income in accordance with the same method as before the reduction; In the event of rent reduction or exemption, the Company will use the reduced or reduced rent as contingent rent, and offset the rental income during the reduction or exemption period;

If the collection of rent is postponed, the Company will recognize the rent payable as an account receivable during the original collection period, and offset the account receivable confirmed in the previous period when it is actually received.

2) Accounting for finance leases

① Finance leased assets: On the date of commencement of the lease, the Company takes the lower of the fair value of the leased asset and the present value of the minimum lease payment as the entry value of the leased asset, and takes the minimum lease payment as the entry value of the long-term payables, the difference is regarded as unrecognized financing expenses. The Company uses the actual interest rate method to amortize unrecognized financing expenses during the asset lease period and include them in financial expenses. The initial direct expenses incurred by the Company shall be included in the value of leased assets.

For financial leases that adopt the simplified method of rental concessions related to the new crown pneumonia epidemic, the Company will continue to recognize unrecognized financing expenses as current financing expenses at the same discount rate as before the reduction, continue to depreciate the financial leased assets in accordance with the same method as before the concession. For the rent reduction or exemption, the Company regards the rent reduction or exemption as the contingent rent, when the original rent payment obligation is terminated by reaching a concession agreement, it will be included in the current profit and loss, and the long-term payables will be adjusted accordingly, or it will be discounted according to the pre-reduction discount rate and included in the current profit and loss, and the unrecognized financing expenses will be adjusted; if the rent payment is deferred, the Company will offset the long-term payables confirmed in the previous period when the actual payment is made.

② Assets leased out by finance: On the lease commencement date, the Company recognizes the difference between the sum of the receivable finance lease, the unguaranteed residual value and its present value as unrealized financing income, and recognizes it as lease income in each period when rent is received in the future. The initial direct expenses incurred by the Company related to the leasing transaction shall be included in the initial measurement of finance lease receivables, and the amount of income recognized during the lease period shall be reduced. For financial leases that adopt the simplified method of rental concessions related to the COVID-19 epidemic, the Company will continue to recognize unrealized financing income as lease income at the same lease implicit interest rate as before the concessions. In the event of rent reduction or exemption, the Company will use the reduced rent as contingent rent, when reaching a concession agreement or giving up the right to collect the original rent, the originally recognized rental income will be offset, and the part not offset will be included in investment income, and the long-term receivables will be adjusted accordingly, or it will be discounted according to the pre-reduction discount rate and included in the current profit and loss and adjust the unrealized financing income; if the rent is deferred, the Company will offset the long-term receivables confirmed in the previous period when the actual receipt is actually received.

28. Other Important Accounting Policies and Accounting Estimates

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 results may differ from these estimates. The management of the Company conducts continuous evaluation on the key assumptions and uncertain factors involved in the estimation, and the impact of changes in accounting estimates is confirmed in the current and future periods of the changes.

The main uncertain factors of the estimated amount are as follows:

(1) Measurement of expected credit losses

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

(2) Provision for price of inventory decline

As mentioned in "V. (11) Inventories" in this note, the Company regularly estimates the net realizable value of the inventory, and recognizes the loss for price of inventory decline for the difference between the inventory cost and the net realizable value. When estimating the net realizable value of inventories, the Company considers the purpose of holding the inventories and uses the available information as the basis for the estimation, including the market price of the inventories and the Company's past operating costs. The actual selling price, cost of completion, sales expenses and taxes of inventories may change with changes in market sales conditions, production technology or actual use of inventories, so the amount of provision for price of

inventory decline may change due to the above reasons. The adjustment to the provision for price of inventory decline will affect the profit and loss of the period when the estimate is changed.

(3) Impairment of assets other than inventories and financial assets

As described in “V. (19) Impairment of Long-term Assets” in this note, the Company conducts impairment assessment on assets other than inventories and financial assets on the balance sheet date to determine whether the recoverable amount of the asset has fallen below its book value. Where circumstances indicate that the carrying amount of a long-term asset may not be recoverable in full, the asset is considered to be impaired and an impairment loss is recognized accordingly.

The recoverable amount is the higher of the net amount of the fair value of the asset (or asset group) minus the disposal costs and the present value of the expected future cash flow of the asset (or asset group). Because the Company cannot reliably obtain the public market price of the asset (or asset group), and cannot reliably and accurately estimate the fair value of the asset. Therefore, the Company regards the present value of estimated future cash flow as the recoverable amount. When estimating the present value of future cash flows, it is necessary to make major judgments on the output, selling price, related operating costs, and discount rate used in calculating the present value of the asset (or asset group). When estimating the recoverable amount, the Company will use all available relevant information, including the prediction of production, 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 “V. (15) Fixed Assets” and “V. (18) Intangible Assets” in this note, the Company accrues depreciation and amortization within the useful life of assets such as fixed assets and intangible assets after considering their scrap value. The Company regularly reviews the useful life of the relevant assets to determine the amount of depreciation and amortization expense to be included in each reporting period. The service life of assets is determined by the Company based on past experience of similar assets and in combination with expected technological changes. The depreciation and amortization expense is adjusted in future periods if there are material changes from previous estimates.

(5) Deferred tax assets

When it is estimated that sufficient taxable income can be obtained in the future period to utilize unrecovered tax losses and deductible temporary differences, the Company is limited to the amount of taxable income that is likely to be obtained to offset unrecovered tax losses and deductible temporary differences, and calculates and recognizes the relevant deferred income tax assets on the basis of the applicable income tax rate during the period in which the assets are expected to be recovered .

The Company needs to use judgment to estimate the time and amount of taxable income to be obtained in the future, and make reasonable estimates and judgments on the future applicable income tax rate according to the current tax policy and other relevant policies.

To determine the amount of deferred income tax assets that should be recognized. If there is a difference between the time and amount of profit actually generated in the future or the actual applicable income tax rate and the management's estimate, the difference will have an impact on the amount of deferred tax assets.

29. Changes in significant accounting policies and accounting estimates

(1) Significant accounting policy changes

Applicable Not applicable

Contents and reasons for changes in accounting policies	Approval procedure	Notes
The Company implements the adjustment of "Accounting treatment of deferred tax related to assets and liabilities arising from a single transaction not applicable to initial recognition exemption" of "Interpretation No. 16 of Accounting Standards for Business Enterprises"	Board approval	

The Ministry of Finance issued the "Interpretation No. 16 of Accounting Standards for Business Enterprises" (Cai Kuai [2022] No. 31, hereinafter referred to as "Interpretation No. 16") on November 30, 2022, the content of "Accounting treatment of deferred tax related to assets and liabilities arising from a single transaction not applicable to initial recognition exemption" will be implemented from January 1, 2023.

If the transaction is not a business combination and does not affect accounting profits or taxable income (or deductible losses), and the initially recognized assets and liabilities result in an equal taxable temporary difference and a single transaction that can be deducted from the temporary difference (including lease transactions where the lessee initially recognizes the lease liability on the lease commencement date and includes it in the right-of-use asset, and transactions in which estimated liabilities are recognized and included in the cost of related assets due to the obligation to abandon fixed assets, etc., hereinafter referred to as individual transactions to which this Interpretation applies), Interpretation No. 16 does not apply the provisions of Article 11 (2) and Article 13 of "Accounting Standards for Business Enterprises No. 18 - Income Taxes" on the exemption from the initial recognition of deferred income tax liabilities and deferred income tax assets. For the taxable temporary difference and deductible temporary difference arising from the initial recognition of assets and liabilities for the transaction, the enterprise shall recognize the corresponding deferred tax liabilities and deferred tax assets when the transaction occurs in accordance with relevant regulations such as "Accounting Standards for Business Enterprises No. 18 - Income Taxes" and other relevant provisions.

For a single transaction to which this regulation is applicable that occurs between the beginning of the earliest period in which the regulation is first implemented and the date of implementation, and the lease liabilities and

right-of-use assets recognized at the beginning of the earliest period in which the financial statements are presented due to the application of this regulation, as well as the recognized estimated liabilities and corresponding related assets of the disposal obligation, where there are taxable temporary differences and deductible temporary differences, the enterprise shall make adjustments in accordance with this regulation.

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) From 2023 the first implementation of new accounting standards will adjust the situation of the first implementation of the financial statement items at the beginning of the year

Applicable Not applicable

30. Others

Discontinued operation is a separately distinguishable component that meets one of the following conditions, and the component has been disposed of by the Company or classified as held for sale by the Company:

- (1) The component represents an independent principal business or a separate principal area of operation;
- (2) The component is a part of an associated plan to dispose of an independent main business or a separate main business area;
- (3) This component is a subsidiary acquired exclusively for resale.

Profit and loss from continuing operations and profit and loss from discontinued operations are presented separately in the income statement. Operating profit and loss such as impairment loss and reversal amount of discontinued operation and disposal profit and loss are presented as discontinued operation profit and loss. For the discontinued operations reported in the current period, the Company re-reported the information originally presented as continuing operating profit and loss in the current financial statements as the discontinued operating profit and loss of the comparable accounting period.

VI. Taxation

1. Major Types of Taxes and Tax Rates

Tax type	Tax basis	Tax rate (%)
Value-added Tax ('VAT')	Output VATs are calculated based on the sales of goods and taxable service income calculated according to the Tax Law. After deducting the input VATs that are allowed to be deducted in the current period, the difference is the VAT payable.	6%、9%、13%
City maintenance and construction tax	Based on actual payment of VAT and consumption tax	7%、5%
Corporate income tax	Based on taxable profits	25%

2. Tax Incentives

None.

VII. Notes to Consolidated Financial Statements Items

1. Monetary Funds

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Bank deposits	3,135,535,935.14	1,296,662,683.20
Other monetary fund	521,023,596.93	164,482,958.67
Total	3,656,559,532.07	1,461,145,641.87
The total amount of funds restricted for use due to mortgage, pledge or freezing	521,023,596.93	164,482,958.67

Other notes:

Among them, there are restrictions on use due to mortgage, pledge or freezing, restrictions on withdrawals due to centralized management of funds, and details of monetary funds placed overseas and restricted on repatriation of funds are as follows:

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Margin for bank acceptance bill	421,023,596.93	163,297,958.67
Margin for letter of credit	100,000,000.00	
Margin for performance		
Time deposit or notice deposit for guarantee		
Money placed offshore with restrictions on repatriation of funds		
Restricted funds due to centralized management of funds		1,185,000.00
Total	521,023,596.93	164,482,958.67

2. Notes Receivable

(1) Notes receivable presented by category

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Banker's acceptance bill	20,000.00	139,442,122.88
Acceptance bill of finance company	87,371,995.82	290,265,051.82
Total	87,391,995.82	429,707,174.70

Unit: yuan

If the bad debt provision for bills receivable is accrued according to the general model of expected credit losses, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

Applicable Not applicable

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

Unit: yuan

Items	Amount pledged at the end of the period
Banker's acceptance bill	255,189,626.40
Total	255,189,626.40

(3) Bills receivable that have been endorsed or discounted by the company at the end of the period and have not yet expired on the balance sheet date

Unit: yuan

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Banker's acceptance bill	5,623,759,903.70	
Acceptance bill of finance company		82,950,793.43
Total	5,623,759,903.70	82,950,793.43

3. Accounts Receivable

(1) Disclosure by aging of accounts receivable

Unit: yuan

Types	Balance as at 30 June 2023					Balance as at 1 January 2023				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Bad debts ratio (%)		Amount	Percentage (%)	Amount	Bad debts ratio (%)	
Bad debt provisions made on an individual basis	367,153,964.12	17.52%	367,153,964.12	100.00%		353,419,325.80	25.82%	353,419,325.80	100.00%	
Including:										
Bad debt provisions made on the combination	998,981,920.44	73.12%	84,574,258.27	8.47%	914,407,662.17	1,015,413,788.67	74.18%	118,182,892.61	11.64%	897,230,896.06
Total	1,366,135,884.56	100.00%	451,728,222.39		914,407,662.17	1,368,833,114.47	100.00%	471,602,218.41		897,230,896.06

Bad debt provisions made on an individual basis: RMB 367,153,964.12

Unit: yuan

Name	Balance as at 30 June 2023			
	Book balance	Bad debt provision	Bad debts ratio (%)	Reason for provision
Benxi Nanfenxinhe Metallurgical Charge Co., Ltd.	48,196,244.68	48,196,244.68	100.00%	Discontinued, no return expected
Benxi Iron and Steel (Group) Third Construction Engineering Co., Ltd.	10,613,567.47	10,613,567.47	100.00%	Bankruptcy and reorganization of the enterprise is expected to be irrecoverable
Benxi Iron and Steel (Group) First Construction Engineering Co., Ltd.	3,121,070.85	3,121,070.85	100.00%	Bankruptcy and reorganization of the enterprise is expected to be irrecoverable
Huachen Auto Group Holdings Limited	305,223,081.12	305,223,081.12	100.00%	Bankruptcy and reorganization of the enterprise is expected to be irrecoverable
Total	367,153,964.12	367,153,964.12		

Bad debt provisions made on the combination: 106,088,027.72

Unit: yuan

Name	Balance as at 30 June 2023		
	Accounts receivable	Bad debt provision	Bad debts ratio (%)
Within 1 year	920,913,586.81	9,209,135.87	1.00%
1 to 2 years	865,863.89	86,586.39	10.00%
2 to 3 years	2,404,917.15	480,983.42	20.00%
More than 3 years	74,797,552.59	74,797,552.59	100.00%
Total	998,981,920.44	84,574,258.27	

Notes to determining the combination basis:

If the bad debt provision for accounts receivable is accrued according to the general model of expected credit losses, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

Applicable Not applicable

Disclosure by aging

Unit: yuan

Aging	Balance as at 30 June 2023
Within 1 year (including 1 year)	1,633,791,080.62
1 to 2 years	1,943,328.50
2 to 3 years	4,684,675.99
More than 3 years	455,784,820.74
3 to 4 years	455,784,820.74
Total	2,096,203,905.85

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

Provision for bad debts in this period:

Unit: yuan

Type	Balance as at 1 January 2023	Amount changed during the period				Balance as at 30 June 2023
		Accrued	Reversed or recovered	Transferred or written-off	Other changes	
Provision for bad debts of accounts receivable	471,602,218.41		18,426,234.94	1,447,761.08		451,728,222.39
Total	471,602,218.41		18,426,234.94	1,447,761.08		451,728,222.39

(3) Actual written-off of accounts receivable in the current period

Unit: yuan

Items	Amount of written-off
Actual written-off of accounts receivable	1,447,761.08

Important write-off of accounts receivable:

Unit: yuan

Name of debtor	Nature of accounts receivable	Amount of written-off	Reason of written-off	Written-off procedures performed	Whether the payment is generated by a related party transaction
Jining Forging Center	Sales of products	461,229.33	Deregistered	General Manager Office Meeting	No
Xuzhou Jinshanqiao Development Zone Yongan Metal Material Co., Ltd.	Sales of products	200,265.48	Revoked	General Manager Office Meeting	No
Shanghai Benxi Iron and Steel Industry and Trade Company	Sales of products	193,625.29	Deregistered	General Manager Office Meeting	No
China Ordnance Materials Northeast Company Fushun Technology and Trade Center	Sales of products	155,616.74	Revoked	General Manager Office Meeting	No
Tonghua Grain and Oil Machinery Factory	Sales of products	141,139.39	Deregistered	General Manager Office Meeting	No
Benxi Steel Yantai Marketing Co., Ltd.	Sales of products	138,378.96	Deregistered	General Manager Office Meeting	No
Shandong Zhucheng Industrial Supply and Marketing Corporation	Sales of products	87,085.43	Revoked	General Manager Office Meeting	No

Tieling Jinlong Petroleum Pipeline Machinery Product Distribution Office	Sales of products	24,608.99	Deregistered	General Manager Office Meeting	No
Shenzhen Zhongtianda Materials Industry and Trade Co., Ltd.	Sales of products	20,441.96	Deregistered	General Manager Office Meeting	No
Shunde Xinqiangsheng Mold Co., Ltd.	Sales of products	12,635.20	Deregistered	General Manager Office Meeting	No
Benxi Steel Material Distribution Office	Sales of products	7,167.87	Revoked	General Manager Office Meeting	No
Guangdong Zhaoqing Township Enterprise Building Materials and Minerals Company	Sales of products	5,566.44	Deregistered	General Manager Office Meeting	No
Total		1,447,761.08			

(4) The top five units with the ending balance of accounts receivable collected by the debtor

Unit: yuan

Name of debtor	Book balance as at 30 June 2023	% of the total closing balance of accounts receivable	Bad debt provision balance as at 30 June 2023
The first	640,621,130.96	46.89%	6,406,211.31
The second	305,223,081.12	22.34%	305,223,081.12
The third	76,326,718.36	5.59%	763,267.18
The fourth	50,834,840.47	3.72%	508,348.40
The fifth	48,196,244.68	3.53%	48,196,244.68
Total	1,121,202,015.59	82.07%	

4. Accounts Receivable Financing

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Notes receivable	953,938,535.80	137,591,996.02
Total	953,938,535.80	137,591,996.02

Changes in increase and decrease of receivables financing in the current period and changes in fair value:

Applicable Not applicable

If the account receivable financing impairment provision is made according to the general model of expected credit losses, please refer to the disclosure method of other receivables to disclose the relevant information of the impairment provision:

Applicable Not applicable

5. Prepayments

(1) Disclosure by aging of prepayments

Unit: yuan

Aging	Balance as at 30 June 2023		Balance as at 1 January 2023	
	Amount	Percentage	Amount	Percentage
Within 1 year	932,168,955.31	99.42%	1,235,907,044.32	99.10%
1 to 2 years	5,128,693.51	0.55%	8,892,828.10	0.71%
2 to 3 years	20,696.05		2,301,638.78	0.18%
More than 3 years	306,237.13	0.03%	76,237.13	0.01%
Total	937,624,582.00		1,247,177,748.33	

Explanation on the reasons why the prepayments with an age of more than 1 year and an important amount were not settled in time:

As of the end of the reporting period, there were no prepayments with an age of more than one year and significant amounts.

