



——**Bengang Steel Plates Co., Ltd.**

——**Financial Report**

**(1 January 2023 – 30 June 2023)**

**(Unaudited)**

**29 August 2023**

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**Bengang Steel Plates Co., Ltd.**  
**Consolidated Statement of Financial Position**  
**30 June 2023**  
**(Expressed in RMB unless otherwise stated)**

Assets	Note V	Balance as at 30 June 2023	Balance as at 31 December 2022
<b>CURRENT ASSETS:</b>			
Monetary funds	1	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	2	87,391,995.82	429,707,174.70
Accounts receivable	3	914,407,662.17	897,230,896.06
Accounts receivable financing	4	953,938,535.80	137,591,996.02
Prepayments	5	937,624,582.00	1,247,177,748.33
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	6	98,776,833.29	127,198,692.92
Financial assets purchased under resale agreements			
Inventories	7	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	8	39,068,241.10	395,441,136.26
<b>TOTAL CURRENT ASSETS</b>		<b>14,290,037,061.60</b>	<b>13,159,221,761.34</b>
<b>NON-CURRENT ASSETS:</b>			
Disbursement of advances and loans			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	9	47,556,655.02	51,030,777.18
Other equity instrument investments	10	1,020,418,482.31	1,020,418,482.31
Other non-current financial assets			
Investment properties			
Fixed assets	11	24,254,961,069.74	24,836,556,422.90
Construction in progress	12	4,151,149,369.23	3,158,195,899.65
Productive biological assets			
Oil and natural gas assets			
Right-of-use assets	13	1,349,803,446.63	1,379,990,713.89
Intangible assets	14	259,745,931.54	262,784,937.41
Development costs			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	15	148,010,869.57	136,387,885.28
Other non-current assets	16	349,815,196.20	110,065,560.68
<b>TOTAL NON-CURRENT ASSETS</b>		<b>31,581,461,020.24</b>	<b>30,955,430,679.30</b>
<b>TOTAL ASSETS</b>		<b>45,871,498,081.84</b>	<b>44,114,652,440.64</b>

The following notes are as part of the financial statements.

Legal representative:

Chief financial officer:

Chief accountant:

**Bengang Steel Plates Co., Ltd.**  
**Consolidated Statement of Financial Position(Continued)**  
**30 June 2023**  
**(Expressed in RMB unless otherwise stated)**

Liabilities and Equity	Note V	Balance as at 30 June 2023	Balance as at 31 December 2022
<b>CURRENT LIABILITIES:</b>			
Short-term borrowings	17	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	18	7,719,942,239.59	4,389,336,619.36
Accounts payable	19	4,092,895,525.39	3,696,420,463.85
Advances from customers			
Contract liabilities	20	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	21	12,952,463.97	10,046,363.27
Taxes and surcharges payable	22	106,443,329.12	44,392,920.78
Other payables	23	1,639,486,201.24	1,247,722,165.47
Fees and commissions payable			
Reinsurance payables			
Liabilities held for sale			
Non-current liabilities maturing within one year	24	1,613,201,458.81	2,586,250,886.43
Other current liabilities	25	485,575,516.40	493,235,027.03
<b>TOTAL CURRENT LIABILITIES</b>		<b>19,704,256,504.74</b>	<b>16,310,720,038.48</b>
<b>NON-CURRENT LIABILITIES:</b>			
Insurance contract reserve			
Long-term borrowings	26	959,713,911.60	1,726,938,302.30
Bonds payable	27	5,382,304,119.20	5,276,502,232.78
Including: Preferred stock			
Perpetual bonds			
Lease liabilities	28	1,364,333,523.13	1,384,348,462.18
Long-term payables			
Long-term employee benefits payable			
Provision			
Deferred income	29	41,387,816.78	42,377,015.51
Deferred tax liabilities		27,309.01	27,309.01
Other non-current liabilities			
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,747,766,679.72</b>	<b>8,430,193,321.78</b>
<b>TOTAL LIABILITIES</b>		<b>27,452,023,184.46</b>	<b>24,740,913,360.26</b>
<b>OWNERS' EQUITY:</b>			
Share capital	30	4,108,214,747.00	4,108,212,217.00
Other equity instruments	31	947,861,798.36	947,863,834.02
Including: Preferred stocks			
Perpetual bonds			
Capital reserves	32	13,272,212,557.25	13,272,205,160.21
Less: treasury stock			
Other comprehensive income	33	-15,904,760.02	-15,904,760.02
Special reserves	34	29,010,352.89	2,217,913.77
Surplus reserves	35	1,195,116,522.37	1,195,116,522.37
General risk reserves			
Undistributed profits	36	-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
<b>TOTAL OWNERS' EQUITY</b>		<b>18,419,474,897.38</b>	<b>19,373,739,080.38</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>45,871,498,081.84</b>	<b>44,114,652,440.64</b>

The following notes are as part of the financial statements.

Legal representative:

Chief financial officer:

Chief accountant:

**Bengang Steel Plates Co., Ltd.**  
**Parent Company's Statement of Financial Position**  
**30 June 2023**  
**(Expressed in RMB unless otherwise stated)**

Assets	Note XIV	Balance as at 30 June 2023	Balance as at 31 December 2022
<b>CURRENT ASSETS:</b>			
Monetary funds		2,494,741,609.19	585,125,555.12
Financial assets held-for-trading			
Derivative financial assets			
Notes receivable	1	877,829,539.94	669,193,401.02
Accounts receivable	2	693,637,618.60	931,035,796.58
Accounts receivable financing	3	827,579,316.11	127,468,835.80
Prepayments		922,061,764.36	1,247,084,271.88
Other receivables	4	166,743,093.49	150,724,545.56
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
<b>TOTAL CURRENT ASSETS</b>		<b>12,698,204,590.37</b>	<b>11,009,919,607.82</b>
<b>NON-CURRENT ASSETS:</b>			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	5	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
<b>TOTAL NON-CURRENT ASSETS</b>		<b>32,673,987,861.29</b>	<b>31,975,158,197.05</b>
<b>TOTAL ASSETS</b>		<b>45,372,192,451.66</b>	<b>42,985,077,804.87</b>

The following notes are part of the financial statements.

Legal representative:

Chief financial officer:

Chief accountant:

**Bengang Steel Plates Co., Ltd.**  
**Parent company's Statement of Financial Position(Continued)**  
**30 June 2023**  
**(Expressed in RMB unless otherwise stated)**

Liabilities and Equity	Note	Balance as at 30 June 2023	Balance as at 31 December 2022
<b>CURRENT LIABILITIES:</b>			
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
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
<b>TOTAL CURRENT LIABILITIES</b>		<b>20,915,015,729.15</b>	<b>16,763,818,664.15</b>
<b>NON-CURRENT LIABILITIES:</b>			
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			
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,747,766,679.72</b>	<b>8,430,193,321.78</b>
<b>TOTAL LIABILITIES</b>		<b>28,662,782,408.87</b>	<b>25,194,011,985.93</b>
<b>OWNERS' EQUITY:</b>			
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
<b>TOTAL OWNERS' EQUITY</b>		<b>16,709,410,042.79</b>	<b>17,791,065,818.94</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>45,372,192,451.66</b>	<b>42,985,077,804.87</b>

The following notes are as part of the financial statements.