(2) The top five units of the ending balance of prepayments collected by the debtor

Name of debtor	Balance as at 30 June 2023	% of the total closing balance of prepayments(%)
The first	104,332,332.83	15.62
The second	103,804,229.89	15.54
The third	88,096,459.67	13.19
The fourth	80,010,275.85	11.98
The fifth	58,014,169.46	8.69
Total	434,257,467.70	65.02

6. Other Receivables

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Other receivables	98,776,833.29	127,198,692.92
Total	98,776,833.29	127,198,692.92

(1) Other receivables**1) Disclosure by nature of other receivables**

Unit: yuan

Nature of other receivables	Balance as at 30 June 2023	Balance as at 31 December 2022
Temporary trading	164,622,765.92	181,771,075.61
Others	33,356,356.95	9,560,814.07
Total	197,979,122.87	191,331,889.68

2) Situation of bad debt provisions

Unit: yuan

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (no credit impairment occurred)	Expected credit loss over the entire duration (credit impairment has occurred)	
Balance as at 31 December 2022	850,661.71	1,353,672.38	61,928,862.67	64,133,196.76
Balance as at 31 December 2022 is in the current period				
-- Transfer to the second stage	-199,513.15	199,513.15		
-- Transfer to the third stage		-931,818.80	931,818.80	
Provision for this period	306,730.06	125,274.81	35,445,003.54	35,877,008.41
Derecognition in this period			807,915.59	807,915.59
Balance as at 30 June 2023	957,878.62	746,641.53	97,497,769.42	99,202,289.58

Changes in the book balance of loss provisions with significant changes in the current period

Applicable Not applicable

Disclosure by aging

Unit: yuan

Aging	Balance as at 30 June 2023
Within 1 year (including 1 year)	95,787,862.39
1 to 2 years	1,920,566.77
2 to 3 years	2,772,924.29
More than 3 years	97,497,769.42
3 to 4 years	97,497,769.42
Total	197,979,122.87

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

Provision for bad debts in this period:

Unit: yuan

Type	Balance as at 31 December 2022	Amount changed during the period				Balance as at 30 June 2023
		Accrued	Reversed or recovered	Transferred or written-off	Other changes	
Provision for bad debts of other receivables	64,133,196.76	35,877,008.41		807,915.59		99,202,289.58
Total	64,133,196.76	35,877,008.41		807,915.59		99,202,289.58

4) Other receivables actually written off in the current period

Unit: yuan

Items	Amount written off
Other receivables actually written off	807,915.59

Important write-off of other receivables:

Unit: yuan

Name of debtor	Nature of other receivables	Amount of written-off	Reason of written-off	Written-off procedures performed	Whether the payment is generated by a related party transaction
Beijing Bensteel Material Sales Center	Sales of products	807,915.59	Revoked	General Manager Office Meeting	No
Total		807,915.59			

5) The top five units with the ending balance of other receivables collected by the debtor

Unit: yuan

Name of debtor	Nature of other receivables	Balance as at 30 June 2023	Aging	% of the total closing balance of other receivables	Provision for bad debts as at 30 June 2023
The first	Temporary payment	14,431,832.25	Within 1 year	7.29%	144,318.32
The second	Temporary payment	12,212,650.80	Within 1 year	6.17%	122,126.51
The third	Temporary payment	4,532,904.80	Within 1 year	2.29%	45,329.05
The fourth	Temporary payment	4,609,686.93	Within 1 year	2.33%	46,096.87
The fifth	Temporary payment	4,399,240.94	Within 1 year	2.22%	43,992.41
Total		40,186,315.72		20.30%	401,863.16

7. Inventories

Does the Company need to comply with the disclosure requirements of the property industry?

No

(1) Inventory classification

Unit: yuan

Items	Balance as at 30 June 2023			Balance as at 1 January 2023		
	Book balance	Provision for price of inventory decline/provision for impairment of contract performance cost	Book value	Book balance	Provision for price of inventory decline/provision for impairment of contract performance cost	Book value
Raw materials and main materials	4,361,671,293.63	24,954,852.46	4,334,684,759.94	4,215,260,584.25	24,954,852.46	4,190,305,731.79
Work in progress and self-made semi-finished products	1,776,598,180.55	9,135,627.05	1,760,358,607.69	2,070,182,298.44	18,271,254.09	2,051,911,044.35
Stock goods	1,606,888,537.54	108,797,852.86	1,507,226,311.72	2,236,715,664.20	15,203,965.16	2,221,511,699.04
Total	7,745,158,011.72	142,888,332.37	7,602,269,679.35	8,522,158,546.89	58,430,071.71	8,463,728,475.18

(2) Provision for price of inventory decline and provision for impairment of contract performance cost

Unit: yuan

Items	Balance as at 1 January 2023	Additions in this period		Reductions in this period		Balance as at 30 June 2023
		Accrued	Others	Transferred back or written-off	Others	
Raw materials and main materials	24,954,852.46					24,954,852.46
Work in progress and self-made semi-finished products	18,271,254.09	9,135,627.05		18,271,254.09		9,135,627.05
Stock goods	15,203,965.16	108,797,852.86		15,203,965.16		108,797,852.86
Total	58,430,071.71	117,933,479.91		33,475,219.25		142,888,332.37

8. Other Current Assets

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Prepaid tax	408,957.27	166,991,140.45
VAT input tax	38,659,283.83	228,449,995.81
Total	39,068,241.10	395,441,136.26

9. Long-term Equity Investments

Unit: yuan

Investees	Balance as at 1 January 2023(Book value)	Changes in current period								Balance as at 30 June 2023(Book value)	Balance of provision for impairment as at 30 June 2023
		Additional investment	Reduced investment	Investment Gains and losses recognized under the equity method	Other comprehensive income adjustment	Other equity changes	Declaration of cash dividends or profit	Provision for impairment	Others		
1. Joint ventures											
2. Associates											
Bensteel Baojin (Shenyang) Automotive New Material Technology Co., Ltd.	47,996,314.61			-439,659.59						47,556,655.02	
Zhejiang Jingrui Steel Processing Co., Ltd.	3,034,462.57		-2,740,000.00	-294,462.57							
Subtotal	51,030,777.18		-2,740,000.00	-734,122.16						47,556,655.02	
Total	51,030,777.18		-2,740,000.00	-734,122.16						47,556,655.02	

10. Other Equity Instrument Investments

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Equity of Suzhou Longben Metal Materials Co., Ltd.	3,998,216.04	3,998,216.04
Equity of Northeast Special Steel Group Co., Ltd.	1,016,420,266.27	1,016,420,266.27
Total	1,020,418,482.31	1,020,418,482.31

11. Fixed Assets

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Fixed assets	24,254,087,872.28	24,836,556,422.90
Disposal of fixed assets	873,197.46	
Total	24,254,961,069.74	24,836,556,422.90

(1) Situation of fixed assets

Unit: yuan

Items	Property and plant	Mechanical equipment	Transport equipment and other equipment	Total
1. Original book value				
(1) Balance as at 31 December 2022	12,443,526,672.94	51,336,275,140.55	598,601,340.47	64,378,403,153.96
(2) Additions in this period	562,119,788.26	588,245,439.05	890,384.03	1,151,255,611.34
—Purchase			243,362.83	243,362.83
—Construction in progress transferred in	562,119,788.26	588,245,439.05	647,021.20	1,151,012,248.51
—Increase in business mergers				
(3) Reductions in this period	320,593,768.57	783,359,987.04	7,217,992.84	1,111,171,748.45
—Disposal or scrapping	320,593,768.57	783,359,987.04	7,217,992.84	1,111,171,748.45
(4) Balance as at 30 June 2023	12,685,052,692.63	51,141,160,592.56	592,273,731.66	64,418,487,016.85
2. Accumulated depreciation				

(1) Balance as at 31 December 2022	6,322,977,252.32	32,708,591,476.02	416,799,906.76	39,448,368,635.10
(2) Additions in this period	313,255,445.84	899,386,391.18	16,612,386.86	1,229,254,223.88
—Accrued	313,255,445.84	899,386,391.18	16,612,386.86	1,229,254,223.88
(3) Reductions in this period	83,842,247.55	515,897,099.77	5,846,606.81	605,585,954.13
—Disposal or scrapping	83,842,247.55	515,897,099.77	5,846,606.81	605,585,954.13
(4) Balance as at 30 June 2023	6,552,390,450.61	33,092,080,767.43	427,565,686.81	40,072,036,904.85
3. Provision for impairment				
(1) Balance as at 31 December 2022	84,098,414.32	9,379,681.64		93,478,095.96
(2) Additions in this period				
—Accrued				
(3) Reductions in this period	849,152.24	266,704.00		1,115,856.24
—Disposal or scrapping	849,152.24	266,704.00		1,115,856.24
(4) Balance as at 30 June 2023	83,249,262.08	9,112,977.64		92,362,239.72
4. Carrying value				
(1) Carrying value as at 30 June 2023	6,049,412,979.94	18,039,966,847.49	164,708,044.85	24,254,087,872.28
(2) Carrying value as at 31 December 2022	6,036,451,006.30	18,618,303,982.89	181,801,433.71	24,836,556,422.90

(2) Temporarily idle fixed assets

Unit: yuan

Items	Original book value	Accumulated depreciation	Provision for impairment	Book value	Notes
Property and plant	219,866,137.05	136,754,246.14	83,111,890.91		
Mechanical equipment	81,371,079.50	74,206,339.46	5,656,705.72	1,508,034.32	
Total	301,237,216.55	210,960,585.60	88,768,596.63	1,508,034.32	

(3) Fixed assets leased out through operating leases

Unit: yuan

Items	Carrying value as at 30 June 2023
Property and plant	1,239,002.14

(4) Fixed assets with title certificates not yet completed

Unit: yuan

Items	Book value	Reasons for not handling the certificate of title
Property and plant	1,263,898,352.97	In progress

(5) Disposal of fixed assets

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Mechanical equipment	873,197.46	
Total	873,197.46	

12. Construction in Progress

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Construction in progress	4,151,149,369.23	3,158,195,899.65
Total	4,151,149,369.23	3,158,195,899.65

(1) Situation of construction in progress

Unit: yuan

Items	Balance as at 30 June 2023			Balance as at 1 January 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Special Steel Electric Furnace Upgrading Project	1,468,183,183.99		1,468,183,183.99	1,437,078,751.92		1,437,078,751.92
Special steel rolling mill renovation project	496,329,489.14		496,329,489.14	470,182,411.88		470,182,411.88
Environmental protection transformation of sheet metal raw material yard	370,260,075.28		370,260,075.28	165,792,014.40		165,792,014.40
A cold rolling transformation project	212,176,267.19		212,176,267.19	90,087,329.61		90,087,329.61
566 square meters sintering waste heat utilization project	92,259,450.24		92,259,450.24	92,259,450.24		92,259,450.24
Environmental protection and intelligent upgrading of board material yard—Environmental protection renovation project of No. 2 Coal Storage Yard	90,337,806.17		90,337,806.17	19,266.06		19,266.06
1780 production line upgrade	77,088,750.00		77,088,750.00			
The ABC and DEF stockyards of the Plate Ironmaking Plant are closed	69,735,369.56		69,735,369.56	150,000.00		150,000.00
Caixi Special Steel Feeding Station of Plate Scrap Steel Plant	68,245,410.08		68,245,410.08	51,959,719.57		51,959,719.57
New tertiary dedusting system for 1#2#3#7# converter in steelmaking plant	67,696,017.28		67,696,017.28	42,834,455.31		42,834,455.31
Plate company's No. 1 CDQ boiler pressure boost transformation and new No. 34 unit project	50,522,370.80		50,522,370.80	20,249,501.21		20,249,501.21
The integrated construction of Anben restructuring information system	49,170,020.61		49,170,020.61			
Desulfurization Waste Liquid Acid Production Project of Plate Ironmaking Plant	47,798,252.00		47,798,252.00	30,000.00		30,000.00
Plate energy centralized control project	40,945,397.20		40,945,397.20			
The overall improvement of the production and manufacturing management of Benxi Iron and Steel Co., Ltd.	39,756,485.12		39,756,485.12	39,756,485.12		39,756,485.12
Benxi Iron and Steel Posco Cold Rolling Quality Improvement Project	30,542,546.40		30,542,546.40	27,093,496.08		27,093,496.08
Flue gas desulfurization and desulphurization project of 4B and 5 furnace groups of Benxi Steel Plate Ironmaking Plant	30,342,580.00		30,342,580.00			
Cold-rolled high-strength steel project of cold-rolling general plant	27,466,133.97		27,466,133.97			
Bensteel Plate Ironmaking General Plant Nanfen Pipe Concentrate Outbound Supporting Project	26,722,444.32		26,722,444.32			
Relocation and transformation of ladle hot repair station in steelmaking plant	25,712,793.58		25,712,793.58	9,792,793.58		9,792,793.58
Others	769,858,526.30		769,858,526.30	710,910,224.67		710,910,224.67
Total	4,151,149,369.23		4,151,149,369.23	3,158,195,899.65		3,158,195,899.65

(2) The change of major construction in progress

Unit: yuan

Project name	Budget amount	Balance as at 31 December 2022	Additions in this period	Transfer to fixed assets in this period	Other decrease in current period	Balance as at 30 June 2023	Proportion of cumulative project investment to budget	Project progress	Accumulated amount of interest capitalized	Including: capitalized amount of interest in the current period	Current interest capitalization rate (%)	Sources of funds
Special Steel Electric Furnace Upgrading Project	1,732,481,000.00	1,437,078,751.92	31,104,432.07			1,468,183,183.99	84.74%	84.74%	14,566,446.28	6,489,004.08		Fundraising
Special steel rolling mill renovation project	734,730,000.00	470,182,411.88	26,147,077.26			496,329,489.14	67.55%	67.55%	17,363,637.07	4,198,950.69		Others
Environmental protection transformation of sheet metal raw material yard	1,286,370,000.00	165,792,014.40	204,468,060.88			370,260,075.28	28.78%	28.78%	10,710,578.63	6,408,379.79		Others
A cold rolling transformation project	843,640,000.00	90,087,329.61	122,088,937.58			212,176,267.19	25.15%	25.15%	10,565,776.04	4,688,814.80		Others
566 square meters sintering waste heat utilization project	1,247,841,000.00	92,259,450.24				92,259,450.24	7.39%	7.39%	68,627,433.26			Others
Environmental protection and intelligent upgrading of board material yard— Environmental protection renovation project of No. 2 Coal Storage Yard	310,000,000.00	19,266.06	90,318,540.11			90,337,806.17	29.14%	29.14%				Others

1780 production line upgrade	193,000,000.00		77,088,750.00			77,088,750.00	39.94%	39.94%				Others
The ABC and DEF stockyards of the Plate Ironmaking Plant are closed	125,000,000.00	150,000.00	69,585,369.56			69,735,369.56	55.79%	55.79%				Others
Caixi Special Steel Feeding Station of Plate Scrap Steel Plant	118,453,701.00	51,959,719.57	26,633,367.20	10,347,676.69		68,245,410.08	66.35%	66.35%				Others
New tertiary dedusting system for 1#2#3#7# converter in steelmaking plant	111,310,000.00	42,834,455.31	36,432,354.59	11,570,792.62		67,696,017.28	71.21%	71.21%	2,357,404.64	1,397,589.10		Others
Plate company's No. 1 CDQ boiler pressure boost transformation and new No. 34 unit project	93,270,000.00	20,249,501.21	30,272,869.59			50,522,370.80	54.17%	54.17%				Others
The integrated construction of Anben restructuring information system	232,100,000.00		49,170,020.61			49,170,020.61	21.18%	21.18%	3,961,087.97	2,115,020.61		Others
Desulfurization Waste Liquid Acid Production Project of Plate Ironmaking Plant	99,760,000.00	30,000.00	47,768,252.00			47,798,252.00	47.91%	47.91%				Others
Plate energy centralized control project	119,730,000.00		40,945,397.20			40,945,397.20	34.20%	34.20%				Others

The overall improvement of the production and manufacturing management of Benxi Iron and Steel Co., Ltd.	56,000,000.00	39,756,485.12				39,756,485.12	70.99%	70.99%				Others
Benxi Iron and Steel Posco Cold Rolling Quality Improvement Project	69,820,000.00	27,093,496.08	3,449,050.32			30,542,546.40	43.74%	43.74%				Others
Flue gas desulfurization and desulphurization project of 4B and 5 furnace groups of Benxi Steel Plate Ironmaking Plant	120,679,500.00		30,342,580.00			30,342,580.00	25.14%	25.14%				Others
Cold-rolled high-strength steel project of cold-rolling general plant	6,169,170,000.00		27,466,133.97			27,466,133.97	0.45%	0.45%	867,286,087.53			Others
Bensteel Plate Ironmaking General Plant Nanfen Pipe Concentrate Outbound Supporting Project	49,553,200.00		26,722,444.32			26,722,444.32	53.93%	53.93%				Others

Relocation and transformation of ladle hot repair station in steelmaking plant	31,160,000.00	9,792,793.58	15,920,000.00			25,712,793.58	82.52%	82.52%				Others
Total	13,744,068,401.00	2,447,285,674.98	955,923,637.26	21,918,469.31		3,381,290,842.93			995,438,451.42	25,297,759.07		

13. Right-of-use Assets

Unit: yuan

Items	Land	Property and plant	Total
1. Original book value			
(1) Balance as at 31 December 2022	1,132,274,415.17	368,465,367.56	1,500,739,782.73
(2) Additions in this period			
(3) Reductions in this period			
(4) Balance as at 30 June 2023	1,132,274,415.17	368,465,367.56	1,500,739,782.73
2. Accumulated depreciation			
(1) Balance as at 31 December 2022	79,808,472.44	40,940,596.40	120,749,068.84
(2) Additions in this period	19,952,118.12	10,235,149.14	30,187,267.26
—Accrued	19,952,118.12	10,235,149.14	30,187,267.26
(3) Reductions in this period			
—Disposal			
(4) Balance as at 30 June 2023	99,760,590.56	51,175,745.54	150,936,336.10
3. Provision for impairment			
(1) Balance as at 31 December 2022			
(2) Additions in this period			
—Accrued			
(3) Reductions in this period			
—Disposal			
(4) Balance as at 30 June 2023			
4. Carrying value			
(1) Carrying value as at 30 June 2023	1,032,513,824.61	317,289,622.02	1,349,803,446.63
(2) Carrying value as at 31 December 2022	1,052,465,942.73	327,524,771.16	1,379,990,713.89

14. Intangible Assets

(1) Situation of intangible assets

Unit: yuan

Items	Land use rights	Patent right	Unpatented technology	Software and others	Total
1. Original book value					
(1) Balance as at 31 December 2022	336,885,314.76			267,948.72	337,153,263.48
(2) Additions in this period					
—Purchase					
—Internal research and development					
—Increase in business mergers					
(3) Reductions in this period					
—Disposal					
(4) Balance as at 30 June 2023	336,885,314.76			267,948.72	337,153,263.48
2. Accumulated depreciation					
(1) Balance as at 31 December 2022	74,208,486.41			159,839.66	74,368,326.07
(2) Additions in this period	3,025,608.41			13,397.46	3,039,005.87
—Accrued	3,025,608.41			13,397.46	3,039,005.87
(3) Reductions in this period					
—Disposal					
(4) Balance as at 30 June 2023	77,234,094.82			173,237.12	77,407,331.94
3. Provision for impairment					
(1) Balance as at 31 December 2022					
(2) Additions in this period					
—Accrued					
(3) Reductions in this period					
—Disposal					
(4) Balance as at 30 June 2023					
4. Carrying value					
(1) Carrying value as at 30 June 2023	259,651,219.94			94,711.60	259,745,931.54
(2) Carrying value as at 31 December 2022	262,676,828.35			108,109.06	262,784,937.41

(2) Situation of land use rights without title certificates

Unit: yuan

Items	Book value	Reasons for not handling the certificate of title
Land use rights	38,743,466.68	In progress
Total	38,743,466.68	

15. Deferred Tax Assets / Deferred Tax Liabilities**(1) Deferred tax assets not offset**

Unit: yuan

Items	Balance as at 30 June 2023		Balance as at 1 January 2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	518,167,260.88	129,541,815.22	396,834,109.83	99,208,527.46
Unrealized profits from internal transactions	859,549.28	214,887.32	80,751,325.52	20,187,831.38
Changes in fair value of other financial assets included in other comprehensive income	21,315,582.72	5,328,895.68	21,315,582.73	5,328,895.68
Lease liabilities	1,349,803,446.64	337,450,861.66	1,379,990,713.88	344,997,678.47
Others	51,701,085.40	12,925,271.35	46,650,523.04	11,662,630.76
Total	1,941,846,924.92	485,461,731.23	1,925,542,255.00	481,385,563.75

(2) Deferred tax liabilities not offset

Unit: yuan

Items	Balance as at 30 June 2023		Balance as at 1 January 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Right-of-use assets	1,349,803,446.63	337,450,861.66	1,379,990,713.89	344,997,678.47
Changes in fair value of other financial assets included in other comprehensive income	109,236.04	27,309.01	109,236.04	27,309.01
Total	1,349,912,682.67	337,478,170.67	1,380,099,949.93	345,024,987.48

(3) Deferred tax assets or liabilities presented in net amount after offset

Unit: yuan

Items	Offsetting amount of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset as at 30 June 2023	Offsetting amount of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset as at 1 January 2023
Deferred tax assets	337,450,861.66	148,010,869.57	344,997,678.47	136,387,885.28
Deferred tax liabilities	337,450,861.66	27,309.01	344,997,678.47	27,309.01

(4) Details of unrecognized deferred tax assets

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Deductible temporary difference	305,227,125.75	305,224,166.01
Deductible loss	2,599,959,695.35	1,349,817,349.12
Total	2,905,186,821.10	1,655,041,515.13

(5) Deductible losses for unrecognized deferred tax assets will expire in the following years

Unit: yuan

Year	Balance as at 30 June 2023	Balance as at 31 December 2022	Notes
Year 2023	4,678,743.89	6,836,473.11	
Year 2024	12,164,389.35	12,164,389.35	
Year 2025	8,257,832.98	8,257,832.98	
Year 2026	6,799,314.77	6,799,314.77	
Year 2027	1,315,759,338.91	1,315,759,338.91	
Year 2028	1,252,300,075.45		
Total	2,599,959,695.35	1,349,817,349.12	

16. Other Non-current Assets

Unit: yuan

Items	Balance as at 30 June 2023			Balance as at 1 January 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepayments for long-term assets	349,815,196.20		349,815,196.20	110,065,560.68		110,065,560.68
Total	349,815,196.20		349,815,196.20	110,065,560.68		110,065,560.68

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

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Credit loan	300,000,000.00	
Discounted undue notes	20,000.00	49,200,000.00
Total	300,020,000.00	49,200,000.00

18. Notes Payable

Unit: yuan

Types	Balance as at 30 June 2023	Balance as at 1 January 2023
Banker's acceptance bill	750,527,835.47	1,407,117,263.33
Commercial acceptance bill	4,929,414,404.12	2,242,219,356.03
Domestic letter of credit	2,040,000,000.00	740,000,000.00
Total	7,719,942,239.59	4,389,336,619.36

19. Accounts Payable**(1) Details of accounts payable**

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Accounts payable	3,394,258,784.62	2,650,335,777.91
Service	174,409,816.97	60,238,703.49
Payables for engineering and equipment	299,798,220.11	767,867,762.87
Repair costs and others	224,428,703.69	217,978,219.58
Total	4,092,895,525.39	3,696,420,463.85

(2) Important accounts payable aged over 1 year

Unit: yuan

Items	Balance as at 30 June 2023	Reasons for non-payment or carryover
The first	9,014,897.80	Billing conditions have not been met
The second	4,193,831.29	Billing conditions have not been met
The third	4,091,809.05	Billing conditions have not been met
The fourth	3,127,924.07	Billing conditions have not been met
The fifth	1,342,440.00	Billing conditions have not been met
Total	21,770,902.21	

20. Contract Liabilities

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Advances from customers	3,733,739,770.22	3,794,115,592.29
Total	3,733,739,770.22	3,794,115,592.29

21. Employee Benefits Payable**(1) Employee benefits payable presentation**

Unit: yuan

Items	Balance as at 1 January 2023	Additions in this period	Reductions in this period	Balance as at 30 June 2023
I. Short-term employee benefits	10,046,363.27	1,101,071,973.76	1,098,165,873.06	12,952,463.97
II. Post-employment benefits - defined contribution plans		138,804,290.70	138,804,290.70	
III. Termination benefits		8,183,513.99	8,183,513.99	
Total	10,046,363.27	1,248,059,778.45	1,245,153,677.75	12,952,463.97

(2) Short-term employee benefits presentation

Unit: yuan

Items	Balance as at 1 January 2023	Additions in this period	Reductions in this period	Balance as at 30 June 2023
I. Salaries, bonus, allowances and subsidies		794,299,383.08	794,299,383.08	
II. Staff welfare		93,936,208.17	93,936,208.17	
III. Social insurances		95,670,156.88	95,670,156.88	
Including: Medical insurance		73,981,150.79	73,981,150.79	
Work-related injury insurance		21,678,022.69	21,678,022.69	
Maternity insurance		10,983.40	10,983.40	
IV. Housing Fund	6,622,309.00	95,210,946.00	95,210,946.00	6,622,309.00
V. Labor union fees, staff and workers' education fee	3,424,054.27	21,955,279.63	19,049,178.93	6,330,154.97
Total	10,046,363.27	1,101,071,973.76	1,098,165,873.06	12,952,463.97

(3) Defined contribution plans presentation

Unit: yuan

Items	Balance as at 1 January 2023	Additions in this period	Reductions in this period	Balance as at 30 June 2023
I. Basic pension		134,565,282.08	134,565,282.08	
II. Unemployment insurance		4,239,008.62	4,239,008.62	
Total		138,804,290.70	138,804,290.70	

22. Taxes and Surcharges Payable

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
VAT	66,496,383.29	5,168,511.13
Corporate income tax	12,274,395.43	11,469,020.92
Individual income tax	783,980.67	2,546,699.73
City maintenance and construction tax	1,660,244.53	175,567.61
Property tax	6,901,254.66	3,785,986.96
Educational surcharge	1,220,343.26	125,405.40
Land use tax	1,049,336.05	1,051,651.99
Others	16,057,391.23	20,070,077.04
Total	106,443,329.12	44,392,920.78

23. Other Payables

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Other payables	1,639,486,201.24	1,247,722,165.47
Total	1,639,486,201.24	1,247,722,165.47

(1) Other payables**1) Other payables by nature**

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Deposit	869,292.00	2,303,050.00
Margin	317,146,084.62	290,353,044.56
Accounts	1,108,631,647.65	941,440,196.32
Others	212,839,176.97	13,625,874.59
Total	1,639,486,201.24	1,247,722,165.47

24. Non-current Liabilities Maturing within One Year

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Long-term borrowings maturing within one year	1,572,461,117.60	2,501,169,854.72
Bonds payable maturing within one year		44,762,324.73
Lease liability maturing within one year	40,740,341.21	40,318,706.98
Total	1,613,201,458.81	2,586,250,886.43

25. Other Current Liabilities

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Output tax to be transferred	485,575,516.40	493,235,027.03
Total	485,575,516.40	493,235,027.03

26. Long-term Borrowings**(1) Long-term loans presented by category**

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Guaranteed loans		360,780,612.70
Credit loans	959,713,911.60	1,366,157,689.60
Total	959,713,911.60	1,726,938,302.30

27. Bonds Payable**(1) Details of bonds payable**

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Convertible bonds	5,382,304,119.20	5,276,502,232.78
Total	5,382,304,119.20	5,276,502,232.78

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

Unit: yuan

Name of bond	Face value	Issue date	Term to maturity	Issuance amount	Balance as at 31 December 2022	Current issue	Interest accrued at face value	Premium and discount amortization	Repayment this period	Convert to stock this period	Balance as at 30 June 2023
Bengang Convertible Bonds (Code of bond: 127018)	6,800,000,000.00	2020/6/29	6 years	6,800,000,000.00	5,276,502,232.78		42,232,875.75	148,044,762.17		10,000.00	5,382,304,119.20
Total				6,800,000,000.00	5,276,502,232.78		42,232,875.75	148,044,762.17		10,000.00	5,382,304,119.20

(3) Description of the conditions and time for conversion of convertible 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 4, 2020, and the abbreviation is "Bengang Convertible Bonds". The bond code is "127018". The conversion period of the convertible corporate bonds issued this time is from the first trading day after six months of the issuance of the convertible corporate bonds (July 3, 2020) to the maturity date of the convertible corporate bonds, that is, from January 4, 2021 to June 28, 2026. The initial conversion price of the convertible bonds is RMB 5.03 per share. During the period from January 1, 2021 to December 31, 2021, the Company's A-share convertible bonds of RMB 1,168,855,400.00 were converted into the Company's A-share ordinary shares, and the number of converted shares was 232,819,847 shares. Of which:

In the first quarter of 2022, Bengang's convertible bonds decreased by RMB 67,000.00 (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 13,200.00 (132 bonds) due to share conversion, the number of shares converted was 3,029.00 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;

In the first quarter of 2023, Bengang's convertible bonds decreased by RMB 4,000.00 (40 bonds) due to share conversion, the number of shares converted was 1,012 shares, and the conversion price was RMB 3.95 per share;

In the second quarter of 2023, Bengang's convertible bonds decreased by RMB 6,000.00 (60 bonds) due to share conversion, the number of shares converted was 1,518 shares, and the conversion price was RMB 3.95 per share;

As at June 30, 2023, the Company's remaining balance of convertible bonds was RMB 5,631,042,100.00 (56,310,421 bonds).

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

Basic information on preferred shares, perpetual bonds and other financial instruments issued at the end of the period

None.

28. Lease Liabilities

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Lease payments	2,186,301,130.48	2,191,946,735.27
Unrecognized financing charges	-781,227,266.14	-767,279,566.11
Reclassified to non-current liabilities due within one year	-40,740,341.21	-40,318,706.98
Total	1,364,333,523.13	1,384,348,462.18

29. Deferred Income

Unit: yuan

Items	Balance as at 1 January 2023	Additions in this period	Reductions in this period	Balance as at 30 June 2023	Reasons
Government grant	42,377,015.51	850,000.00	1,839,198.73	41,387,816.78	Government grant
Total	42,377,015.51	850,000.00	1,839,198.73	41,387,816.78	

Projects related to government grants:

Unit: yuan

Liabilities items	Balance as at 1 January 2023	New subsidy amount in this period	Amount included in non-operating income in the current period	Amount included in other income in the current period	Amount of offsetting costs and expenses in the current period	Other changes	Balance as at 30 June 2023	Asset-related /Revenue-related
Research and development of the third-generation high-strength steel for automobiles	1,160,000.00			290,000.00			870,000.00	Asset-related
Carbon fiber wastewater advanced treatment project in Dongfeng plant area of sheet metal coking plant	5,700,000.00			950,000.00			4,750,000.00	Asset-related
Desulfurization and denitrification project of coal-fired boiler in high-voltage workshop of Benxi Iron and Steel Power Plant	2,400,000.00			300,000.00			2,100,000.00	Asset-related
Air Pollution Prevention and Control Fund - Second Sintering Cleaning and Dust Removal Ultra-low Emission Transformation Project	1,230,000.00			205,000.00			1,025,000.00	Asset-related
2021 Special Fund Project for Intellectual Manufacturing and Strengthening the Province	8,100,000.00						8,100,000.00	Asset-related
2021 Benxi City Expert Talent and Enterprise Docking Project	5,000.00						5,000.00	Asset-related
2021 Benxi City Pollution Control and Energy Conservation and Carbon Reduction Special Project (Converter Gas Recovery and Efficiency Improvement Transformation Project)	1,500,000.00			44,117.65			1,455,882.35	Asset-related

2021 Municipal Skillmaster Workstation Fees	77,297.51			81.08			77,216.43	Asset-related
2018 Liaoning Provincial "Hundred Thousands of Talents Project" Funding Project	220,000.00						220,000.00	Asset-related
2018 Municipal Skillmaster Workstation Fees	58,766.34						58,766.34	Asset-related
2019 Municipal Skillmaster Workstation Fees	69,500.19						69,500.19	Asset-related
2020 special ecological civilization construction project (special steel electric furnace upgrade project)	20,000,000.00						20,000,000.00	Asset-related
Liaoning Artisan Subsidy	2.97						2.97	Asset-related
Effect mechanism and control of rare earth oxysulfide on the plasticity of automobile steel	334,448.50						334,448.50	Asset-related
Design of rare earth steel metallurgical slag system and research on its physical and chemical properties	340,000.00						340,000.00	Revenue-related
Provincial Science and Technology Department National Natural Science Foundation of China-Liaoning Provincial Government Joint Fund Project	334,000.00						334,000.00	Revenue-related
2019 Provincial Skill Master Workstation Fees	200,000.00						200,000.00	Revenue-related
2020 Provincial Skillmaster Workstation Fees	100,000.00						100,000.00	Revenue-related
Basic research on the new technology of composite iron coke low-carbon ironmaking charge	168,000.00						168,000.00	Revenue-related

2021 the second batch of planned projects of Liaoning Provincial Central Government Guidance for Local Science and Technology Development Funds	300,000.00						300,000.00	Revenue-related
2020 Liaoning Provincial "Hundred Thousands of Talents Project" Funding Project	50,000.00			50,000.00				Revenue-related
Provincial Science and Technology Department 2022 Liaoning Provincial Natural Science Foundation Project Fund	30,000.00						30,000.00	Revenue-related
2022 Liaoning will become a strong province with digital intelligence		300,000.00					300,000.00	Revenue-related
Municipal enterprise operation patent navigation project funding subsidy		200,000.00					200,000.00	Revenue-related
Xingliao Talents Program government subsidy		350,000.00					350,000.00	Revenue-related

30. Share Capital

Unit: yuan

Items	Balance as at 1 January 2023	Changes in the current period increase (+) decrease (-)					Balance as at 30 June 2023
		Issuance of new shares	Bonus shares	Provident fund converted into share	Others	Subtotal	
Total shares	4,108,212,217.00				2,530.00	2,530.00	4,108,214,747.00

Other notes:

The increase in this period is due to the conversion of A-share convertible bonds issued by the Company into 2,530.00 A-share ordinary shares. Please refer to Note VII. (27) Bonds Payable for details.

31. Other Equity Instruments

(1) Basic information on other financial instruments such as gold preferred shares and perpetual bonds issued outside at the end of the period

Other equity instruments at the end of the period are the equity part of convertible corporate bonds. For the basic information of convertible corporate bonds, please refer to Note VII. (27) Bonds Payable.

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

Unit: yuan

Financial instruments issued outside	1 January 2023		Additions in this period		Reductions in this period		30 June 2023	
	Number	Book value	Number	Book value	Number	Book value	Number	Book value
Convertible bonds	56,310,521.00	947,863,834.02			100.00	2,035.66	56,310,421.00	947,861,798.36
Total	56,310,521.00	947,863,834.02			100.00	2,035.66	56,310,421.00	947,861,798.36

The increase and decrease of other equity instruments in the current period, the reasons for the changes, and the basis for relevant accounting treatment:

A total of RMB 10,000.00 (100 bonds) of A-share convertible bonds issued by the Company were converted into ordinary A-shares of the Company during the period. As of June 30, 2023, the Company's remaining convertible bond balance is RMB 5,631,042,100.00 (56,310,421 bonds). For details, please refer to Note VII. (27) Bonds Payable.