Legal representative:

Chief financial officer:

Chief accountant:

**Bengang Steel Plates Co., Ltd.**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**January to June 2023**  
**(Expressed in RMB unless otherwise stated)**

Items	Note V	Current period	Previous period
<b>I. REVENUE</b>		30,567,409,205.03	35,015,177,304.98
Including: Operating income	37	30,567,409,205.03	35,015,177,304.98
Interests income			
Earned premiums			
Income from handling charges and commissions			
<b>II. COST OF SALES</b>		31,417,700,991.35	34,212,560,449.82
Including: Operating costs	37	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	38	99,040,677.75	99,885,445.23
Selling expenses	39	69,901,883.24	67,430,875.17
Administrative expenses	40	339,569,021.49	352,304,684.10
Research and development expenses	41	32,990,679.09	22,368,496.87
Finance costs	42	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	43	3,518,092.14	30,655,542.92
Investment income ("-" for losses)	44	-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)	45	-17,450,773.47	-793,906.73
Asset impairment losses ("-" for losses)	46	-84,458,260.66	-72,880,991.53
Gains on disposal of assets ("-" for losses)	47		3,648,546.62
<b>III. PROFIT FROM OPERATIONS ("-" For Losses)</b>		-951,224,234.61	763,361,889.28
Add: Non-operating income	48	51,584,548.03	30,572,281.35
Less: Non-operating expenses	49	50,585,327.13	10,765,339.79
<b>IV. PROFIT BEFORE TAX ("-" For Total Losses)</b>		-950,225,013.71	783,168,830.84
Less: Income tax expenses	50	33,191,710.84	203,204,954.60
<b>V. NET PROFIT ("-" For Net Loss)</b>		-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
<b>VI. NET AMOUNT OF OTHER COMPREHENSIVE INCOME AFTER TAX</b>			
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			
(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			
<b>VII. TOTAL COMPREHENSIVE INCOME</b>		-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
<b>VIII. EARNINGS PER SHARE:</b>			
1. Basic earnings per share (yuan/share)		-0.2446	0.14
2. Diluted earnings per share (yuan/share)		-0.1558	0.14

The following notes are as part of the financial statements.

Legal representative:

Chief financial officer:

Chief accountant:

**Bengang Steel Plates Co., Ltd.**  
**Parent Company's Statement of Profit or Loss and Other Comprehensive Income**  
**January to June 2023**  
**(Expressed in RMB unless otherwise stated)**

Items	Note XIV	Current period	Previous period
<b>I. REVENUE</b>	6	30,351,590,885.27	35,774,038,070.43
Less: Operating costs	6	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)	7	-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
<b>II. PROFIT FROM OPERATIONS ("-" For Losses)</b>		-1,134,397,179.40	618,439,697.64
Add: Non-operating income		51,556,172.07	24,296,108.68
Less: Non-operating expenses		50,585,327.13	10,736,478.75
<b>III. PROFIT BEFORE TAX ("-" For Total Losses)</b>		-1,133,426,334.46	631,999,327.57
Less: Income tax expenses		-31,989,066.39	150,685,673.12
<b>IV. NET PROFIT ("-" For Net Loss)</b>		-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			
<b>V. NET AMOUNT OF OTHER COMPREHENSIVE INCOME AFTER TAX</b>			
(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			
(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			
<b>VI. TOTAL COMPREHENSIVE INCOME</b>		-1,101,437,268.07	481,313,654.45
<b>VII. EARNINGS PER SHARE:</b>			
1. Basic earnings per share (yuan/share)			
2. Diluted earnings per share (yuan/share)			

The following notes are as part of the financial statements.

Legal representative:

Chief financial officer:

Chief accountant:



**Bengang Steel Plates Co., Ltd.**  
**Consolidated Statement of Cash Flows**  
**January to June 2023**  
**(Expressed in RMB unless otherwise stated)**

Items	Note	Current period	Previous period
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
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
<b>SUB-TOTAL OF CASH INFLOWS FROM OPERATING ACTIVITIES</b>		<b>28,332,454,911.50</b>	<b>30,979,999,523.91</b>
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
<b>SUB-TOTAL OF CASH OUTFLOWS FROM OPERATING ACTIVITIES</b>		<b>23,669,817,629.69</b>	<b>30,752,547,681.70</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>4,662,637,281.81</b>	<b>227,451,842.21</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
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			
<b>SUB-TOTAL OF CASH INFLOWS FROM INVESTING ACTIVITIES</b>		<b>33,793,599.66</b>	<b>60,800.00</b>
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			
<b>SUB-TOTAL OF CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>		<b>926,848,281.71</b>	<b>755,407,575.62</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-893,054,682.05</b>	<b>-755,346,775.62</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
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
<b>SUB-TOTAL OF CASH INFLOWS FROM FINANCING ACTIVITIES</b>		<b>599,914,718.38</b>	<b>3,150,860,045.04</b>
Cash paid for debt repayments		1,691,272,090.32	1,393,191,834.05
Cash paid for distribution of dividends and profits or payment of interest		174,775,117.17	2,708,922,405.78
Including: Dividends and profits paid to minority shareholders by subsidiaries			
Cash paid for other financing activities		695,121,631.51	71,693,646.43
<b>SUB-TOTAL OF CASH OUTFLOWS FROM FINANCING ACTIVITIES</b>		<b>2,561,168,839.00</b>	<b>4,173,807,886.26</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-1,961,254,120.62</b>	<b>-1,022,947,841.22</b>
<b>IV. EFFECT OF FLUCTUATION IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS</b>		<b>30,544,772.80</b>	<b>2,217,009.66</b>
<b>V. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,838,873,251.94</b>	<b>-1,548,625,764.97</b>
Add: Balance of cash and cash equivalents at the beginning of the period		1,296,662,683.20	6,299,099,063.48
<b>VI. BALANCE OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>3,135,535,935.14</b>	<b>4,750,473,298.51</b>

The following notes are as part of the financial statements.