32. Capital Reserves

Unit: yuan

Items	Balance as at 1 January 2023	Additions in this period	Reductions in this period	Balance as at 30 June 2023
Capital premium (Equity premium)	13,156,287,691.39	7,397.04		13,156,295,088.43
Other capital reserves	115,917,468.82			115,917,468.82
Total	13,272,205,160.21	7,397.04		13,272,212,557.25

Other notes, including the increase and decrease in the current period, and explanations for the reasons for the changes:

The increase in capital premium is due to the conversion of convertible bonds into the Company's A-share ordinary shares.

33. Other Comprehensive Income

Unit: yuan

Items	Balance as at 1 January 2023	Current period						Balance as at 30 June 2023
		Amount before income tax in the current period	Less: included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that will not be reclassified into profits and losses	-15,904,760.02							-15,904,760.02
Changes in fair value of other equity instrument investments	-15,904,760.02							-15,904,760.02
Total other comprehensive income	-15,904,760.02							-15,904,760.02

34. Special Reserves

Unit: yuan

Items	Balance as at 1 January 2023	Additions in this period	Reductions in this period	Balance as at 30 June 2023
Safety production fee	2,217,913.77	34,099,757.81	7,307,318.69	29,010,352.89
Total	2,217,913.77	34,099,757.81	7,307,318.69	29,010,352.89

35. Surplus Reserves

Unit: yuan

Items	Balance as at 1 January 2023	Additions in this period	Reductions in this period	Balance as at 30 June 2023
Statutory surplus reserves	1,195,116,522.37			1,195,116,522.37
Total	1,195,116,522.37			1,195,116,522.37

36. Undistributed Profits

Unit: yuan

Items	Current period	Previous period
Undistributed profit at the end of the previous year before adjustment	-720,559,670.73	2,977,306,297.64
Adjust the total undistributed profit at the beginning of the year (increase +, decrease -)		
Adjusted undistributed profit at the beginning of the year	-720,559,670.73	2,977,306,297.64
Add: Net profit attributable to owners of the parent company in the current period	-1,004,945,623.68	-1,232,976,557.37
Less: Provision of statutory surplus reserve		25,416.40
Dividends payable on common stock		2,464,914,827.40
Undistributed profit at the end of the period	-1,725,505,294.41	-720,559,670.73

Adjustment of undistributed profit details at the beginning of the period: due to the retrospective adjustment of the “Accounting Standards for Business Enterprises” and related new regulations, the undistributed profit at the beginning of the period was affected by RMB 10,592,129.13.

37. Operating Income and Operating Costs

Unit: yuan

Items	Current period		Previous period	
	Revenue	Costs	Revenue	Costs
Principal business	30,178,980,302.21	30,346,840,599.33	33,109,977,666.90	31,509,788,033.31
Other business	388,428,902.82	367,800,364.58	1,905,199,638.08	1,867,689,507.32
Total	30,567,409,205.03	30,714,640,963.91	35,015,177,304.98	33,377,477,540.63

Details of operating income:

Unit: yuan

Contract classification	Principal business income	Other business income	Total
Classified by business area	30,178,980,302.21	388,428,902.82	30,567,409,205.03
Including:			
Domestic	26,612,052,408.77	388,428,902.82	27,000,481,311.59
Abroad	3,566,927,893.44		3,566,927,893.44
Total	30,178,980,302.21	388,428,902.82	30,567,409,205.03
Classified by the time of commodity transfer			
Including:			
Recognized at a certain point in time	30,178,980,302.21	387,065,834.86	30,566,046,137.07
Recognized over a certain period of time		1,363,067.96	1,363,067.96
Total	30,178,980,302.21	388,428,902.82	30,567,409,205.03

Information related to performance obligations:

None

Information related to the transaction price allocated to the remaining performance obligations:

At the end of the reporting period, the amount of income corresponding to the performance obligations that have been signed but not yet fulfilled or not fully fulfilled is 0.00 yuan.

38. Tax and surcharges

Unit: yuan

Items	Current period	Previous period
City maintenance and construction tax	6,576,796.79	4,726,087.15
Educational surcharge	4,800,732.70	3,554,726.34
Housing property tax	40,884,994.48	40,822,272.51
Land use right tax	6,075,969.40	6,847,915.75
Stamp duty	30,849,463.63	32,496,146.38
Environmental tax	9,527,874.78	11,411,384.22
Others	324,845.97	26,912.88
Total	99,040,677.75	99,885,445.23

39. Selling Expenses

Unit: yuan

Items	Current period	Previous period
Import and export agency fee	21,131,652.66	36,702,096.00
Salary and benefits	37,771,652.79	18,244,427.10
Package fee		4,973,464.77
Others	9,615,841.56	7,510,887.30
Sales service fee	1,382,736.23	
Total	69,901,883.24	67,430,875.17

40. Administrative Expenses

Unit: yuan

Items	Current period	Previous period
Employee's salaries	206,440,312.89	149,216,492.01
Repair expenses	298,281.38	105,587,548.07
Heating costs	34,042,689.20	19,965,273.48
Depreciation	19,462,599.70	22,309,498.45
land use fees	1,322,782.02	19,696,001.68
Environmental protection fees	4,442,540.02	1,099,369.60
Water resources fees	16,331,031.46	3,176,610.83
Others	57,228,784.82	31,253,889.98
Total	339,569,021.49	352,304,684.10

41. Research and Development Expenses

Unit: yuan

Items	Current period	Previous period
Depreciation, materials and wages, etc.	32,990,679.09	22,368,496.87
Total	32,990,679.09	22,368,496.87

42. Finance Costs

Unit: yuan

Items	Current period	Previous period
Interest expenses	234,419,462.35	342,674,208.42
Interest income	-27,351,519.21	-61,019,147.27
Exchange gains and losses	-49,493,753.99	5,012,400.26
Other expenses	3,983,576.72	6,425,946.41
Total	161,557,765.87	293,093,407.82

43. Other income

Unit: yuan

Sources of other income	Current period	Previous period
Government grant	2,379,198.73	30,272,965.00
Withholding personal income tax handling fee	913,893.41	
Others	225,000.00	382,577.92

44. Investment Income

Unit: yuan

Items	Current period	Previous period
Long-term equity investment income measured by equity method	-439,659.58	85,455.22
Investment income from disposal of long-term equity investment	-294,462.57	
Investment income from disposal of financial assets held-for-trading	-2,502,067.50	
Investment income from debt restructuring	694,683.35	
Others		30,387.62
Total	-2,541,506.30	115,842.84

45. Credit Impairment Losses

Unit: yuan

Items	Current period	Previous period
Bad debt loss of accounts receivable	-35,877,008.41	2,051,653.20
Bad debt loss of other receivables	18,426,234.94	-2,845,559.93
Total	-17,450,773.47	-793,906.73

46. Asset Impairment Losses

Unit: yuan

Items	Current period	Previous period
Inventory falling price loss and impairment loss on contract performance costs	-84,458,260.66	-72,880,991.53
Total	-84,458,260.66	-72,880,991.53

47. Gains on Disposal of Assets

Unit: yuan

Sources of gains on disposal of assets	Current period	Previous period
Gains or losses on disposal of fixed assets not classified as held for sale		3,648,546.62

48. Non-operating Income

Unit: yuan

Items	Current period	Previous period	Amount included in the current non-recurring gains and losses
Gains from damage and scrapping of non-current assets	17,095,345.19	711,708.55	17,095,345.19
Compensation for breach of contract	980,399.63		980,399.63
Unpayable accounts payable	2,447,931.60	27,948,070.49	2,447,931.60
Others	31,060,871.61	1,912,502.31	31,060,871.61
Total	51,584,548.03	30,572,281.35	51,584,548.03

49. Non-operating Expenses

Unit: yuan

Items	Current period	Previous period	Amount included in the current non-recurring gains and losses
Non-current asset damage and scrapping loss	48,484,833.89	10,765,339.79	48,484,833.89
Fines, compensation for breach of contract, compensation payments	2,072,844.13		2,072,844.13
Others	27,649.11		27,649.11
Total	50,585,327.13	10,765,339.79	50,585,327.13

50. Income Tax Expenses**(1) Income tax expense table**

Unit: yuan

Items	Current period	Previous period
Current income tax expenses	46,665,568.90	197,785,904.70
Deferred tax expenses	-13,473,858.06	2,719,416.45
Total	33,191,710.84	200,505,321.15

(2) Accounting profit and income tax expense adjustment process

Unit: yuan

Items	Current period
Total profit	-950,225,013.71
Income tax expense calculate according to the official or applicable tax rate	-242,556,253.43
Effect of adjusting prior period income taxes	22,945,743.75
Effect of non-taxable income	-109,914.90
Effect of non-deductible costs, expenses or losses	100,437.96
Effect of use of deductible losses of unrecognized deferred tax asset of prior period	-543,713.22
The impact of deductible temporary differences or deductible losses of deferred income tax assets not recognized in the current period	255,856,087.61
Others	-2,500,676.93
Income tax expenses	33,191,710.84

51. Other Comprehensive Income

Please refer to Note VII. 33.

52. Notes of Statement of Cash Flows**(1) Cash received from other operating activities**

Unit: yuan

Items	Current period	Previous period
Recover current payment and advance payment	36,965,273.21	97,205,274.52
Interest income	27,351,519.21	61,019,147.27
Special subsidies and grants	850,000.00	9,690,000.00
Others	980,399.63	804,702.43
Total	66,147,192.05	168,719,124.22

(2) Cash paid for other operating activities

Unit: yuan

Items	Current period	Previous period
Current payment with different entities	28,422,075.16	22,514,446.73
Administrative expenses	112,917,219.14	168,184,142.54
Selling expenses	32,130,230.45	50,910,874.42
Handling fee	3,983,576.72	6,425,946.41
Others		1,023,567.21
Total	177,453,101.47	249,058,977.31

(3) Cash received from other financing activities

Unit: yuan

Items	Current period	Previous period
Margin for bill, letter of guarantee and letter of credit	299,914,718.38	2,548,792,921.60
Total	299,914,718.38	2,548,792,921.60

(4) Cash paid for other financing activities

Unit: yuan

Items	Current period	Previous period
Margin for bill, letter of guarantee and letter of credit	695,121,631.51	71,693,646.43
Total	695,121,631.51	71,693,646.43

53. Supplementary Information to Cash Flow Statement**(1) Supplementary information to cash flow statement**

Unit: yuan

Supplementary information	Current period	Previous period
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	-983,416,724.55	579,963,876.24
Add: Impairment of assets	101,909,034.13	72,880,991.53
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	823,089,855.07	1,105,263,552.94
Depreciation of right-of-use assets	30,187,267.26	30,187,267.22
Amortization of intangible assets	3,039,005.87	3,690,085.26
Amortization of long-term deferred expenses		
Losses on disposal of fixed assets, intangible assets and other long-term assets("-" for net income)		-3,648,546.62
Losses on retirement of fixed assets("-" for net income)	31,389,488.70	10,053,631.24
Losses from changes in fair value("-" for net income)		
Finance expenses("-" for net income)	184,925,708.36	342,674,208.42
Investment loss("-" for net income)	2,541,506.30	-115,842.84
Decrease in deferred tax assets("-" for increase)	-11,622,984.29	5,419,049.90
Increase in deferred tax liabilities("-" for decrease)		
Decrease in inventory("-" for increase)	784,701,660.05	1,435,572,851.38

Decrease in operating receivables("-" for increase)	-816,626,771.10	2,160,572,533.72
Increase in operating payables("-" for decrease)	4,512,520,236.01	-5,468,912,532.78
Others		-46,149,283.40
Net cash flow from operating activities	4,662,637,281.81	227,451,842.21
2. Significant investment and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Leasing of fixed assets through financing		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	3,135,535,935.14	4,750,473,298.51
Less: Opening balance of cash	1,296,662,683.20	6,299,099,063.48
Add: Closing balance of cash equivalents		
Less: Opening balance of cash		
Net increase in cash and cash equivalents	1,838,873,251.94	-1,548,625,764.97

(2) Composition of cash and cash equivalents

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
I. Cash	3,135,535,935.14	1,296,662,683.20
Bank deposits available for payment at any time	3,135,535,935.14	1,296,662,683.20
II. Balance of cash and cash equivalents at the end of the period	3,135,535,935.14	1,296,662,683.20

54. Assets whose Ownership or Use Rights Are Restricted

Unit: yuan

Items	Balance as at 30 June 2023	Reason for restriction
Monetary funds	521,023,596.93	Deposit for notes and letter of credit
Notes receivable	255,189,626.40	Pledge for banker's acceptance bill
Total	776,213,223.33	

55. Foreign Currency Monetary Items**(1) Foreign currency monetary items**

Unit: yuan

Items	Closing balance of foreign currency	Translation rate	Closing balance converted into RMB
Monetary funds			562,525,888.30
Including: U.S. Dollar	77,083,100.68	7.2258	556,987,068.89
Euro	2,840.49	7.8771	22,374.82
Hong Kong Dollar	5,983,128.62	0.9220	5,516,444.59
Long-term borrowings			
Including: U.S. Dollar			
Euro			
Hong Kong Dollar			
Japanese yen	104,292,000.00	0.0501	5,225,029.20

(2) Instructions for overseas operating entities, including for important overseas operating entities, their main overseas business location, functional currency for bookkeeping and the basis for selection should be disclosed, and the reasons for changes in the functional currency for bookkeeping should also be disclosed.

Applicable Not applicable

56. Government Grants

(1) Government grants related to assets

Unit: yuan

Types	Amount	Items presented in the statement of financial position	Amount included in current profit and loss
Research and development of the third-generation high-strength steel for automobiles	2,900,000.00	Deferred income	290,000.00
Carbon fiber wastewater advanced treatment project in Dongfeng plant area of sheet metal coking plant	9,500,000.00	Deferred income	950,000.00
Desulfurization and denitrification project of coal-fired boiler in high-voltage workshop of Benxi Iron and Steel Power Plant	6,000,000.00	Deferred income	300,000.00
Air Pollution Prevention and Control Fund - Second Sintering Cleaning and Dust Removal Ultra-low Emission Transformation Project	2,050,000.00	Deferred income	205,000.00
2021 Special Fund Project for Intellectual Manufacturing and Strengthening the Province	8,100,000.00	Deferred income	
2021 Benxi City Pollution Control and Energy Conservation and Carbon Reduction Special Project (Converter Gas Recovery and Efficiency Improvement Transformation Project)	1,500,000.00	Deferred income	44,117.65
2021 Municipal Skillmaster Workstation Fees	80,000.00	Deferred income	81.08
The 2018 Liaoning Provincial "Hundred Thousands of Talents Project" Funding Project	250,000.00	Deferred income	
2018 Municipal Skillmaster Workstation Fees	240,000.00	Deferred income	

2019 Municipal Skillmaster Workstation Fees	180,000.00	Deferred income	
2020 special ecological civilization construction project (special steel electric furnace upgrade project)	20,000,000.00	Deferred income	
Liaoning Artisan Subsidy	180,000.00	Deferred income	
Flue gas desulfurization project of seven 130-ton combustion boilers in a power plant	24,000,000.00	Deferred income	
Fund for cogeneration renovation project of the third electric workshop of the power plant	10,000,000.00	Deferred income	
Cold-rolled high-strength steel transformation project	250,000,000.00	Deferred income	

(2) Return of government grants

Applicable Not applicable

(3) Government grants related to income

Types	Amount	Amount included in the current profit and loss or offsetting related costs and expenses		Items included in current profit or loss or written off related costs and expenses
		Current period	Previous period	
Effect mechanism and control of rare earth oxysulfide on the plasticity of automobile steel	547,040.00		122,965.00	Other income
2021 Benxi City Expert Talent and Enterprise Docking Project	10,000.00		5,000.00	Other income
Design of rare earth steel metallurgical slag system and research on its physical and chemical properties	340,000.00			Other income
Provincial Science and Technology Department National Natural Science Foundation of China-Liaoning Provincial Government Joint Fund Project	334,000.00			Other income
2019 Provincial Skill Master Workstation Fees	200,000.00			Other income

2020 Provincial Skillmaster Workstation Fees	100,000.00			Other income
Basic research on the new technology of composite iron coke low-carbon ironmaking charge	168,000.00			Other income
In 2021, the second batch of planned projects of Liaoning Provincial Central Government Guidance for Local Science and Technology Development Funds	300,000.00			Other income
The 2020 Liaoning Provincial "Hundred Thousands of Talents Project" Funding Project	50,000.00	50,000.00		Other income
Provincial Science and Technology Department 2022 Liaoning Provincial Natural Science Foundation Project Fund	30,000.00			Other income
In 2022, Liaoning will become a strong province with digital intelligence	300,000.00			Other income
Municipal enterprise operation patent navigation project funding subsidy	200,000.00			Other income
"Xingliao Talents Program" government subsidy	350,000.00			Other income

57. Others

As lessee

Items	Current period	Previous period
Interest expense on the lease liabilities	27,047,108.38	27,576,079.44
Simplified short-term lease expenses included in relevant asset costs or current profit and loss		
Simplified rental expenses of low-value assets included in relevant asset costs or current profit and loss (except for short-term rental expenses of low-value assets)		
Variable lease payments not included in the measurement of lease liabilities that are included in the cost of related assets or current profit and loss		
Including: the part generated by the sale and leaseback transaction		
Income from sub-leasing of right-of-use assets		
Total cash outflows related to leases	46,640,413.20	46,846,358.31
Related gains and losses arising from sale and leaseback transactions		
Cash inflow from sale and leaseback transactions		
Cash outflow from sale and leaseback transactions		

VIII. Changes in the Scope of Consolidation

1. Others

There is no change in the scope of consolidation in this period.

IX. Interests in Other Entities

1. Interests in Subsidiaries

(1) Composition of the corporate group

Name of the subsidiaries	Principal place of business	Registered address	Nature of business	Shareholding ratio		Acquiring method
				Direct	Indirect	
Guangzhou Bensteel Trading Co., Ltd.	Guangzhou	Guangzhou	Sale	100		Set up
Shanghai Bensteel Metallurgical Technology Co., Ltd.	Shanghai	Shanghai	Sale	100		Set up
Dalian Benruitong Automotive Material Technology Co., Ltd.	Dalian	Dalian	Production	65		Set up
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	Benxi	Benxi	Production	75		Business combination under common control
Changchun Bensteel Sales Co., Ltd.	Changchun	Changchun	Sale	100		Business combination under common control
Yantai Bengang Iron and Steel Sales Co., Ltd.	Yantai	Yantai	Sale	100		Business combination under common control
Tianjin Bengang Iron and Steel Trading Co., Ltd.	Tianjin	Tianjin	Sale	100		Business combination under common control
Benxi Bensteel Sales Co., Ltd.	Benxi	Benxi	Sale	100		Set up
Shenyang Bensteel Metallurgical Technology Co., Ltd.	Shenyang	Shenyang	Sale	100		Set up

Explanation on the difference between the shareholding ratio in the subsidiary and the voting right ratio:

There is no such matter in the Company.

Basis for holding half or less of the voting rights but still controlling the invested entity, and holding more than half of the voting rights but not controlling the invested entity:

There is no such matter in the Company.

For important structured entities included in the scope of consolidation, the basis for control:

There is no such matter in the Company.

(2) Significant but not wholly-owned subsidiaries

Unit: yuan

Name of the subsidiaries	Proportion of non-controlling interests (%)	Profits and losses attributing to non-controlling shareholders	Dividend declared to distribute to non-controlling shareholders	Closing balance of non-controlling interests
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	25.00%	17,461,806.81		595,620,461.21

Explanation for the shareholding ratio of minority shareholders of subsidiaries different from the ratio of voting rights:

There is no such matter in the Company.

(3) Main financial information of important non-wholly owned subsidiaries

Unit: yuan

Name of the subsidiaries	Balance as at 30 June 2023						Balance as at 1 January 2023					
	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 Puxiang Cool Rolling Steel Sheet Co., Ltd.	3,611,025,289.22	984,679,076.32	4,595,704,365.54	2,213,222,520.70		2,213,222,520.70	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

Unit: yuan

Name of the subsidiaries	Current period				Previous period			
	Operating income	Net profit	Total comprehensive income	Net cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Net cash flows from operating activities
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	4,253,071,574.21	69,847,227.23	69,847,227.23	171,658,194.18	5,229,533,000.35	91,532,242.77	91,532,242.77	306,038,909.09

2. Interests in Joint Arrangements or Associates

(1) Important joint ventures or associates

Explanation for the shareholding ratio in joint ventures or associates that is different from the voting rights ratio:
The Company has no significant joint ventures or associates.

X. Risks Associated with Financial Instruments

The Company faces various financial risks in the course of operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks). The above financial risks and the risk management policies adopted by the Company to reduce these risks are as follows:

The Board of Directors is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies clearly stipulate specific risks, covering many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates changes in the market environment and the Company's business activities to determine whether to update risk management policies and systems. The Company's risk management is carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of the company. The company's internal audit department conducts regular audits on risk management controls and procedures, and reports the audit results to the company's audit committee.

The overall goal of the Company's risk management is to formulate risk management policies that reduce risks as much as possible without excessively affecting the Company's competitiveness and resilience.

1. Credit risk

Credit risk refers to the risk that the counterparty fails to perform its contractual obligations and cause financial losses to the Company.

The Company mainly faces customer credit risk caused by credit sales. Before entering into a new contract, the Company conducts an assessment of the credit risk of the new client, including an external credit rating and, in some cases, bank references (when this information is available). The Company sets a credit sales limit for each customer, which is the maximum amount that does not require additional approval.

The Company ensures that the company's overall credit risk is within a controllable range through regular monitoring of existing customer credit ratings and regular review of accounts receivable aging analysis. When monitoring the credit risk of customers, group them according to their credit characteristics. Customers rated as "high risk" will be placed on a restricted customer list, and only with additional approval, the Company can sell to them on credit in the future, otherwise they must be required to pay the corresponding amount in advance.

2. Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligations for settlement by delivery of cash or other financial assets.

It is the Company's policy to ensure that it has sufficient cash to meet debt obligations as they fall due. Liquidity risk is centrally controlled by the Company's financial department. The financial department ensures that the company has sufficient funds to repay debts under all reasonable forecasts by monitoring cash balances, marketable securities that can be realized at any time, and rolling forecasts of cash flows for the next 12 months. At the same time, continue to monitor whether the company complies with the provisions of the loan agreement, and obtain commitments from major financial institutions to provide sufficient backup funds to meet short-term and long-term funding needs.

The Company's various financial liabilities are listed as follows in terms of undiscounted contractual cash flow by maturity date:

Amount unit: RMB ten thousand

Items	Balance as at 30 June 2023					
	Repayment on demand	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Trade and other payables		920,298.97				920,298.97
Borrowing and interest		252,786.75	40,752.91	83,945.86		377,485.52
Total		1,173,085.72	40,752.91	83,945.86		1,297,784.49

Items	Balance as at 1 January 2023					
	Repayment on demand	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Trade and other payables		693,670.74				693,670.74
Borrowing and interest		494,568.82	255,904.22	678,612.89	695.49	1,429,781.42
Total		1,188,239.56	255,904.22	678,612.89	695.49	2,123,452.16

3. Market risk

The market risk of financial instruments refers to the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

(1) Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in market interest rates.

The interest rate risk faced by the Company mainly comes from floating-rate bank deposits and floating-rate loans to bear the cash flow interest rate risk. The Company has not formulated a policy to manage its interest rate risk, but the management will carefully choose financing methods, combining fixed and floating interest rates, short-term debt and long-term debt. Utilize effective interest rate risk management methods, closely monitor interest rate risk, and use interest rate swaps when necessary to achieve the expected interest rate structure.

(2) Exchange rate risk

Exchange rate risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in foreign exchange rates.

The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risk it faces. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to achieve the purpose of avoiding exchange rate risks. During the reporting period, the Company did not sign any forward foreign exchange contracts or currency swap contracts.

The exchange rate risk faced by the Company mainly comes from the financial assets and financial liabilities denominated in US dollars. The amount of foreign currency financial assets and foreign currency financial liabilities converted into RMB is listed as follows:

Amount unit: RMB ten thousand

Items	Balance as at 30 June 2023			Balance as at 1 January 2023		
	US dollar	Other foreign currency	Total	US dollar	Other foreign currency	Total
Assets	55,698.71	553.88	56,252.59	4,428.43	495.12	4,923.55
Liabilities		522.50	522.50	4,979.69	21,521.13	26,500.82
Total	55,698.71	1,076.38	56,775.09	9,408.12	22,016.25	31,424.37

On June 30, 2023, with all other variables held constant, if the exchange rates of the U.S. dollar, the euro, and the Japanese yen against the renminbi appreciate or depreciate by 5%, then the Company will increase or decrease the net profit by RMB 27.865 million (31 December 2022: RMB 10.7886 million). The management believes that 5% reasonably reflects the reasonable range of possible changes of the US dollar, Euro and Japanese yen against RMB in the next year.

XI. Disclosure of Fair Value

1. Closing Fair Value of Assets and Liabilities Measured at Fair Value

Unit: yuan

Items	Closing fair value			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
◆Accounts receivable financing			953,938,535.80	953,938,535.80
◆Other equity instruments			1,020,418,482.31	1,020,418,482.31
Total assets continuously measured at fair value			1,974,357,018.11	1,974,357,018.11
II. Non-continuous fair value measurement	--	--	--	--

2. The basis for determining the market value of the continuous and non-continuous first-level fair value measurement projects

The Company has no first level fair value measurement project.

3. Continuous and non-continuous second-level fair value measurement items, using valuation techniques and qualitative and quantitative information on important parameters

The Company has no second level fair value measurement items.

4. Continuous and non-continuous third-level fair value measurement items, using valuation techniques and qualitative and quantitative information on important parameters

Other equity instrument investments that continue to be measured at the third level of fair value are unlisted equity investments held by the Company.

The receivable financing of continuous third-level fair value measurement is the banker's acceptance bill held by the Company, and its fair value is confirmed with reference to the face value.

The Company uses valuation techniques for fair value measurement, mainly using the valuation techniques of the non-listed company comparison method.

5. Others

The input values used in fair value measurement are divided into three levels:

The first-level input value is the unadjusted quoted price in an active market for the same asset or liability that can be obtained on the measurement date.

The second-level input value is the directly or indirectly observable input value of the relevant asset or liability other than the first-level input value.

The third-level input value is the unobservable input value of related assets or liabilities.

The level to which the fair value measurement results belong is determined by the lowest level to which the input values that are important to the fair value measurement as a whole belong.

XII. Related Party and Related Party Transactions

1. Information about the Parent of the Company

Name of parent	Registration place	Business nature	Registered capital (100 million yuan)	The parent company's shareholding percentage in the Company(%)	Proportion of voting rights of the parent company to the Company(%)
Benxi Steel and Iron (Group) Co., Ltd.	Benxi, Liaoning	Manufacturing	74.01	58.65%	58.65%

Explanation of the parent company of the Company

The ultimate controlling party of the Company is Ansteel Group Co., Ltd.

2. Subsidiaries of the Company

For the details of the Company's subsidiaries, please refer to "IX. Interests in Other Entities" in this note.

3. The Company's Joint Ventures and Associates

For details of the important joint ventures or associates of the Company, please refer to "IX. Interests in other entities" in this note.

4. Situation of Other Related Parties

Name of other related parties	Relationship between other related parties and the Company
Bengang Group Co., Ltd.	Controlling shareholder of the parent company
Ansteel Electric Co., Ltd.	Both belong to Ansteel Group
Ansteel Scrap Resources (Anshan) Co., Ltd.	Both belong to Ansteel Group
Ansteel Scrap Resources (Anshan) Co., Ltd. Chaoyang Branch	Both belong to Ansteel Group
Ansteel Processing and Distribution (Dalian) Co., Ltd.	Both belong to Ansteel Group
Ansteel Processing and Distribution (Changchun) Co., Ltd.	Both belong to Ansteel Group
Ansteel Processing and Distribution (Zhengzhou) Co., Ltd.	Both belong to Ansteel Group
Ansteel Distribution (Hefei) Co., Ltd.	Both belong to Ansteel Group
Ansteel Distribution (Wuhan) Co., Ltd.	Both belong to Ansteel Group
Ansteel Rope Co., Ltd.	Both belong to Ansteel Group
Ansteel 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.	Associate 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 Structure Co., Ltd.	Both belong to Ansteel Group
Ansteel Technology 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 Industrial 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 Roll Co., Ltd.	Both belong to Ansteel Group
Ansteel Heavy Machinery Design and Research Institute Co., Ltd.	Both belong to Ansteel Group
Ansteel Heavy Machinery Co., Ltd.	Both belong to Ansteel Group
Ansteel Cast Steel Co., Ltd.	Both belong to Ansteel Group
North Hengda Logistics Co., Ltd.	Both belong to Bengang Group
Bengang Stainless Steel Cold Rolling Dandong Co., Ltd.	Same parent company
Bengang Electric Co., Ltd.	Associate of parent company
Bengang Group Finance Co., Ltd.	Both belong to Bengang Group
Bengang Group International Economic and Trade Co., Ltd.	Both belong to Bengang Group
Bengang Tendering Co., Ltd.	Both belong to Bengang Group
Benxi Beitai Casting Pipe 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 and Steel (Group) Machinery Manufacturing Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Construction Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Mining Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Equipment Engineering 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 and Steel (Group) Metallurgical Slag Co., Ltd.	Same parent company
Benxi Steel and 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 Pangang Hotel Co., Ltd.	Both belong to Ansteel Group
Dalian Borolle Steel Pipe Co., Ltd.	Same parent company
Delin Industrial Products Co., Ltd.	Both belong to Ansteel Group
Delin Lugang Supply Chain Service Co., Ltd.	Both belong to Ansteel Group
Guangzhou Angang Steel 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 Trading Co., Ltd.	Both belong to Bengang Group
Liaoning Metallurgical Technician College	Same parent company
Liaoning Vocational and Technical College of Metallurgy	Same parent company
Pangang Group Xichang Steel and Vanadium Co., Ltd.	Both belong to Ansteel Group
Panzhong Yihong Metal Products (Chongqing) Co., Ltd.	Both belong to Ansteel Group
Suzhou Longben Metal Materials Co., Ltd.	Hold an equity interest in the company
Tianjin Angang Steel Processing and Distribution Co., Ltd.	Both belong to Ansteel Group
Tianjin Ansteel International North Trading Co., Ltd.	Both belong to Ansteel Group
Wuhan Yuanhong Trading Co., Ltd.	Hold an equity interest in the company
Changchun FAW Angang Steel Processing and Distribution Co., Ltd.	Both belong to Ansteel Group
Ansteel Tendering Co., Ltd.	Both belong to Ansteel Group

5. Situation of Related Party Transactions

(1) Related party transactions of purchasing or selling goods, rendering and receiving services

Table of purchase of goods/receiving of services

Unit: yuan

Related parties	Related transaction content	Amount in this period	Approved transaction amount (if applicable)	Whether the transaction limit is exceeded (if applicable)	Amount in previous period
Ansteel Electric Co., Ltd.	Repair service	261,249.99		Yes	
Ansteel Scrap Resources (Anshan) Co., Ltd.	Raw materials	370,082,138.82	1,300,000,000.00	No	96,065,566.10

Ansteel Steel Processing and Distribution (Dalian) Co., Ltd.	Service fee			No	11,353.84
Ansteel Rope Co., Ltd.	Spare parts	169,538.40	10,000,000.00	No	
Ansteel Co., Ltd.	Raw fuel			No	75,504,413.81
Ansteel Group (Anshan) Railway Transportation Equipment Manufacturing Co., Ltd.	Spare parts	872,000.00		Yes	
Ansteel Group Finance Co., Ltd.	Financial services	303,708.86		Yes	
Ansteel Group Engineering Technology Co., Ltd.	Engineering design	512,000.00		Yes	
Ansteel Group Engineering Technology Co., Ltd.	Construction and installation	117,959,759.13	23,000,000.00	Yes	
Ansteel Group Engineering Technology Co., Ltd.	Equipment	76,337,521.60		Yes	
Ansteel Group Engineering Technology Co., Ltd.	Repair service	260,000.00		Yes	
Ansteel Group International Economic and Trade Co., Ltd.	Raw materials			No	8,328,324.66
Ansteel Group Mining Gongchangling Co., Ltd.	Raw materials	200,408,297.44	500,000,000.00	No	238,405,486.63
Ansteel Group Automation Co., Ltd.	Software	47,055,000.00	230,000,000.00	No	
Ansteel Construction Group Co., Ltd.	Project costs			No	21,192,660.55
Ansteel Technology Development Co., Ltd.	Research and development service	633,962.27		Yes	
Ansteel Industrial Group (Anshan) Equipment Operation and Maintenance Co., Ltd.	Labor service	3,253,333.20	10,000,000.00	No	
Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	Repair service	5,097,094.81		Yes	563,736.00
Angang Shuangsheng (Anshan) Fan Co., Ltd.	Spare parts	69,000.00		Yes	

Ansteel Heavy Machinery Co., Ltd.	Repair service	1,565,966.00		Yes	
North Hengda Logistics Co., Ltd.	Processing fee	599,384.02		Yes	
North Hengda Logistics Co., Ltd.	Raw material	942,680.16		Yes	
North Hengda Logistics Co., Ltd.	Transportation and storage Fees	66,562,921.54	30,000,000.00	Yes	14,102,106.06
Bengang Electric Co., Ltd.	Spare parts	53,735,396.26	200,000,000.00	No	
Bengang Electric Co., Ltd.	Repair service	3,857,674.29		Yes	
Bengang Electric Co., Ltd.	Raw materials			No	65,419,935.95
Bensteel Group International Economic and Trade Co., Ltd.	Agency service	32,464,379.89	200,000,000.00	No	133,605,645.86
Bensteel Group Co., Ltd.	Rental fees	4,972,711.56	100,000,000.00	No	1,947,299.50
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Inspection fees	71,796.00		Yes	
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Energy power	329,215,977.30	800,000,000.00	No	354,632,805.17
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Repair service	2,163,383.85	100,000,000.00	No	46,977,784.13
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Raw materials	6,177,881,267.18	15,080,000,000.00	No	6,247,319,985.72
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Rental fees	5,979,849.05		Yes	
Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	Supervision fee	836,573.63		Yes	
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Spare parts	29,846,785.48	120,000,000.00	No	23,012,269.46
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Labor service	4,456,401.89	80,000,000.00	No	38,577,078.16
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Equipment fees	8,487,520.00		Yes	
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Raw materials	2,940,750.95		Yes	

Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Rental fees	16,578,454.81		Yes	
Benxi Iron and Steel (Group) Construction Co., Ltd.	Spare parts	4,854,600.01		No	4,646,764.56
Benxi Iron and Steel (Group) Construction Co., Ltd.	Construction and installation	184,925,593.15		No	90,638,976.00
Benxi Iron and Steel (Group) Construction Co., Ltd.	Brokerage agent	3,156,976.43		No	
Benxi Iron and Steel (Group) Construction Co., Ltd.	Labor service	9,511,440.90	585,000,000.00	No	
Benxi Iron and Steel (Group) Construction Co., Ltd.	Equipment fees	48,514,680.00		No	
Benxi Iron and Steel (Group) Construction Co., Ltd.	Raw materials	2,783,241.40		No	4,646,764.56
Benxi Iron and Steel (Group) Construction Co., Ltd.	Transportation service	358,232.94		No	
Benxi Iron and Steel (Group) Mining Co., Ltd.	Service fee			No	2,613,517.18
Benxi Iron and Steel (Group) Mining Co., Ltd.	Raw materials	1,981,592,292.78	8,950,000,000.00	No	3,510,974,470.81
Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	Heating costs	293,698.06		Yes	708,146.88
Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	Raw materials	142,424.64		Yes	35,759.46
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Spare parts	527,996.85		No	
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Construction and installation	52,248,696.53		No	
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Labor service	16,676,640.31		No	17,144,271.62

Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Equipment fees	78,905,792.00		No	
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Repair service	33,669,653.98	100,000,000.00	No	5,748,486.32
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Raw materials	3,413,348.23		No	2,058,346.87
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Transportation service	562,115.92		No	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Office equipment	293,726.74		No	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Construction and installation	184,024.72		No	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Labor service	582,738.30		No	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Daily necessities	1,826,368.18		No	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Repair service	446,808.00		No	443,449.54
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Raw materials	9,559,452.37	600,000,000.00	No	52,820,474.67
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Transportation service	3,030,721.77		No	
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Spare parts	16,818,802.44		No	4,990,030.05
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Construction and installation	897,468.01		No	18,816,098.36

Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Software	58,674,627.61	100,000,000.00	No	
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Repair service	548,300.00		No	910,634.86
Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	Raw materials	123,153,136.39	300,000,000.00	No	139,381,388.64
Benxi Steel and Iron (Group) Co., Ltd.	Financial services	1,406,819.97		No	
Benxi Steel and Iron (Group) Co., Ltd.	Energy power	208,218.19		No	
Benxi Steel and Iron (Group) Co., Ltd.	Daily necessities	2,602.04		No	
Benxi Steel and Iron (Group) Co., Ltd.	Equipment inspection	2,150,000.00		No	
Benxi Steel and Iron (Group) Co., Ltd.	Repair service	85,545,984.60	350,000,000.00	No	122,783,160.52
Benxi Steel and Iron (Group) Co., Ltd.	Raw materials	221,106.88		No	
Benxi Steel and Iron (Group) Co., Ltd.	Transportation service	70,844.04		No	
Benxi Steel and Iron (Group) Co., Ltd.	Rental fees	35,687,852.59		No	30,187,267.22
Benxi High-tech Drilling Tools Manufacturing Co., Ltd.	Spare parts			No	71,251.70
Benxi New Business Development Co., Ltd.	Spare parts	8,892.94		Yes	
Benxi New Business Development Co., Ltd.	Catering and accommodation	608,112.36		Yes	
Benxi New Business Development Co., Ltd.	Daily necessities	157,261.01		Yes	
Chengdu Pangang Hotel Co., Ltd.	Catering and accommodation	937.74		Yes	
Dalian Borolle Steel Pipe Co., Ltd.	Raw materials	599,495.23		Yes	
Delin Industrial Products Co., Ltd.	Office equipment	682,715.44		Yes	
Delin Industrial Products Co., Ltd.	Spare parts	14,447,322.53		Yes	
Delin Industrial Products Co., Ltd.	Raw materials	8,538.92		Yes	

Liaoning Hengtai Heavy Machinery Co., Ltd.	Construction and installation	1,044,084.00		No	
Liaoning Hengtai Heavy Machinery Co., Ltd.	Equipment	12,130,000.00		No	
Liaoning Hengtai Heavy Machinery Co., Ltd.	Repair service	25,586,655.43	50,000,000.00	No	3,363,187.60
Liaoning Hengtai Heavy Machinery Co., Ltd.	Raw materials	619,327.43		No	1,158,044.41
Liaoning Hengtai Heavy Machinery Co., Ltd.	Transportation service	35,137.61		No	
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Raw materials			No	66,215,321.16
Liaoning Metallurgical Technician College	Training fee			No	580,509.17

Table for sale of goods/render of services

Unit: yuan

Related parties	Related transaction content	Amount in this period	Amount in previous period
Angang Steel Processing and Distribution (Dalian) Co., Ltd.	Goods	27,577,837.53	
Angang Steel Processing and Distribution (Changchun) Co., Ltd.	Goods	2,003,478.27	
Angang Steel Processing and Distribution (Zhengzhou) Co., Ltd.	Goods	10,433,394.39	
Angang Steel Distribution (Hefei) Co., Ltd.	Goods	9,109,492.59	
Angang Steel Distribution (Wuhan) Co., Ltd.	Goods	55,103,512.47	
Ansteel Co., Ltd.	Goods	94,339.62	33,602,226.06
Ansteel Chemical Technology Co., Ltd.	Goods	46,858,532.33	85,184,242.50
Ansteel Group Mining Co., Ltd.	Goods	6,415.09	
Ansteel Construction Group Co., Ltd.	Energy power	24,962.53	
Ansteel Green Resources Technology Co., Ltd.	Goods	8,928,632.16	14,016,402.04
Ansteel Green Resources Technology Co., Ltd.	Raw materials and spare parts	70,586,829.06	
Ansteel Energy Technology Co., Ltd.	Raw materials and spare parts		97,132.19
Ansteel Energy Technology Co., Ltd.	Energy power	7,772,270.08	
Ansteel Cast Steel Co., Ltd.	Goods		87,707.40

North Hengda Logistics Co., Ltd.	Goods	1,646,632,183.35	732,332,869.53
Bengang Electric Co., Ltd.	Energy power		2,966,904.10
Bensteel Gaoyuan Industrial Development Co., Ltd.	Goods	611.32	
Bensteel Group Finance Co., Ltd.	Energy power		6,024.27
Bengang Group Co., Ltd.	Energy power	101,729.51	54,228.93
Benxi North Steel Pipe Co., Ltd.	Energy power		8,456.61
Benxi Northern Iron Industry Co., Ltd.	Goods	11,065,842.59	341,033,255.96
Benxi Beiyang Iron and Steel (Group) Co., Ltd.	Goods	3,951,328.22	7,805,748.05
Benxi Beiyang Iron and Steel (Group) Co., Ltd.	Raw materials and spare parts	84,897,746.67	404,510,783.18
Benxi Beiyang Iron and Steel (Group) Co., Ltd.	Energy power	33,632,066.23	36,045,489.04
Benxi Dongfeng Lake Steel Resources Utilization Co., Ltd.	Goods	14,111,556.08	11,652,917.70
Benxi Dongfeng Lake Steel Resources Utilization Co., Ltd.	Energy power	2,482,745.43	3,170,242.42
Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	Energy power		40,312.15
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Energy power		78,150.86
Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	Energy power	60,649.99	
Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	Energy power	1,208.43	
Benxi Iron and Steel (Group) Electromechanical Installation Engineering Co., Ltd.	Energy power	272,525.36	
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Goods	116,745.28	10,523,900.28
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Energy power	6,405,245.79	10,883,794.65
Benxi Iron and Steel (Group) Construction Advanced Decoration Co., Ltd.	Energy power	527.01	
Benxi Iron and Steel (Group) Construction Co., Ltd.	Energy power	3,330,406.11	7,783,309.92
Benxi Iron and Steel (Group) Mine Construction Engineering Co., Ltd.	Energy power	425,543.04	
Benxi Iron and Steel (Group) Mining Liaoyang Jiabiabao Iron Mine Co., Ltd.	Goods	4,753.02	

Benxi Iron and Steel (Group) Mining Liaoyang Jiabiabao Iron Mine Co., Ltd.	Energy power	54,895,941.41	
Benxi Iron and Steel (Group) Mining Yanjiagou Limestone Mine Co., Ltd.	Energy power	2,017,672.71	
Benxi Iron and Steel (Group) Mining Co., Ltd.	Goods	2,357,654.90	1,298,986.47
Benxi Iron and Steel (Group) Mining Co., Ltd.	Raw materials and spare parts	35,299,728.81	67,380,113.36
Freight income		391,007.89	4,717,137.94
Benxi Iron and Steel (Group) Mining Co., Ltd.	Energy power	373,480,762.43	368,746,319.95
Benxi Iron and Steel (Group) Road and Bridge Construction Engineering Co., Ltd.	Goods	4,695.28	
Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	Raw materials and spare parts	20,195,062.17	13,425,740.25
Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	Energy power	14,367,856.89	17,198,224.54
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Energy power	650,778.47	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Energy power	1,490,023.36	1,312,651.56
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Energy power	118,042.75	
Benxi Iron and Steel (Group) Construction Co., Ltd.	Energy power		508,442.14
Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	Goods	49,114,278.31	81,209,016.00
Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	Raw materials and spare parts	1,606.35	6,434,506.40
Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	Energy power	3,203,925.07	2,923,049.91
Benxi Steel and Iron (Group) Co., Ltd.	Raw materials and spare parts	479,091.24	2,815,485.28
Benxi Steel and Iron (Group) Co., Ltd.	Energy power	1,769,725.68	1,830,219.24
Benxi Well Surfacing Manufacturing Co., Ltd.	Energy power	17,115.96	23,434.19
Benxi New Business Development Co., Ltd.	Goods	2,330.66	
Benxi New Business Development Co., Ltd.	Energy power	24,362.71	56,559.67
Dalian Borolle Steel Pipe Co., Ltd.	Goods	7,978,875.12	10,411,580.55
Freight income		3,396.23	
Delin Lugang Supply Chain	Goods	162,901,409.17	

Service Co., Ltd.			
Guangzhou Angang Steel Processing Co., Ltd.	Goods	10,131,627.29	
Liaoning Hengtai Heavy Machinery Co., Ltd.	Goods	8,451.93	
Liaoning Hengtai Heavy Machinery Co., Ltd.	Energy power	130.66	59,737.59
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Goods	16,460,796.56	16,247,225.07
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Raw materials and spare parts		2,432,735.65
Liaoning Slag Powder Co., Ltd.	Goods		30,084,672.83
Liaoning Tianyu Fire Engineering Co., Ltd.	Energy power		27,076.31
Pangang Group Jiangyou Great Wall Special Steel Co., Ltd.	Goods	1,542,012.35	
Panzhong Yihong Metal Products (Chongqing) Co., Ltd.	Goods		8,131,733.60
Suzhou Bengang Industrial Co., Ltd.	Goods		1,706,801.34
Tianjin Angang Steel Processing and Distribution Co., Ltd.	Goods	539,449.69	
Tianjin Ansteel International North Trading Co., Ltd.	Goods	249,512,844.48	
Changchun FAW Angang Steel Processing and Distribution Co., Ltd.	Goods	99,910.50	9,458,338.35

(2) Situation of related party lease

The Company as lessor:

Unit: yuan

Lessee name	Types of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
Bengang Tendering Co., Ltd.	Plant and ancillary equipment		250,917.43

The Company as lessee:

Unit: yuan

Lessor name	Types of leased assets	Simplified treatment of rental expenses for short-term leases and leases of low-value assets (If applicable)		Variable lease payments not included in the measurement of the lease liability (If applicable)		Rent paid		Interest expense on lease liability assumed		Increased right-of-use assets	
		Current period	Previous period	Current period	Previous period	Current period	Previous period	Current period	Previous period	Current period	Previous period
Benxi Steel and Iron (Group) Co., Ltd.	7,669,068.17 square meters of land use rights, 42,920.00 square meters of land use rights					27,627,809.26	27,625,616.70	19,750,096.20	19,500,054.00		
Benxi Steel and Iron (Group) Co., Ltd.	2300 Hot rolling mill production line, related real estate					8,049,080.53	8,049,080.53	3,736,932.14	3,870,344.33		
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	1780 Hot rolling mill production line, related real estate					7,557,730.91	6,198,949.54	2,877,975.14	2,980,721.72		
Bengang Group Co., Ltd.	Land use right 728,282.30 square meters					4,972,711.54	4,972,711.54	1,315,378.20	1,224,959.39		

Description of related party leases:

1) According to the “Land Use Right Leasing Contract” and subsequent supplementary agreements signed between the Company and Bengang Steel (Group) on April 7, 1997, December 30, 2005 and subsequent, the Company leases land from Benxi Steel (Group), with a monthly rent of 0.594 yuan per square meter. The leased land is 7,669,068.17 square meters and the annual rent is RMB 54,665.10 thousand yuan.

2) On August 14, 2019, the Company signed the “House Lease Agreement” with Benxi Steel (Group) and Beiyong Iron and Steel Company, and leased the houses and auxiliary facilities occupied by the 2300 hot rolling mill production line and the 1780 hot rolling mill production line. The lease term of the houses and ancillary facilities is until December 31, 2038.

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

(3) Other related transactions

1) The main contents of the centralized fund management arrangement 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 Company signed the “Financial Service Agreement” with Bengang Finance Company to agree on the terms of the financial business and the upper limit of the relevant transaction amount between the Company and its subsidiaries and Bengang Finance Company. The agreement stipulates that in the next twelve months, the maximum daily deposit balance of the company and its holding subsidiaries will be RMB 11 billion yuan, the maximum loan and other credit business will be RMB 8 billion yuan, and the maximum credit line will be RMB 8 billion yuan.

In December 2021, after negotiating with Ansteel Group Finance Co., Ltd. (hereinafter referred to as Ansteel Finance Company), the “Financial Service Agreement (2022-2024)” was signed, in order to agree on the relevant financial business terms and the upper limit of the relevant transaction amount between the Company and its subsidiaries and Ansteel Finance Company in 2022, 2023 and 2024. The agreement stipulates that in the next twelve months, the maximum daily deposit balance of the Company and its holding subsidiaries in Ansteel Finance Company is RMB 4.5 billion yuan, and the maximum credit limit for loans, bills and other forms is RMB 5 billion yuan. Ansteel Finance Company provides the Company with a maximum entrusted loan of RMB 2 billion yuan.

2) Funds collected by the Company to the Group

Funds that the Company does not collect into the account of the parent company of the group but directly deposits into the finance company

Project name	Balance as at 30 June 2023		Balance as at 1 January 2023	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Monetary funds (deposited in Ansteel Group Finance Co., Ltd.)	2,408,325,571.25		1,074,918,531.75	
Total	2,408,325,571.25		1,074,918,531.75	
Including: Funds with restricted withdrawals due to centralized management of funds				

3) Funds borrowed by the company from the parent company or member units of the group

Project name	Balance as at 30 June 2023	Balance as at 1 January 2023
Other payables	12,014,973.55	85,617,500.00
Total	12,014,973.55	85,617,500.00

The subsidiary Dalian Benruitong Automotive Material Technology Co., Ltd. borrowed RMB 75,000,000.00 from Benxi Steel and Iron (Group) Co., Ltd., as of June 30, 2023, the Company has not yet paid interest of RMB 12,014,973.55.

6. Receivables and Payable from Related Parties

(1) Receivables from related parties

Unit: yuan

Item	Related parties	Balance as at 30 June 2023		Balance as at 1 January 2023	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Notes receivable	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	294,500.00			
Notes receivable	Benxi Iron and Steel (Group) Construction Co., Ltd.	940,100.00			
Notes receivable	Benxi Beiyong Iron and Steel (Group) Co., Ltd.			3,100,000.00	
Notes receivable	Benxi Iron and Steel (Group) Mining Co., Ltd.			5,518,976.33	
Notes receivable	Ansteel Roll Co., Ltd.			200,000.00	
Notes receivable	Ansteel Heavy Machinery Co., Ltd.			189,621.75	
Notes receivable	Pangang Group Xichang Steel and Vanadium Co., Ltd.			30,000,000.00	
Notes receivable	Pangang Group Panzhihua Steel Vanadium Co., Ltd.			5,000,000.00	
Accounts receivable financing	North Hengda Logistics Co., Ltd.	1,370,000.00			
Accounts receivable financing	Benxi Beiyong Iron and Steel (Group) Co., Ltd.	1,170,132.15			
Accounts receivable financing	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	2,108,116.44			
Accounts receivable financing	Benxi Iron and Steel (Group) Construction Co., Ltd.	330,000.00			
Accounts receivable financing	Benxi Steel and Iron (Group) Co., Ltd.	755,842.13			

Accounts receivable financing	Dalian Borolle Steel Pipe Co., Ltd.	200,000.00			
Accounts receivable financing	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	1,200,000.00			
Accounts receivable financing	Benxi Iron and Steel (Group) Mining Co., Ltd.			500,000.00	
Accounts receivable	Angang Steel Processing and Distribution (Dalian) Co., Ltd.	19,636,110.01	196,361.10		
Accounts receivable	Angang Steel Processing and Distribution (Zhengzhou) Co., Ltd.	1,759,216.34	17,592.16	4,477,814.06	44,778.14
Accounts receivable	Angang Steel Distribution (Hefei) Co., Ltd.	1,575,359.32	15,753.59	248,775.35	2,487.75
Accounts receivable	Angang Steel Distribution (Wuhan) Co., Ltd.	9,609,762.44	96,097.62	8,113,115.19	81,131.15
Accounts receivable	Ansteel Co., Ltd.			30,314,005.82	303,140.06
Accounts receivable	Ansteel Green Resources Technology Co., Ltd.	2,218,608.01	22,186.08	4,667,550.15	46,675.50
Accounts receivable	Ansteel Energy Technology Co., Ltd.	742,072.08	7,420.72		
Accounts receivable	Bensteel Gaoyuan Industrial Development Co., Ltd.	648.00			
Accounts receivable	Bengang Group International Economic and Trade Co., Ltd.	640,621,130.96	6,406,211.31	663,311,074.79	6,633,110.75
Accounts receivable	Bengang Group Co., Ltd.	17,036.30			
Accounts receivable	Benxi Northern Iron Industry Co., Ltd.	3,655,505.09	36,555.05		
Accounts receivable	Benxi Beiyong Iron and Steel (Group) Co., Ltd.	1,157,124.62	11,571.25		
Accounts receivable	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	808.72	8.09		