Legal representative:

Chief financial officer:

Chief accountant:

**Bengang Steel Plates Co., Ltd.**  
**Parent Company's Statement of Cash Flows**  
**January to June 2023**  
**(Expressed in RMB unless otherwise stated)**

Items	Note	Current period	Previous period
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
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
<b>SUB-TOTAL OF CASH INFLOWS FROM OPERATING ACTIVITIES</b>		<b>27,825,158,144.06</b>	<b>31,481,762,940.52</b>
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
<b>SUB-TOTAL OF CASH OUTFLOWS FROM OPERATING ACTIVITIES</b>		<b>23,479,963,566.25</b>	<b>30,918,146,253.25</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>4,345,194,577.81</b>	<b>563,616,687.27</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
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	
<b>SUB-TOTAL OF CASH INFLOWS FROM INVESTING ACTIVITIES</b>		<b>48,678,353.86</b>	<b>86,261,594.51</b>
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			
<b>SUB-TOTAL OF CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>		<b>925,373,942.02</b>	<b>1,599,875,275.53</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-876,695,588.16</b>	<b>-1,513,613,681.02</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
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
<b>SUB-TOTAL OF CASH INFLOWS FROM FINANCING ACTIVITIES</b>		<b>599,914,718.38</b>	<b>3,150,860,045.04</b>
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
<b>SUB-TOTAL OF CASH OUTFLOWS FROM FINANCING ACTIVITIES</b>		<b>2,544,272,399.82</b>	<b>4,060,648,636.26</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-1,944,357,681.44</b>	<b>-909,788,591.22</b>
<b>IV. EFFECT OF FLUCTUATION IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS</b>			
		28,934,107.60	1,506,171.92
<b>V. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Add: Balance of cash and cash equivalents at the beginning of the period		1,553,075,415.81	-1,858,279,413.05
		420,642,596.45	5,048,875,333.01
<b>VI. BALANCE OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>1,973,718,012.26</b>	<b>3,190,595,919.96</b>

The following notes are as part of the financial statements.

Legal representative:

Chief financial officer:

Chief accountant:

**Bengang Steel Plates Co., Ltd.**  
**Consolidated Statement of Changes in Equity**  
**January to June 2023**  
**(Expressed in RMB unless otherwise stated)**

Items	Current period													
	Share capital	Other equity instruments			Capital reserves	Owner's equity attributable to parent company						Non-controlling interest	Total of shareholders' equity	
		Preference shares	Perpetual bond	Others		Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits			Subtotal
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														

Items	Current period													Non-controlling interest	Total of shareholders' equity
	Owner's equity attributable to parent company											Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits				
	Preference shares	Perpetual bond	Others												
(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	

The following notes are as part of the financial statements.

Legal representative:

Chief financial officer:

Chief accountant:

**Bengang Steel Plates Co., Ltd.**  
**Consolidated Statement of Changes in Equity(Continued)**  
**January to June 2023**  
**(Expressed in RMB unless otherwise stated)**

Items	Previous 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			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											-2,464,914,827.40	-2,464,914,827.40		-2,464,914,827.40
(1) Appropriation to surplus reserves														
(2) Appropriation to general risk reserves														
(3) Profit distribution to shareholders											-2,464,914,827.40	-2,464,914,827.40		-2,464,914,827.40
(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														

Items	Previous 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			Subtotal
	Preference shares	Perpetual bond	Others											
(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

The following notes are as part of the financial statements.

Legal representative:

Chief financial officer:

Chief accountant:

**Bengang Steel Plates Co., Ltd.**  
**Parent Company's Statement of Changes in Equity**  
**January to June 2023**  
**(Expressed in RMB unless otherwise stated)**

Items	Current period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	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

Items	Current period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total of shareholders' equity
		Preference shares	Perpetual bond	Others							
(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

The following notes are as part of the financial statements.

Legal representative:

Chief financial officer:

Chief accountant:



**Bengang Steel Plates Co., Ltd.**  
**Parent Company's Statement of Changes in Equity(Continued)**  
**January to June 2023**  
**(Expressed in RMB unless otherwise stated)**

Items	Current period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	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

Items	Current period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total of shareholders' equity
		Preference shares	Perpetual bond	Others							
(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

The following notes are as part of the financial statements.

Legal representative:

Chief financial officer:

Chief accountant:

**Bengang Steel Plates Co., Ltd.**  
**Notes to 2023 Semi-Annual Financial Report**  
(All amounts expressed in RMB unless otherwise stated)

**I. 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 Bensteel Group Co., Ltd.”. According to the agreement, the State-owned Assets Supervision and Administration Commission of Liaoning Province transferred its 51% equity of Bensteel Group Co., Ltd. (hereinafter referred to as Bensteel Group) to Ansteel Group for free. After the completion of this gratuitous transfer, Ansteel Group will become the controlling shareholder of Bensteel 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 4,108,214,700.00. 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.

## **2. Scope of consolidated financial statements**

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

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

## **II. 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.

## **III. 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 III.10 Financial instruments, III.11 Inventories, III.15 Fixed assets, III.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 "III.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 unterminated 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 Assets**

**(1) Recognition method and standard of contract assets**

The Company presents contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer

payments. The Company's right to receive consideration for transferring goods or providing services to customers (and this right depends on factors other than the passage of time) is listed as contract assets. Contract assets and contract liabilities under the same contract are presented on a net basis. The Company's unconditional (depending only on the passage of time) right to collect consideration from the customer is shown separately as receivables.

**(2) Determination method and accounting treatment method of expected credit loss of contract assets**

For details, please refer to "III.10 (6) Financial Instruments - Test Method and Accounting Treatment Method for Impairment of Financial Assets" in this note.

**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 and initial measurement of fixed assets**

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**

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.

The depreciation methods, depreciation period, scrap value rate and annual depreciation rate of various fixed assets are as follows:

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

**(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) 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.

### (2) 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 Years Method	0	Land use right certificate

### (3) 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.

### (4) 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.

### (5) 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.

**(2) Specific accounting policies for revenue recognition**

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. Contract Costs**

Contract costs include contract fulfillment costs and contract obtaining costs.

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

- 1) The cost is directly related to a current or anticipated contract;
- 2) The cost increases the Company's future resources to meet performance obligations;
- 3) 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 acquiring 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.

## **26. 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.

## **27. Deferred Tax Assets and 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.

## **28. Leases**

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 “III. (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.

#### 1) 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

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 “III.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 “III.10 Financial Instruments” in this note.

### 3) 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 “III.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 “III.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 “III.10 Financial Instruments” in this note.

**29. Discontinued Operations**

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.

### **30. Major Accounting Estimates and Judgments**

When preparing financial statements, the Company's management needs to use estimates and assumptions, which will affect the application of accounting policies and the amount of assets, liabilities, income and expenses. Actual 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 “III. (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 “III. (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 “3. (15) Fixed Assets” and “3. (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.

### **31. Changes in Important Accounting Policies and Accounting Estimates**

#### **(1) Changes in important accounting policies**

None.

#### **(2) Changes in important accounting estimates**

None.