Accounts receivable	Benxi Iron and Steel (Group) Mine Construction Engineering Co., Ltd.	5,099,269.05	50,992.69		
Accounts receivable	Benxi Iron and Steel (Group) Mining Yanjiagou Limestone Mine Co., Ltd.	777,713.41	7,777.13		
Accounts receivable	Benxi Iron and Steel (Group) Mining Co., Ltd.			44,914,278.63	449,142.79
Accounts receivable	Benxi Iron and Steel (Group) Road and Bridge Construction Engineering Co., Ltd.	1,772,553.54	17,725.54		
Accounts receivable	Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	17,373,796.70	173,737.97	840,398.67	8,403.99
Accounts receivable	Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	1,348,327.24	13,483.27		
Accounts receivable	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	23,016.93	230.17		
Accounts receivable	Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	7,437,743.49	74,377.43		
Accounts receivable	Benxi Weier Surfacing Manufacturing Co., Ltd.	188,119.71	1,881.20		
Accounts receivable	Benxi New Business Development Co., Ltd.	50,257.41	502.57		
Accounts receivable	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	1,850,333.39	18,503.33	144,307.22	1,443.07
Accounts receivable	Bengang Electric Co., Ltd.	142,269.51	1,422.70		
Prepayments	Ansteel Co., Ltd.	489,219.01			
Prepayments	North Hengda Logistics Co., Ltd.	121,074.27			
Prepayments	Bengang Group	259,916,133.28		398,341,075.41	

	International Economic and Trade Co., Ltd.				
Prepayments	Benxi Beiyang Iron and Steel Group Import and Export Co., Ltd.	894,762.41			
Prepayments	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	91,744,319.35		49,429,296.57	
Prepayments	Benxi Steel and Iron (Group) Co., Ltd.	46,605,722.67			
Prepayments	Liaoning Hengtai Heavy Machinery Co., Ltd.			13,619,388.23	
Prepayments	Benxi New Business Development Co., Ltd.			2,324,912.22	
Other receivables	Ansteel Co., Ltd.	45,559.67	45,559.67	421,142.66	421,142.66
Other receivables	North Hengda Logistics Co., Ltd.	5,000.00	50.00	65,563.55	
Other receivables	Bengang Group International Economic and Trade Co., Ltd.	6,617.52		6,617.52	
Other receivables	Benxi Dongfeng Lake Steel Resources Utilization Co., Ltd.	3,367,748.44	33,677.48		
Other receivables	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.				
Other receivables	Benxi Iron and Steel (Group) Construction Co., Ltd.			13,028,492.10	433,910.93
Other receivables	Benxi Steel and Iron (Group) Co., Ltd.	4,532,904.80	45,329.05		
Other receivables	Benxi New Business Development Co., Ltd.	2,280,942.73	22,809.43		
Other receivables	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.			1,097,290.88	991,268.28
Other receivables	Ansteel Heavy Machinery Design and Research Institute Co., Ltd.			5,176,720.00	51,767.20
Other receivables	Benxi Iron and Steel (Group) Mining Co., Ltd.			1,193,997.66	11,939.98

Other receivables	Benxi Iron and Steel (Group) Equipment Engineering 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	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 Group Engineering Technology Co., Ltd.	83,071,228.82			
Other non-current assets	Ansteel Construction Group Co., Ltd.	16,254,830.53		132,687.84	
Other non-current assets	Ansteel Heavy Machinery Design and Research Institute Co., Ltd.	5,176,720.00			
Other non-current assets	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	4,176.00			
Other non-current assets	Benxi Iron and Steel (Group) Construction Co., Ltd.	33,175,372.34			
Other non-current assets	Benxi Iron and Steel (Group) Mine Construction Engineering Co., Ltd.	4,193,364.46			
Other non-current assets	Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	46,123,888.51			
Other non-current assets	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	833,139.38			
Other non-current assets	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	7,175,371.14			
Other non-current assets	Liaoning Hengtai Heavy Machinery Co., Ltd.	225,977.40			

(2) Payables from related parties

Unit: yuan

Items	Related parties	Balance as at 30 June 2023	Balance as at 1 January 2023
Notes payable	Ansteel Electric Co., Ltd.	494,065.00	
Notes payable	Ansteel Rope Co., Ltd.	894,924.67	
Notes payable	Ansteel Group (Anshan) Railway Transportation Equipment Manufacturing Co., Ltd.	611,999.91	
Notes payable	Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	5,098,946.77	572,213.92
Notes payable	Angang Shuangsheng (Anshan) Fan Co., Ltd.	168,370.00	
Notes payable	Ansteel Heavy Machinery Co., Ltd.	4,102,837.35	745,501.68
Notes payable	Anshan Iron and Steel Metallurgical Furnace Materials Technology Co., Ltd.	1,011,012.83	
Notes payable	Bensteel Gaoyuan Industrial Development Co., Ltd.	341,547.50	
Notes payable	Benxi Aike Hydraulic Seal Co., Ltd.	4,017,931.36	
Notes payable	Benxi Beiyong Iron and Steel (Group) Co., Ltd.	3,544,400,000.00	659,999,999.00
Notes payable	Benxi Dongfeng Lake Steel Resources Utilization Co., Ltd.	28,021,980.30	
Notes payable	Benxi Iron and Steel (Group) International Trade Tengda Co., Ltd.	201,007,087.52	
Notes payable	Benxi Iron and Steel (Group) Electromechanical Installation Engineering Co., Ltd.	4,034,726.24	
Notes payable	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	55,093,250.74	41,781,569.75
Notes payable	Benxi Iron and Steel (Group) Construction Co., Ltd.	352,395.99	3,789,095.21
Notes payable	Benxi Iron and Steel (Group) Mine Construction Engineering Co., Ltd.	595,773.93	
Notes payable	Benxi Iron and Steel (Group) Mining Co., Ltd.	666,877,903.00	151,930,597.68
Notes payable	Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	949,553.06	1,611,555.04
Notes payable	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	24,812,439.34	
Notes payable	Benxi Iron and Steel (Group) Industrial Development Co., Ltd. Recycling Branch	1,127,635.91	

Notes payable	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	163,107.15	1,150,225.42
Notes payable	Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	19,731,837.68	10,866,603.68
Notes payable	Benxi Steel and Iron (Group) Co., Ltd.	915,300.00	361,277.52
Notes payable	Benxi Xihu Metallurgical Charge Co., Ltd.	100,964,915.60	
Notes payable	Dalian Borolle Steel Pipe Co., Ltd.	472,187.26	
Notes payable	Liaoning Hengtai Heavy Machinery Co., Ltd.	6,761,265.63	2,877,574.99
Notes payable	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	80,188,977.92	34,223,234.99
Notes payable	Liaoning Hengyi Financial Leasing Co., Ltd.	9,104.14	
Notes payable	Liaoning Yitong Machinery Manufacturing Co., Ltd.	11,496,157.32	
Notes payable	Bengang Group International Economic and Trade Co., Ltd.		82,782,219.21
Notes payable	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.		10,191,802.55
Notes payable	Liaoning Vocational and Technical College of Metallurgy		528,854.07
Notes payable	Bengang Electric Co., Ltd.		25,016,176.00
Notes payable	Ansteel Group Mining Co., Ltd.		79,210,057.06
Notes payable	Ansteel Technology Development Co., Ltd.		39,644.00
Notes payable	Ansteel Heavy Machinery Design and Research Institute Co., Ltd.		6,827,200.00
Notes payable	North Hengda Logistics Co., Ltd.		11,350.04
Notes payable	Liaoning Hengyi Steel Trading Co., Ltd.		8,941,086.81
Accounts payable	Ansteel Electric Co., Ltd.	324,789.48	
Accounts payable	Ansteel Scrap Resources (Anshan) Co., Ltd.	95,508,032.52	52,203,765.63
Accounts payable	Angang Steel Processing and Distribution (Changchun) Co., Ltd.	81,119.58	
Accounts payable	Ansteel Rope Co., Ltd.	191,578.40	894,924.67
Accounts payable	Ansteel Group (Anshan) Railway Transportation Equipment Manufacturing Co., Ltd.	985,360.00	577,232.81
Accounts payable	Ansteel Group International Economic and Trade Co., Ltd.	16,733,519.12	
Accounts payable	Ansteel Group Mining Gongchangling Co., Ltd.	117,603,581.10	
Accounts payable	Ansteel Group Mining Co., Ltd.	591,193.88	591,193.88
Accounts payable	Ansteel Construction Group Co.,	8,527.00	

	Ltd.		
Accounts payable	Ansteel Technology Development Co., Ltd.	140,000.00	
Accounts payable	Ansteel Industrial Group (Anshan) Equipment Operation and Maintenance Co., Ltd.	2,228,028.59	
Accounts payable	Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	3,197,220.37	2,265,928.00
Accounts payable	Angang Shuangsheng (Anshan) Fan Co., Ltd.	77,970.00	168,370.00
Accounts payable	Ansteel Heavy Machinery Co., Ltd.	3,398,533.80	2,873,047.05
Accounts payable	Anshan Iron and Steel Metallurgical Furnace Materials Technology Co., Ltd.	1,466,444.82	
Accounts payable	North Hengda Logistics Co., Ltd.	25,435,334.70	
Accounts payable	Bengang Stainless Steel Cold Rolling Dandong Co., Ltd.	102,005.30	
Accounts payable	Bensteel Gaoyuan Industrial Development Co., Ltd.	1,281,746.64	
Accounts payable	Bengang Group International Economic and Trade Co., Ltd.		51,306,166.70
Accounts payable	Bengang Group Co., Ltd.	4,688,315.28	50,000.00
Accounts payable	Benxi Aike Hydraulic Seal Co., Ltd.	3,207,003.01	
Accounts payable	Benxi Northern Iron Industry Co., Ltd.	149,204,699.40	
Accounts payable	Benxi Beiyong Iron and Steel (Group) Co., Ltd.	315,454,182.86	131,248,293.37
Accounts payable	Benxi Dongfeng Lake Steel Resources Utilization Co., Ltd.	18,999,688.27	
Accounts payable	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	372,520.06	372,520.06
Accounts payable	Benxi Iron and Steel (Group) International Trade Tengda Co., Ltd.	65,147,129.15	
Accounts payable	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	2,636,292.77	2,874,934.49
Accounts payable	Benxi Iron and Steel (Group) Construction Advanced Decoration Co., Ltd.	397,711.62	
Accounts payable	Benxi Iron and Steel (Group) Construction Co., Ltd.	407,952.50	240,928,491.19
Accounts payable	Benxi Iron and Steel (Group) Mine Construction Engineering Co., Ltd.	5,704,240.75	
Accounts payable	Benxi Iron and Steel (Group)	18,102,215.16	45,768,605.27

	Mining Co., Ltd.		
Accounts payable	Benxi Iron and Steel (Group) Road and Bridge Construction Engineering Co., Ltd.	791,935.13	
Accounts payable	Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	100,889.78	413,463.33
Accounts payable	Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	56,006,170.72	87,111,368.27
Accounts payable	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	9,175,580.25	75,043,780.30
Accounts payable	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	13,453,191.94	88,684,293.06
Accounts payable	Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	47,009,411.99	47,468,411.05
Accounts payable	Benxi Steel and Iron (Group) Co., Ltd.		39,872,070.78
Accounts payable	Benxi Iron and Steel (Group) Mining Liaoyang Maling Pellet Co., Ltd.	116,207,873.93	
Accounts payable	Benxi Meter & Control Electronic Instrument Industry Co., Ltd.	28,802.83	
Accounts payable	Benxi Xihu Metallurgical Charge Co., Ltd.	20,313,571.32	
Accounts payable	Benxi Well Surfacing Manufacturing Co., Ltd.	234,112.13	
Accounts payable	Freight income	57,637.09	18,937.09
Accounts payable	Dalian Borolle Steel Pipe Co., Ltd.		450,952.17
Accounts payable	Delin Industrial Products Co., Ltd.	34,853,190.84	9,556,739.82
Accounts payable	Liaoning Hengtai Heavy Machinery Co., Ltd.	14,627,776.85	
Accounts payable	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	15,943,904.64	30,626,084.39
Accounts payable	Liaoning Metallurgical Technician College		10,107,863.07
Accounts payable	Liaoning Vocational and Technical College of Metallurgy	48,048.00	513,779.95
Accounts payable	Liaoning Yitong Machinery Manufacturing Co., Ltd.	3,037,287.88	
Accounts payable	Tianjin Bengang Plate Processing and Distribution Co., Ltd.	223,096.00	
Accounts payable	Bengang Electric Co., Ltd.		1,893,516.67
Accounts payable	Benxi High-tech Drilling Tools Manufacturing Co., Ltd.		14,400.16
Contract liabilities	Angang Steel Processing and Distribution (Dalian) Co., Ltd.	26,248.21	2,468,274.66

Contract liabilities	Angang Steel Processing and Distribution (Changchun) Co., Ltd.	433,765.38	695,012.13
Contract liabilities	Angang Steel Distribution (Hefei) Co., Ltd.	3,122,010.92	4,731,954.99
Contract liabilities	Ansteel Co., Ltd.	930,287.84	
Contract liabilities	Ansteel Chemical Technology Co., Ltd.	4,381,585.23	3,631,726.76
Contract liabilities	Ansteel Energy Technology Co., Ltd.		12,048.13
Contract liabilities	North Hengda Logistics Co., Ltd.	118,994,396.13	53,109,140.37
Contract liabilities	Benxi Dongfeng Lake Steel Resources Utilization Co., Ltd.	1,035,901.39	
Contract liabilities	Benxi Iron and Steel (Group) Mining Mineral Resources Development Co., Ltd.	90,019.77	
Contract liabilities	Benxi Iron and Steel (Group) Mining Liaoyang Jiajiabao Iron Mine Co., Ltd.	40,057,730.41	
Contract liabilities	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	357,907.98	535,124.96
Contract liabilities	Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.		1,044,047.73
Contract liabilities	Benxi Iron and Steel (Group) Mining Liaoyang Maling Pellet Co., Ltd.	2,970,163.60	
Contract liabilities	Benxi Xihu Metallurgical Charge Co., Ltd.	20,000.00	
Contract liabilities	Dalian Borolle Steel Pipe Co., Ltd.	1,647,687.00	1,776,832.88
Contract liabilities	Delin Lugang Supply Chain Service Co., Ltd.	47,447,914.81	14,902,176.11
Contract liabilities	Guangzhou Angang Steel Processing Co., Ltd.	1,598,818.30	644,213.74
Contract liabilities	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	40,540.25	
Contract liabilities	Liaoning Vocational and Technical College of Metallurgy	0.01	
Contract liabilities	Pangang Group Jiangyou Great Wall Special Steel Co., Ltd.	776,933.91	
Contract liabilities	Tianjin Angang Steel Processing and Distribution Co., Ltd.	95,477.46	
Contract liabilities	Tianjin Ansteel International North Trading Co., Ltd.	54,050,485.38	32,000,000.00
Contract liabilities	Changchun FAW Angang Steel Processing and Distribution Co., Ltd.	132,535.72	69,561.39
Contract liabilities	Zhejiang Jingrui Steel Processing Co., Ltd.		80,484,269.96

Contract liabilities	Wuhan Yuanhong Trading Co., Ltd.		4,736,783.67
Other payables	Ansteel Scrap Resources (Anshan) Co., Ltd.	1,000,000.00	1,000,000.00
Other payables	Ansteel Group Automation Co., Ltd.	29,869,230.00	3,565,330.00
Other payables	Ansteel Construction Group Co., Ltd.	607,805.64	5,389,177.00
Other payables	Ansteel Metal Structure Co., Ltd.	10,000.00	10,000.00
Other payables	Ansteel Technology Development Co., Ltd.		345,269.90
Other payables	Ansteel Industrial Group (Anshan) Equipment Operation and Maintenance Co., Ltd.		4,101,254.08
Other payables	Bensteel Gaoyuan Industrial Development Co., Ltd.	2,280,175.76	
Other payables	Bengang Group International Economic and Trade Co., Ltd.	2,841,874.23	11,894,493.16
Other payables	Bengang Group Co., Ltd.	903,375.93	7,716,476.47
Other payables	Benxi Aike Hydraulic Seal Co., Ltd.	10,000.00	
Other payables	Benxi Beiyong Iron and Steel (Group) Co., Ltd.	20,777,431.47	
Other payables	Benxi Dongfeng Lake Steel Resources Utilization Co., Ltd.	210,000.00	
Other payables	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	510,910.37	510,910.37
Other payables	Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	1,413,282.10	1,523,543.12
Other payables	Benxi Iron and Steel (Group) International Trade Tengda Co., Ltd.	65,212.55	
Other payables	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.		1,681,991.53
Other payables	Benxi Iron and Steel (Group) Inspection and Testing Co., Ltd.	190,140.00	
Other payables	Benxi Iron and Steel (Group) Construction Advanced Decoration Co., Ltd.	2,386,190.08	
Other payables	Benxi Iron and Steel (Group) Construction Co., Ltd.	183,898,256.54	53,547,549.48
Other payables	Benxi Iron and Steel (Group) Mine Construction Engineering Co., Ltd.	23,651,293.09	
Other payables	Benxi Iron and Steel (Group) Road and Bridge Construction Engineering Co., Ltd.	10,619,579.34	

Other payables	Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	846,078.80	2,129,446.86
Other payables	Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	155,059,385.61	1,089,595.17
Other payables	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	3,782,747.75	1,259,239.61
Other payables	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	82,094,205.42	2,881,047.50
Other payables	Benxi Steel and Iron (Group) Co., Ltd.	19,339,486.49	81,104,935.20
Other payables	Benxi Xihu Metallurgical Charge Co., Ltd.	100,000.00	
Other payables	Benxi New Business Development Co., Ltd.	23,157,491.13	33,755,860.72
Other payables	Dalian Borolle Steel Pipe Co., Ltd.	20,000.00	20,000.00
Other payables	Liaoning Hengtai Heavy Machinery Co., Ltd.	4,996,287.37	22,000,196.88
Other payables	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	10,000.00	3,366,743.50
Other payables	Liaoning Metallurgical Technician College	388,880.00	427,188.00
Other payables	Liaoning Vocational and Technical College of Metallurgy	353,630.00	6,401,530.88
Other payables	Liaoning Yitong Machinery Manufacturing Co., Ltd.	15,545.00	
Other payables	Bengang Electric Co., Ltd.		9,353,903.06
Other payables	Ansteel Electric Co., Ltd.		523,642.00
Other payables	North Hengda Logistics Co., Ltd.		4,384,330.48
Other payables	Benxi Iron and Steel (Group) Mining Co., Ltd.		543,412.47
Other payables	Ansteel Group Engineering Technology Co., Ltd.		23,401,702.63

XIII. Commitments and Contingencies

1. Important Commitments

Significant commitments at the balance sheet date

Important leasing contracts that have been signed and are being performed and their financial impact

(1) According to the “Land Use Right Leasing Contract” and subsequent supplementary agreements signed between the Company and Bengang Group Co., Ltd. on April 7, 1997, December 30, 2005 and later, the Company leases land from Bengang Group Co., Ltd. at RMB 0.594 per square meter per month. The leased land area is 7,669,068.17 square meters and the annual rent is RMB 54.6651 million.