## **IV. 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.

## V. Notes to Consolidated Financial Statements Items

### 1. Monetary Funds

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
Cash on hand		
Digital currency		
Bank deposits	3,135,535,935.14	1,296,662,683.20
Other monetary fund	521,023,596.93	164,482,958.67
Total	2,408,325,571.25	1,074,918,531.75
Including: Total overseas deposits		
Funds deposited in finance company	2,244,735,874.76	1,074,918,531.75

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 31 December 2022
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		

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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
<b>Total</b>	<b>521,023,596.93</b>	<b>164,482,958.67</b>

## 2. Notes Receivable

### (1) Notes receivable presented by category

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
Banker's acceptance bill	20,000.00	139,442,122.88
Acceptance bill of finance company	87,371,995.82	290,265,051.82
Commercial acceptance bill		
<b>Total</b>	<b>87,391,995.82</b>	<b>429,707,174.70</b>

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

Items	Amount pledged at the end of the period
Banker's acceptance bill	255,189,626.40
Acceptance bill of finance company	
Commercial acceptance bill	
<b>Total</b>	<b>255,189,626.40</b>

### (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

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

### 3. Accounts Receivable

#### (1) Disclosure by aging of accounts receivable

Aging	Balance as at 30 June 2023	Balance as at 31 December 2022
Within 1 year	920,913,586.81	892,035,646.81
1 to 2 years	865,863.89	14,717,227.92
2 to 3 years	7,249,049.16	5,931,757.76
More than 3 years	437,107,384.70	456,148,481.98
Subtotal	1,366,135,884.56	1,368,833,114.47
Less: Provision for bad debts	451,728,222.39	471,602,218.41
Total	914,407,662.17	897,230,896.06

**(2) Classified by bad debt provision method**

Types	Balance as at 30 June 2023					Balance as at 31 December 2022				
	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	26.88	367,153,964.12	100.00		353,419,325.80	25.82	353,419,325.80	100.00	
Bad debt provisions made on the combination of credit risk characteristics	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
Including:										
Aging portfolio	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:

Name	Balance as at 30 June 2023			Reason for provision
	Book balance	Bad debt provision	Bad debts ratio (%)	
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:

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	

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

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 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

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

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

Important write-off of accounts receivable:

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 Jinshanjiao 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	No



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
Benxi Steel Yantai Marketing Co., Ltd.	Sales of products	138,378.96	Deregistered	Meeting 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			

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

Name of debtor	Balance as at 30 June 2023		
	Book balance	% of the total closing balance of accounts receivable	Bad debt provision
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	361,097,152.69

**4. Accounts Receivable Financing**

### Details of accounts receivable financing

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
Notes receivable	953,938,535.80	137,591,996.02
Accounts receivable		
<b>Total</b>	<b>953,938,535.80</b>	<b>137,591,996.02</b>

## 5. Prepayments

### (1) Disclosure by aging of prepayments

Aging	Balance as at 30 June 2023		Balance as at 31 December 2022	
	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
<b>Total</b>	<b>937,624,582.00</b>	<b>100.00</b>	<b>1,247,177,748.33</b>	<b>100.00</b>

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
<b>Total</b>	<b>434,257,467.70</b>	<b>65.02</b>

## 6. Other Receivables

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
Interest receivable		
Dividends receivable		
Other receivables	98,776,833.29	127,198,692.92
Total	98,776,833.29	127,198,692.92

### Other receivables

#### (1) Disclosure by aging of other receivable

Aging	Balance as at 30 June 2023	Balance as at 31 December 2022
Within 1 year	95,787,862.39	85,596,605.22
1 to 2 years	1,920,566.77	38,267,869.02
2 to 3 years	2,772,924.29	3,519,908.21
More than 3 years	97,497,769.42	63,947,507.23
Subtotal	197,979,122.87	191,331,889.68
Less: Provision for bad debts	99,202,289.58	64,133,196.76
Total	98,776,833.29	127,198,692.92

(2) Classified by bad debt provision method

Types	Balance as at 30 June 2023					Balance as at 31 December 2022				
	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	49,333,315.37	24.92	49,333,315.37	100.00		15,031,598.34	7.86	15,031,598.34	100.00	
Bad debt provisions made on the combination of credit risk characteristics	148,645,807.50	75.08	49,868,974.21	33.55	98,776,833.29	176,300,291.34	92.14	49,101,598.42	27.85	127,198,692.92
Including:										
Aging portfolio	148,645,807.50	75.08	49,868,974.21	33.55	98,776,833.29	141,980,250.55		49,101,598.42		92,878,652.13
Risk free portfolio						34,320,040.79				34,320,040.79
Total	197,979,122.87	100.00	99,202,289.58		98,776,833.29	191,331,889.68	100.00	64,133,196.76		127,198,692.92

Bad debt provisions made on an individual basis:

Name of debtor	Balance as at 30 June 2023			Provision reason
	Book balance	Bad debt provision	Bad debts ratio (%)	
Unrecoverable taxes (VAT, property tax, transfer-out input tax)	13,017,578.30	13,017,578.30	100.00	Cannot be recovered
Others	20,518,449.85	20,518,449.85	100.00	Cannot be recovered
Benxi City Xihu District Renewable Resources Utilization Corporation	2,951,245.44	2,951,245.44	100.00	Cannot be recovered
Liaoning Hengyi Financial Leasing Co., Ltd.	2,357,285.76	2,357,285.76	100.00	Cannot be recovered
Dalian China Metallurgical Import & Export Dalian Company	2,000,000.00	2,000,000.00	100.00	Cannot be recovered
Financial Services Bureau Daily Loan Sinking Fund	1,740,000.00	1,740,000.00	100.00	Cannot be recovered
Personal loan	1,370,308.33	1,370,308.33	100.00	Cannot be recovered
Benxi Peace Material Supply and Marketing Company	1,097,678.20	1,097,678.20	100.00	Cannot be recovered
Xiuyan Manchu Autonomous County Materials Recycling Co., Ltd.	1,018,878.71	1,018,878.71	100.00	Cannot be recovered
Inner Mongolia Haotong Energy Co., Ltd.	970,860.82	970,860.82	100.00	Cannot be recovered
Benxi Economic Development Zone Fuben Industry and Trade Industrial Company	730,362.94	730,362.94	100.00	Cannot be recovered
Benxi City Pingshan Minzheng Steel Factory	672,803.75	672,803.75	100.00	Cannot be recovered
Qigang in Heilongjiang Province	627,080.88	627,080.88	100.00	Cannot be recovered
Benxi Iron and Steel (Group) Third Construction Engineering Co., Ltd.	260,782.39	260,782.39	100.00	Bankruptcy and reorganization of enterprises, expected to be irrecoverable
Total	49,333,315.37	49,333,315.37		

Bad debt provisions made on the combination:

Types	Balance as at 30 June 2023		
	Book balance of other receivables	Bad debt provision	Bad debts ratio (%)
Within 1 year	95,787,862.39	957,878.62	1.00
1 to 2 years	1,920,566.77	192,056.68	10.00
2 to 3 years	2,772,924.29	554,584.86	20.00
More than 3 years	48,164,454.05	48,164,454.05	100.00
Total	148,645,807.50	49,868,974.21	