(2) On August 14, 2019, the Company signed the "House Lease Agreement" with Benxi Steel (Group) and Beiying Steel respectively, leasing the houses and auxiliary facilities occupied by 2300 and 1780 hot rolling mill production lines, and the lease term ends on December 31, 2038. The rental fee is based on the depreciation of the original rent value and the national additional tax, plus reasonable profit negotiation. The estimated annual rent is not more than RMB 20 million yuan and RMB 18 million yuan respectively. The rental fee is settled and paid monthly. This related party transaction has been reviewed and approved at the fourth meeting of the eighth Board of Directors of the Company.

(3) On July 15, 2019, the Company signed "Land Lease Agreement" with Bengang Group and Benxi Steel (Group) respectively, and leased and used a total of 8 pieces of land of the two companies. The lease areas are 42,920.00 square meters and 728,282.30 square meters respectively, with a lease term of 20 years, and a rental price of RMB 1.138 yuan per square meter per month. After the agreement comes into effect, considering the national law and policy adjustments every five years, both parties should determine whether the rent needs to be adjusted according to the pricing basis stipulated in Article 2 of this agreement. This related party transaction has been reviewed and approved at the third meeting of the eighth Board of Directors of the Company.

XIV. Events after the Balance Sheet Date

1. Description of Other Events after the Balance Sheet Date

Bengang Steel Plates Co., Ltd. intends to exchange assets with Benxi Steel and Iron (Group) Co., Ltd. (hereinafter referred to as "Benxi Steel"), the assets to be acquired by the Company are 100% equity of Benxi Iron and Steel (Group) Mining Co., Ltd. The assets to be acquired by the Company are all assets and liabilities of the listed company except retained assets and liabilities, the difference between the assets to be purchased and the assets to be sold out shall be made up by one party to the other in cash (hereinafter referred to as "the transaction").

As of the disclosure date of this announcement, this transaction plan needs further demonstration, communication and negotiation, and the scope of the underlying assets of the transaction, transaction price and other factors have not been finalized. After the relevant matters are determined, the Company will reconvene the Board of Directors for review and approval.

XV. Other Important Matters

1. Others

As of June 30, 2023, the Company's controlling shareholder, Benxi Steel and Iron (Group) Co., Ltd. holds 2,409,628,094 shares of the company, among them, 360,000,000 shares are pledged, and 108,326,179 shares are restricted and frozen.

XVI. Notes to the Main Items of the Financial Statements of the Parent company

1. Accounts Receivable

(1) Accounts receivable presented by category

Unit: yuan

Types	Balance as at 30 June 2023					Balance as at 1 January 2023				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage		Amount	Percentage	Amount	Percentage	
Bad debt provisions made on an individual basis	61,930,883.00	.746%	61,930,883.00	100.00%		48,196,244.68	4.41%	48,196,244.68	100.00%	
Including:										
Bad debt provisions made on the combination	768,793,549.00	92.54%	75,155,930.40	9.78%	693,637,618.60	1,045,652,547.13	95.59%	114,616,750.55	10.96%	931,035,796.58
Including:										
Aging portfolio	284,497,106.87	34.25%	75,155,930.40	26.42%	209,341,176.47	886,147,539.07	81.01%	114,616,750.55	12.93%	771,530,788.52
Combination of related parties within the scope of consolidation	484,296,442.13	58.30%			484,296,442.13	159,505,008.06	14.58%			159,505,008.06
Total	830,724,432.00	100.00%	137,086,813.40	16.50%	693,637,618.60	1,093,848,791.81	100.00%	162,812,995.23	14.88%	931,035,796.58

Bad debt provisions made on an individual basis:

Unit: yuan

Name of debtor	Balance as at 30 June 2023			
	Book balance	Bad debt provision	Bad debts ratio (%)	Reason for provision
Benxi Nanfenxinhe Metallurgical Charge Co., Ltd.	48,196,244.68	48,196,244.68	100.00%	Discontinued, no return expected
Benxi Iron and Steel (Group) Third Construction Engineering Co., Ltd.	10,613,567.47	10,613,567.47	100.00%	Bankruptcy and reorganization of the enterprise is expected to be irrecoverable
Benxi Iron and Steel (Group) First Construction Engineering Co., Ltd.	3,121,070.85	3,121,070.85	100.00%	Bankruptcy and reorganization of the enterprise is expected to be irrecoverable
Total	61,930,883.00	61,930,883.00		

Bad debt provisions made on the combination:96,669,699.85

Unit: yuan

Items	Balance as at 30 June 2023		
	Accounts receivable	Bad debt provision	Bad debts ratio (%)
Within 1 year	693,021,659.55	924,570,849.45	1.00%
1 to 2 years	865,863.89	14,717,227.92	10.00%
2 to 3 years	2,404,917.15	1,087,625.52	20.00%
More than 3 years	134,431,991.41	153,473,088.92	100.00%
Total	830,724,432.00	1,093,848,791.81	

Notes for determining what this combination is based on:

If the bad debt provision for accounts receivable is accrued according to the general model of expected credit losses, please refer to the disclosure method of other receivables to disclose the relevant information of bad debt provision:

Applicable Not applicable

Disclosure by aging

Unit: yuan

Aging	Balance as at 30 June 2023
Within 1 year (including 1 year)	693,021,659.55
1 to 2 years	865,863.89
2 to 3 years	2,404,917.15
More than 3 years	134,431,991.41
3 to 4 years	134,431,991.41
Total	830,724,432.00

(2) Classified by bad debt provision method

Provision for bad debts in this period:

Unit: yuan

Type	Balance as at 1 January 2023	Amount changed during the period				Balance as at 1 January 2023
		Accrued	Reversed or recovered	Written-off	Other changes	
Provision for bad debts of accounts receivable	162,812,995.23		2,764,651.30	1,447,761.08		158,600,582.85
Total	162,812,995.23		2,764,651.30	1,447,761.08		158,600,582.85

(3) Actual written-off of accounts receivable in the current period

Unit: yuan

Items	Amount of written-off
Actual written-off of accounts receivable	1,447,761.08

Important write-off of accounts receivable:

Unit: yuan

Name of debtor	Nature of accounts receivable	Amount of written-off	Reason of written-off	Written-off procedures performed	Whether the payment is generated by a related party transaction
Jining Forging Center	Sales of products	461,229.33	Deregistered	General Manager Office Meeting	No
Xuzhou Jinshanqiao Development Zone Yongan Metal Material Co., Ltd.	Sales of products	200,265.48	Revoked	General Manager Office Meeting	No
Shanghai Benxi Iron and Steel Industry and Trade Company	Sales of products	193,625.29	Deregistered	General Manager Office Meeting	No
China Ordnance Materials Northeast Company Fushun Technology and Trade Center	Sales of products	155,616.74	Revoked	General Manager Office Meeting	No
Tonghua Grain and Oil Machinery Factory	Sales of products	141,139.39	Deregistered	General Manager Office Meeting	No
Benxi Steel Yantai Marketing Co., Ltd.	Sales of products	138,378.96	Deregistered	General Manager Office Meeting	No
Shandong Zhucheng Industrial Supply and Marketing Corporation	Sales of products	87,085.43	Revoked	General Manager Office Meeting	No

Tieling Jinlong Petroleum Pipeline Machinery Product Distribution Office	Sales of products	24,608.99	Deregistered	General Manager Office Meeting	No
Shenzhen Zhongtianda Materials Industry and Trade Co., Ltd.	Sales of products	20,441.96	Deregistered	General Manager Office Meeting	No
Shunde Xinqiangsheng Mold Co., Ltd.	Sales of products	12,635.20	Deregistered	General Manager Office Meeting	No
Benxi Steel Material Distribution Office	Sales of products	7,167.87	Revoked	General Manager Office Meeting	No
Guangdong Zhaoqing Township Enterprise Building Materials and Minerals Company	Sales of products	5,566.44	Deregistered	General Manager Office Meeting	No
Total		1,447,761.08			

(4) The top five units with the ending balance of accounts receivable collected by the debtor

Unit: yuan

Name of debtor	Balance as at 30 June 2023	% of the total closing balance of accounts receivable	Bad debt provision as at 30 June 2023
The first	238,750,179.09	11.39%	
The second	187,716,823.84	8.96%	1,877,168.24
The third	186,041,227.34	8.88%	1,860,412.27
The fourth	149,938,272.79	7.15%	
The fifth	144,284,531.52	6.88%	1,442,845.32
Total	906,731,034.58	43.26%	

2. Other Receivables

Unit: yuan

Items	Balance as at 30 June 2023	Balance as at 1 January 2023
Other receivables	166,743,093.49	150,724,545.56
Total	166,743,093.49	150,724,545.56

(1) Other receivables

1) Classification by nature of payment

Unit: yuan

Nature	Book balance as at 30 June 2023	Book balance as at 31 December 2022
Temporary payment	231,895,133.40	205,620,987.47
Others	33,356,356.95	8,506,439.44
Total	265,251,490.35	214,127,426.91

2) Situation of bad debt provisions

Unit: yuan

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (no credit impairment occurred)	Expected credit loss over the entire duration (credit impairment has occurred)	
Balance as at 31 December 2022	801,060.44	1,353,672.38	61,248,148.53	63,402,881.35
Balance as at 31 December 2022 is in the current period				
-- Transfer to the second stage	-154,164.80	154,164.80		
-- Transfer to the third stage		-925,201.28	925,201.28	
Provision for this period	304,421.93	164,005.63	35,445,003.54	35,913,431.10
Derecognition in this period			807,915.59	807,915.59
Balance as at 30 June 2023	951,317.57	746,641.53	96,810,437.76	98,508,396.86

Changes in the book balance of loss provisions with significant changes in the current period

Applicable Not applicable

Disclosure by aging

Unit: yuan

Aging	Balance as at 30 June 2023
Within 1 year (including 1 year)	95,131,756.52
1 to 2 years	70,536,371.78
2 to 3 years	2,772,924.29
More than 3 years	96,810,437.76
3 to 4 years	96,810,437.76
Total	265,251,490.35

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

Provision for bad debts in this period:

Unit: yuan

Type	Balance as at 1 January 2023	Amount changed during the period				Balance as at 30 June 2023
		Accrued	Reversed or recovered	Transferred or written-off	Other changes	
Provision for bad debts of other receivables	63,402,881.35	35,913,431.10		807,915.59		98,508,396.86
Total	63,402,881.35	35,913,431.10		807,915.59		98,508,396.86

4) Other receivables actually written off in the current period

Unit: yuan

Items	Amount written off
Other receivables actually written off	807,915.59

Important write-off of other receivables:

Unit: yuan

Name of debtor	Nature of other receivables	Amount of written-off	Reason of written-off	Written-off procedures performed	Whether the payment is generated by a related party transaction
Beijing Bensteel Material Sales Center	Sales of products	807,915.59	Revoked	General Manager Office Meeting	No
Total		807,915.59			

5) The top five units with the ending balance of other receivables collected by the debtor

Unit: yuan

Name of debtor	Nature of other receivables	Balance as at 30 June 2023	Aging	% of the total closing balance of other receivables	Provision for bad debts as at 30 June 2023
The first	Temporary payment	12,212,650.80	1 年以内	4.60%	122,126.51
The second	Temporary payment	11,348,676.33	1 至 2 年	4.28%	
The third	Temporary payment	4,010,871.64	1 年以内	1.51%	40,108.72
The fourth	Temporary payment	4,609,686.93	1 年以内	1.74%	46,096.87
The fifth	Temporary payment	3,367,748.44	1 年以内	1.27%	33,677.48
Total		35,549,634.14		13.40%	242,009.58

3. Long-term Equity Investments

Unit: yuan

Items	Balance as at 30 June 2023			Balance as at 1 January 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	2,222,281,590.24		2,222,281,590.24	2,222,281,590.24		2,222,281,590.24
Investment in associates and joint ventures	47,556,655.03		47,556,655.03	47,996,314.61		47,996,314.61
Total	2,269,838,245.27		2,269,838,245.27	2,270,277,904.85		2,270,277,904.85

(1) Investment in subsidiaries

Unit: yuan

Investees	Balance as at 1 January 2023(Book value)	Changes in current period				Balance as at 30 June 2023(Book value)	Balance of provision for impairment as at 30 June 2023
		Additional investment	Reduced investment	Provision for impairment	Others		
Guangzhou Bensteel Trading Co., Ltd.	200,000,000.00					200,000,000.00	
Shanghai Bensteel Metallurgical Technology Co., Ltd.	229,936,718.57					229,936,718.57	
Dalian Benruitong Automotive Material Technology Co., Ltd.	65,000,000.00					65,000,000.00	
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	1,019,781,571.10					1,019,781,571.10	
Changchun Bensteel Sales Co., Ltd.	28,144,875.36					28,144,875.36	
Yantai Bengang Iron and Steel Sales Co., Ltd.	219,100,329.41					219,100,329.41	
Tianjin Bengang Iron and Steel Trading Co., Ltd.	230,318,095.80					230,318,095.80	
Benxi Bensteel Sales Co., Ltd.	30,000,000.00					30,000,000.00	
Shenyang Bensteel Metallurgical Technology Co., Ltd.	200,000,000.00					200,000,000.00	
Total	2,222,281,590.24					2,222,281,590.24	

(2) Investment in associates and joint ventures

Unit: yuan

Investees	Balance as at 1 January 2023(Book value)	Changes in current period								Balance as at 30 June 2023(Book value)	Balance of provision for impairment as at 30 June 2023
		Additional investment	Reduced investment	Investment Gains and losses recognized under the equity method	Other comprehensive income adjustment	Other equity changes	Declaration of cash dividends or profit	Provision for impairment	Others		
I. Joint ventures											
II. Associates											
Bensteel Baojin (Shenyang) Automotive New Material Technology Co., Ltd.	47,996,314.61			-439,659.58						47,556,655.03	
Subtotal	47,996,314.61			-439,659.58						47,556,655.03	
Total	47,996,314.61									47,556,655.03	

4. Operating Income and Operating Costs

Unit: yuan

Items	Current period		Previous period	
	Revenue	Costs	Revenue	Costs
Principal business	29,752,956,987.48	30,143,666,528.21	33,392,817,816.17	32,060,330,971.40
Other business	598,633,897.79	582,130,402.92	2,381,220,254.26	2,344,381,961.67
Total	30,351,590,885.27	30,725,796,931.13	35,774,038,070.43	34,404,712,933.07

Revenue related information:

Unit: yuan

Contract classification	营业收入
Classified by business area	30,351,590,885.27
Including:	
Domestic	27,268,083,739.08
Abroad	3,083,507,146.19
Classified by the time of commodity transfer	30,351,590,885.27
Including:	
Recognized at the time of commodity transfer	30,350,227,817.31
Recognized over a certain period of time	1,363,067.96
Total	30,351,590,885.27

Information related to performance obligations:

None

Information related to the transaction price allocated to the remaining performance obligations:

At the end of the reporting period, the amount of income corresponding to the performance obligations that have been signed but not yet fulfilled or not fully fulfilled is 0.00 yuan.

5. Investment Income

Unit: yuan

Items	Current period	Previous period
Long-term equity investment income measured by cost method		53,139,377.16
Long-term equity investment income measured by equity method	-439,659.58	
Investment income from disposal of long-term equity investment		6,059,547.35
Investment income of financial assets held-for-trading during the holding period	-2,502,067.50	
Investment income from debt restructuring	694,683.35	
Total	-2,247,043.73	59,198,924.51

XVII. Supplementary Information

1. Details of Non-recurring Profit and Loss

Applicable Not applicable

Unit: yuan

Items	Amount	Notes
Profit or loss from disposal of non-current assets (including the reversal part of the provision for asset impairment)		
Government grants attributable to profit and loss of current period (except such government subsidy closely related to the company's normal business operation, meeting the regulation of national policy and enjoyed constantly in certain quota or quantity according to a certain standard)	34,571,691.80	
Profit and loss from entrusting others to invest or manage assets	-2,796,530.07	
Debt restructuring profit and loss	694,683.35	
Other non-operating revenue and expenditure other than above items	-30,054,378.76	
Less: Impact of income tax	75,725.75	
Less: Impact of minority interests (net of tax)	6,025.40	
Total	2,333,715.17	--

Specific circumstances of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable Not applicable

The Company does not have other specific circumstances of profit and loss items that meet the definition of non-recurring profit and loss.

Explanation on defining the non-recurring profit and loss items listed in the "Interpretive Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Profit and Loss" as recurring profit and loss items

Applicable Not applicable

2. Return on Equity and Earnings Per Share

Profit in the Reporting Period	Weighted average Return on Equity	Earnings per share	
		Basic EPS(yuan/share)	Diluted EPS(yuan/share)
Net profit attributable to ordinary shareholders	-5.49%	-0.2446	-0.1558
Net profit attributable to ordinary shareholders after deducting non-recurring profit and loss	-5.50%	-0.2452	-0.1563