(3) Situation of bad debt provisions

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	
-- Transfer back to the second stage				
-- Transfer back to the first stage				
Provision for this period	306,730.06	125,274.81	35,445,003.54	35,877,008.41
Transfer back in this period				
Transfer and derecognition in this period				
Derecognition in this period			807,915.59	807,915.59
Other changes				
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 other receivables:

	The first stage	The second stage	The third stage	
Book balance	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)	Total
Balance as at 31 December 2022	85,596,605.22	43,806,421.79	61,928,862.67	191,331,889.68
Balance as at 31 December 2022 is in the current period				
-- Transfer to the second stage	-11,943,705.87	11,943,705.87		
-- Transfer to the third stage		-4,778,004.33	4,778,004.33	
-- Transfer back to the second stage				
-- Transfer back to the first stage				
Additions in this period	30,673,006.36	251,994.13	36,755,531.19	67,680,531.68
Derecognition in this period	530,434.22	46,530,626.40	3,970,088.74	51,031,149.36
Other changes			807,915.59	807,915.59
Balance as at 30 June 2023	103,795,471.49	4,693,491.06	98,684,393.86	207,173,356.41

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

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

(5) Other receivables actually written off in the current period

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

Important write-off of other receivables:

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			

(6) Classification by nature of payment

Nature	Book balance as at 30 June	Book balance as at 31 December
	2023	2022
Temporary payment	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



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

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

### (1) Inventory classification

Items	Balance as at 30 June 2023			Balance as at 31 December 2022		
	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	26,986,533.69	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	16,239,572.86	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	99,662,225.82	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

Items	Balance as at 31 December 2022	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**

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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

Investees	Balance as at 31 December 2022	Changes in current period								Balance as at 30 June 2023	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. 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							
Total	51,030,777.18		-2,740,000.00	-734,122.16							47,556,655.02

**10. Other Equity Instrument Investments****(1) Situation of other equity instrument investments**

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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****(1) Fixed assets and disposal of fixed assets**

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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

**(2) Situation of fixed assets**

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

Items	Property and plant	Mechanical equipment	Transport equipment and other equipment	Total
(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

**(3) Temporarily idle fixed assets**

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	

**(4) Fixed assets leased out through operating leases**

Items	Property and plant	Total
1. Original book value		
(1) Balance as at 31 December 2022	1,239,002.14	1,239,002.14
(2) Additions in this period		
—Purchase		
—Construction in progress transferred in		
—Increase in business mergers		
(3) Reductions in this period		
—Disposal or scrapping		
—Convert to own use		
(4) Balance as at 30 June 2023	1,239,002.14	1,239,002.14
2. Accumulated depreciation		
(1) Balance as at 31 December 2022		
(2) Additions in this period		
—Accrued		
(3) Reductions in this period		
—Disposal or scrapping		
(4) Balance as at 30 June 2023		
3. Provision for impairment		
(1) Balance as at 31 December 2022		
(2) Additions in this period		
—Accrued		



Items	Property and plant	Total
(3) Reductions in this period		
—Disposal or scrapping		
(4) Balance as at 30 June 2023		
4. Carrying value		
(1) Carrying value as at 30 June 2023	1,239,002.14	1,239,002.14
(2) Carrying value as at 31 December 2022	1,239,002.14	1,239,002.14

**(5) Fixed assets with title certificates not yet completed**

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

**(6) Disposal of fixed assets**

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
Mechanical equipment	873,197.46	
Total	873,197.46	

**12. Construction in Progress**

**(1) Construction in progress and project materials**

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
Construction in progress	4,151,149,369.23	3,158,195,899.65
Project materials		
Total	4,151,149,369.23	3,158,195,899.65

**(2) Situation of construction in progress**

Items	Balance as at 30 June 2023			Balance as at 31 December 2022		
	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

**(3) The change of major construction in progress**

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, self-financing
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		Self-financing
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		Self-financing
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		Self-financing
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			
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%				Self-financing
1780 production line upgrade	193,000,000.00		77,088,750.00			77,088,750.00	39.94%	39.94%				Self-financing
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%				Self-financing
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%				Self-financing
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		Self-financing
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%				Self-financing
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		Self-financing
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%				Self-financing
Plate energy centralized	119,730,000.00		40,945,397.20			40,945,397.20	34.20%	34.20%				Self-financing

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
control project												
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%				Self-financing
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%				Self-financing
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%				
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			Self-financing
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%				Self-financing
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%				Self-financing
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

Items	Land	Property and plant	Total
<b>1. Original book value</b>			
(1) Balance as at 31 December 2022	1,132,274,415.17	368,465,367.56	1,500,739,782.73
<b>(2) Additions in this period</b>			
—Newly added lease			
—Increase in business mergers			
—Revaluation adjustment			
<b>(3) Reductions in this period</b>			
—Transfer to fixed assets			
—Disposal			
(4) Balance as at 30 June 2023	1,132,274,415.17	368,465,367.56	1,500,739,782.73
<b>2. Accumulated depreciation</b>			
(1) Balance as at 31 December 2022	79,808,472.44	40,940,596.40	120,749,068.84
<b>(2) Additions in this period</b>			
—Accrued	19,952,118.12	10,235,149.14	30,187,267.26
<b>(3) Reductions in this period</b>			
—Transfer to fixed assets			
—Disposal			
(4) Balance as at 30 June 2023	99,760,590.56	51,175,745.54	150,936,336.10
<b>3. Provision for impairment</b>			
(1) Balance as at 31 December 2022			
<b>(2) Additions in this period</b>			
—Accrued			
<b>(3) Reductions in this period</b>			
—Transfer to fixed assets			

Items	Land	Property and plant	Total
—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

Items	Land use rights	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			
—Lapsed and derecognized			
(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			
—Lapsed and derecognized			
(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			
—Lapsed and derecognized			
(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

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 and Deferred Tax Liabilities

### (1) Deferred tax assets not offset

Items	Balance as at 30 June 2023		Balance as at 31 December 2022	
	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

Items	Balance as at 30 June 2023		Balance as at 31 December 2022	
	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

Items	30 June 2023		31 December 2022	
	Offsetting amount of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset	Offsetting amount of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset
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**

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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**

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

Items	Balance as at 30 June 2023			Balance as at 31 December 2022		
	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

Items	Balance as at 30 June	Balance as at 31
	2023	December 2022
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

### (2) Overdue short-term borrowings

None.

## 18. Notes Payable

Types	Balance as at 30 June 2023	Balance as at 31 December 2022
Banker's acceptance bill	4,929,414,404.12	2,242,219,356.03
Commercial acceptance bill	750,527,835.47	1,407,117,263.33
Domestic letter of credit	2,040,000,000.00	740,000,000.00
Total	7,719,942,239.59	4,389,336,619.36

At the end of the period, there were no bills payable that were due but not paid.

## 19. Accounts Payable

### (1) Details of accounts payable

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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

Items	Balance as at 30 June 2023	Reasons for non-payment or carryover
Company 1	9,014,897.80	Billing conditions have not been met
Company 2	4,193,831.29	Billing conditions have not been met
Company 3	4,091,809.05	Billing conditions have not been met
Company 4	3,127,924.07	Billing conditions have not been met
Company 5	1,342,440.00	Billing conditions have not been met
Total	21,770,902.21	

## 20. Contract Liabilities

### Details of contract liabilities

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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**

Items	Balance as at 31 December 2022	Additions in this period	Reductions in this period	Balance as at 30 June 2023
Short-term employee benefits	10,046,363.27	1,101,071,973.76	1,098,165,873.06	12,952,463.97
Post-employment benefits - defined contribution plans		138,804,290.70	138,804,290.70	
Termination benefits		8,183,513.99	8,183,513.99	
Other benefits due within one year				
<b>Total</b>	<b>10,046,363.27</b>	<b>1,248,059,778.45</b>	<b>1,245,153,677.75</b>	<b>12,952,463.97</b>

**(2) Short-term employee benefits presentation**

Items	Balance as at 31 December 2022	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 and maternity insurance		73,981,150.79	73,981,150.79	
Work-related injury insurance		21,678,022.69	21,678,022.69	
Others		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
VI. Short-term paid absences				
VII. Short-term profit-sharing plan				
<b>Total</b>	<b>10,046,363.27</b>	<b>1,101,071,973.76</b>	<b>1,098,165,873.06</b>	<b>12,952,463.97</b>

### (3) Defined contribution plans presentation

Items	Balance as at 31 December 2022	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	
III. Enterprise annuity payment				
Total		138,804,290.70	138,804,290.70	

## 22. Taxes and Surcharges Payable

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
Interest payable		
Dividends payable		
Other payables	1,639,486,201.24	1,247,722,165.47
Total	1,639,486,201.24	1,247,722,165.47

## Other payables

### Other payables by nature

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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

Long-term loans presented by category:

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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)**

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

None.

**28. Lease Liabilities**

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
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**

Items	Balance as at 31 December 2022	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:

Liabilities items	Balance as at 31 December 2022	New subsidy amount in this period	Amount included in the current profit and loss 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

Liabilities items	Balance as at 31 December 2022	New subsidy amount in this period	Amount included in the current profit and loss in the current period	Other changes	Balance as at 30 June 2023	Asset-related /Revenue-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

Liabilities items	Balance as at 31 December 2022	New subsidy amount in this period	Amount included in the current profit and loss in the current period	Other changes	Balance as at 30 June 2023	Asset-related /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
Total	42,377,015.51	850,000.00	1,839,198.73		41,387,816.78	

### 30. Share Capital

Items	Balance as at 31 December 2022	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 V. (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 V. (27) Bonds Payable.

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

Financial instruments issued outside	31 December 2022		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

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 V. (27) Bonds Payable.

## 32. Capital Reserves

Items	Balance as at 31 December 2022	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

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

Items	Balance as at 31 December 2022	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	
1. Other comprehensive income that will not be reclassified into profits and losses	-15,904,760.02							-15,904,760.02
Including: Remeasurement of changes in defined benefit plan								
Other comprehensive income that cannot be transferred to profit or loss under the equity method								
Changes in fair value of other equity instrument investments	-15,904,760.02							-15,904,760.02
Changes in the fair value of the enterprise's own credit risk								
2. Other comprehensive income which will be reclassified into profits and losses								
Including: Other comprehensive income that can be transferred to profit or loss under the equity method								
Changes in fair value of other debt investments								
Amount of reclassification of financial assets included in other comprehensive income								
Provision for credit impairment of other debt investments								
Cash flow hedge reserve								
Translation differences								



Items	Balance as at 31 December 2022	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	
of foreign currency financial statements								
Total other comprehensive income	-15,904,760.02							-15,904,760.02

### 34. Special Reserves

Items	Balance as at 31 December 2022	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

Items	Balance as at 31 December 2022	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			1,195,116,522.37
Total	1,195,116,522.37	1,195,116,522.37			1,195,116,522.37

### 36. Undistributed Profits

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
Other transfers		25,416.40
Less: Provision of statutory surplus reserve		
Provision of any provident fund		
Provision of general risk reserve in the current period		
Dividends payable on common stock		2,464,914,827.40

Items	Current period	Previous period
Common stock dividends transferred to share capital		
Other transfers		
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

#### Details of operating income and operating costs

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:

Contract classification	Principal business income	Other business income	Total
Classified by business area			
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			
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

### 38. Tax and surcharges

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
Environmental tax	9,527,874.78	11,411,384.22
Stamp duty	30,849,463.63	32,496,146.38
Others	324,845.97	26,912.88
<b>Total</b>	<b>99,040,677.75</b>	<b>99,885,445.23</b>

### 39. Selling Expenses

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	
<b>Total</b>	<b>69,901,883.24</b>	<b>67,430,875.17</b>

### 40. Administrative Expenses

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
<b>Total</b>	<b>339,569,021.49</b>	<b>352,304,684.10</b>

### 41. Research and Development Expenses

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**

Items	Current period	Previous period
Interest expenses	234,419,462.35	342,674,208.42
Including: Interest expense on lease liabilities	27,047,108.38	27,576,079.44
Less: 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**

Items	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
Total	3,518,092.14	30,655,542.92

**44. Investment Income**

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**

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

**46. Asset Impairment Losses**

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**

Items	Current period	Previous period	Amount included in the current non-recurring gains and losses
Gains or losses on disposal of fixed assets not classified as held for sale		3,648,546.62	
Total		3,648,546.62	

**48. Non-operating Income**

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**

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**

Items	Current period	Previous period
Current income tax expenses	46,665,568.90	197,785,904.70
Deferred tax expenses	-13,473,858.06	5,419,049.90
Total	33,191,710.84	203,204,954.60

**(2) Accounting profit and income tax expense adjustment process**

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
Impact of different tax rates applicable to subsidiaries	
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. Notes of Statement of Cash Flows****(1) Cash received from other operating activities**

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**

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**

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**

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

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

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: Credit impairment loss	17,450,773.47	793,906.73
Impairment of assets	84,458,260.66	72,880,991.53
Depreciation of fixed assets	823,089,855.07	1,105,263,552.94
Depletion of oil and gas properties		
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		-46,943,190.13
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**

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
I. Cash	3,135,535,935.14	1,296,662,683.20
Including: Cash on hand		
Digital currency available for payment at any time		
Bank deposits available for payment at any time	3,135,535,935.14	1,296,662,683.20
Other monetary funds readily available for payment		
Money deposited with the central bank for payment		
Interbank deposit		
Interbank money		
II. Cash equivalents		
Including: Bond investments maturing within three months		
III. Balance of cash and cash equivalents at the end of the period	3,135,535,935.14	1,296,662,683.20
Including: Restricted cash and cash equivalents used by the parent company or subsidiaries within the group		

**53. Assets whose Ownership or Use Rights Are Restricted**

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	

## 54. Foreign Currency Monetary Items

### (1) Foreign currency monetary items

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			5,225,029.20
Including: U.S. Dollar			
Euro			
Hong Kong Dollar	104,292,000.00	0.0501	5,225,029.20

### (2) The company has no overseas operating entities.

**55. Government Grants**

**(1) Government grants related to assets**

Types	Amount	Items presented in the statement of financial position	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	
Research and development of the third-generation high-strength steel for automobiles	2,900,000.00	Deferred income	290,000.00	290,000.00	Other income
Carbon fiber wastewater advanced treatment project in Dongfeng plant area of sheet metal coking plant	9,500,000.00	Deferred income	950,000.00	950,000.00	Other income
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	300,000.00	Other income
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	205,000.00	Other income
2021 Special Fund Project for Intellectual Manufacturing and Strengthening the Province	8,100,000.00	Deferred income			Other income
2021 Benxi City Pollution Control and Energy Conservation and Carbon Reduction Special Project (Converter Gas Recovery and Efficiency	1,500,000.00	Deferred income	44,117.65		Other income

Types	Amount	Items presented in the statement of financial position	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	
Improvement Transformation Project)					
2021 Municipal Skillmaster Workstation Fees	80,000.00	Deferred income	81.08		Other income
The 2018 Liaoning Provincial "Hundred Thousands of Talents Project" Funding Project	250,000.00	Deferred income			Other income
2018 Municipal Skillmaster Workstation Fees	240,000.00	Deferred income			Other income
2019 Municipal Skillmaster Workstation Fees	180,000.00	Deferred income			Other income
2020 special ecological civilization construction project (special steel electric furnace upgrade project)	20,000,000.00	Deferred income			Other income
Liaoning Artisan Subsidy	180,000.00	Deferred income			Other income
Flue gas desulfurization project of seven 130-ton combustion boilers in a power plant	24,000,000.00	Deferred income		2,400,000.00	Other income
Fund for cogeneration renovation project of the third electric workshop of the power plant	10,000,000.00	Deferred income		1,000,000.00	Other income
Cold-rolled high-strength steel transformation project	250,000,000.00	Deferred income		25,000,000.00	Other income

**(2) 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	30,000.00			Other 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	
Fund				
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



**56. Leases****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		

**VI. Changes in the scope of consolidation**

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

**VII. 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 that the proportion of shares held in subsidiaries is different from the proportion of voting rights: there is no such matter in the Company.

Basis for holding half or less of the voting rights but still controlling the invested company, and holding more than half of the voting rights but not controlling the invested company: the Company does not have such matters.

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**

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%	17,461,806.81		595,620,461.21

Explanation that the shareholding ratio of the minority shareholders of the subsidiary is 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**

Name of the subsidiaries	Balance as at 30 June 2023						Balance as at 31 December 2022					
	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

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

The Company has no significant joint ventures or associates.

### (2) Summary financial information of insignificant joint ventures and associates

	Balance as at 30 June 2023/ Current period	Balance as at 31 December 2022/ Previous period
Associates:		
Total book value of investments	47,556,655.02	51,030,777.18
Total of the following items calculated according to the shareholding ratio		
—Net profit	-734,122.16	-1,444,809.15
—Other comprehensive income		
—Total comprehensive income	-734,122.16	-1,444,809.15

## VIII. 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					Total
	Repayment on demand	Within 1 year	1-2 years	2-5 years	Over 5 years	
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 31 December 2022					Total
	Repayment on demand	Within 1 year	1-2 years	2-5 years	Over 5 years	
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:

Items	Amount unit: RMB ten thousand					
	Balance as at 30 June 2023			Balance as at 31 December 2022		
	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.

## IX. Disclosure of Fair Value

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.

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

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				
☑ Financial assets held-for-trading				
1. Financial assets measured at fair value through profit or loss				
(1) Investment in debt instruments				
(2) Investment in equity instruments				
(3) Derivative financial assets				
(4) Others				
2. Designated as financial assets at fair value through profit or loss				
(1) Investment in debt instruments				
(2) Others				
☑ Accounts receivable financing			953,938,535.80	953,938,535.80
☑ Other debt investments				
☑ Other equity instruments investments			1,020,418,482.31	1,020,418,482.31
☑ Other non-current financial assets				
1. Financial assets measured				

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
at fair value through profit or loss				
(1) Investment in debt instruments				
(2) Investment in equity instruments				
(3) Derivative financial assets				
(4)Others				
2. Designated as financial assets at fair value through profit or loss				
(1) Investment in debt instruments				
(2) Others				
<b>Total assets continuously measured at fair value</b>			1,974,357,018.11	1,974,357,018.11
☑Financial liabilities held-for-trading				
1. Financial liabilities held-for-trading				
(1) Trading bonds issued				
(2) Derivative financial liabilities				
(3)Others				
2. Designated as financial liabilities at fair value through profit or loss				
<b>Total liabilities continuously measured at fair value</b>				
<b>II. Non-continuous fair value measurement</b>				
☑Assets held for sale				
<b>Total assets non-continuous fair value measurement</b>				
☑Liabilities held for sale				
<b>Total liabilities non-continuous fair value</b>				

Items	Closing fair value			Total
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	
<b>measurement</b>				

**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.

## X. 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

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 "VII. 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 "VII. Interests in other entities" in this note.

The situation of other joint ventures or associates that had related party transactions with the Company in the current period, or had balances with the Company in the previous period is as follows:

Name of joint venture or associate	Relationship with the Company
Bengang Baojin (Shenyang) Automotive New Material Technology Co., Ltd.	Associate
Zhejiang Bengang Jingrui Steel Processing Co., Ltd.	Associate

#### 4. Situation of Other Related Parties

Name of other related parties	Relationship between other related parties and the Company
Bensteel 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.,	Both belong to Ansteel Group

Name of other related parties	Relationship between other related parties and the Company
Ltd.	
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 Bensteel Group
Bengang Stainless Steel Cold Rolling Dandong Co., Ltd.	Same parent company
Bengang Electric Co., Ltd.	Associate of parent company
Bensteel Group Finance Co., Ltd.	Both belong to Bensteel Group
Bensteel Group International Economic and Trade Co., Ltd.	Both belong to Bensteel Group
Bengang Tendering Co., Ltd.	Both belong to Bensteel Group
Benxi Beitai Casting Pipe Co., Ltd.	Both belong to Bensteel Group
Benxi Beiyang Iron and Steel (Group) Co., Ltd.	Both belong to Bensteel 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

Name of other related parties	Relationship between other related parties and the Company
Benxi High-tech Drilling Tools Manufacturing Co., Ltd.	Both belong to Bensteel 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 Bensteel 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

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	Not applicable	Not applicable	
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		Not applicable	Not applicable	11,353.84
Ansteel Rope Co., Ltd.	Spare parts	169,538.40	10,000,000.00	No	
Ansteel Co., Ltd.	Raw fuel		Not applicable	Not applicable	75,504,413.81
Ansteel Group	Spare parts	872,000.00	Not applicable	Not	

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
(Anshan) Railway Transportation Equipment Manufacturing Co., Ltd.				Whether the transaction limit is exceeded (if applicable)	
Ansteel Group Finance Co., Ltd.	Financial services	303,708.86	Not applicable	Not applicable	
Ansteel Group Engineering Technology Co., Ltd.	Engineering design	512,000.00	Not applicable	Not applicable	
Ansteel Group Engineering Technology Co., Ltd.	Construction and installation	117,959,759.13	23,000,000.00	No	
Ansteel Group Engineering Technology Co., Ltd.	Equipment	76,337,521.60	Not applicable	Not applicable	
Ansteel Group Engineering Technology Co., Ltd.	Repair service	260,000.00	Not applicable	Not applicable	
Ansteel Group International Economic and Trade Co., Ltd.	Raw materials		Not applicable	Not applicable	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		Not applicable	Not applicable	21,192,660.55
Ansteel Technology Development Co., Ltd.	Research and development service	633,962.27	Not applicable	Not applicable	
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	Not applicable	Not applicable	563,736.00
Angang Shuangsheng (Anshan) Fan Co., Ltd.	Spare parts	69,000.00	Not applicable	Not applicable	
Ansteel Heavy Machinery Co., Ltd.	Repair service	1,565,966.00	Not applicable	Not applicable	
North Hengda Logistics Co., Ltd.	Processing fee	599,384.02	Not applicable	Not applicable	
North Hengda Logistics Co., Ltd.	Raw material	942,680.16	Not applicable	Not applicable	
North Hengda Logistics Co., Ltd.	Transportation and storage Fees	66,562,921.54	30,000,000.00	Yes	14,102,106.06



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
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	Not applicable	Not applicable	
Bengang Electric Co., Ltd.	Raw materials		Not applicable	Not applicable	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	Not applicable	Not applicable	
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	Not applicable	Not applicable	
Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	Supervision fee	836,573.63	Not applicable	Not applicable	
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	Not applicable	Not applicable	
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Raw materials	2,940,750.95	Not applicable	Not applicable	
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Rental fees	16,578,454.81	Not applicable	Not applicable	
Benxi Iron and Steel (Group) Construction Co., Ltd.	Spare parts	4,854,600.01	Not applicable	Not applicable	4,646,764.56
Benxi Iron and Steel (Group) Construction Co., Ltd.	Construction and installation	184,925,593.15	Not applicable	Not applicable	90,638,976.00
Benxi Iron and Steel (Group) Construction Co., Ltd.	Brokerage agent	3,156,976.43	Not applicable	Not applicable	

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
Ltd.					
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	Not applicable	Not applicable	
Benxi Iron and Steel (Group) Construction Co., Ltd.	Raw materials	2,783,241.40	Not applicable	Not applicable	4,646,764.56
Benxi Iron and Steel (Group) Construction Co., Ltd.	Transportation service	358,232.94	Not applicable	Not applicable	
Benxi Iron and Steel (Group) Mining Co., Ltd.	Service fee		Not applicable	Not applicable	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	Not applicable	Not applicable	708,146.88
Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	Raw materials	142,424.64	Not applicable	Not applicable	35,759.46
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Spare parts	527,996.85	Not applicable	Not applicable	
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Construction and installation	52,248,696.53	Not applicable	Not applicable	
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Labor service	16,676,640.31	Not applicable	Not applicable	17,144,271.62
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Equipment fees	78,905,792.00	Not applicable	Not applicable	
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	Not applicable	Not applicable	2,058,346.87
Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	Transportation service	562,115.92	Not applicable	Not applicable	
Benxi Iron and	Office	293,726.74	Not applicable	Not	

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
Steel (Group) Industrial Development Co., Ltd.	equipment			applicable	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Construction and installation	184,024.72	Not applicable	Not applicable	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Labor service	582,738.30	Not applicable	Not applicable	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Daily necessities	1,826,368.18	Not applicable	Not applicable	
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	Repair service	446,808.00	Not applicable	Not applicable	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	Not applicable	Not applicable	
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Spare parts	16,818,802.44	Not applicable	Not applicable	4,990,030.05
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Construction and installation	897,468.01	Not applicable	Not applicable	18,816,098.36
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Software	58,674,627.61	100,000,000.00	否	
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	Repair service	548,300.00	Not applicable	Not applicable	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	Not applicable	Not applicable	
Benxi Steel and Iron (Group) Co., Ltd.	Energy power	208,218.19	Not applicable	Not applicable	
Benxi Steel and Iron (Group) Co., Ltd.	Daily necessities	2,602.04	Not applicable	Not applicable	
Benxi Steel and Iron (Group) Co., Ltd.	Equipment inspection	2,150,000.00	Not applicable	Not applicable	

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
Ltd.					
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	Not applicable	Not applicable	
Benxi Steel and Iron (Group) Co., Ltd.	Transportation service	70,844.04	Not applicable	Not applicable	
Benxi Steel and Iron (Group) Co., Ltd.	Rental fees	35,687,852.59	Not applicable	Not applicable	30,187,267.22
Benxi High-tech Drilling Tools Manufacturing Co., Ltd.	Spare parts		Not applicable	Not applicable	71,251.70
Benxi New Business Development Co., Ltd.	Spare parts	8,892.94	Not applicable	Not applicable	
Benxi New Business Development Co., Ltd.	Catering and accommodation	608,112.36	Not applicable	Not applicable	
Benxi New Business Development Co., Ltd.	Daily necessities	157,261.01	Not applicable	Not applicable	
Chengdu Pangang Hotel Co., Ltd.	Catering and accommodation	937.74	Not applicable	Not applicable	
Dalian Borolle Steel Pipe Co., Ltd.	Raw materials	599,495.23	Not applicable	Not applicable	
Delin Industrial Products Co., Ltd.	Office equipment	682,715.44	Not applicable	Not applicable	
Delin Industrial Products Co., Ltd.	Spare parts	14,447,322.53	Not applicable	Not applicable	
Delin Industrial Products Co., Ltd.	Raw materials	8,538.92	Not applicable	Not applicable	
Liaoning Hengtai Heavy Machinery Co., Ltd.	Construction and installation	1,044,084.00	Not applicable	Not applicable	
Liaoning Hengtai Heavy Machinery Co., Ltd.	Equipment	12,130,000.00	Not applicable	Not applicable	
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	Not applicable	Not applicable	1,158,044.41
Liaoning Hengtai Heavy Machinery Co., Ltd.	Transportation service	35,137.61	Not applicable	Not applicable	
Liaoning Hengtong Metallurgical Equipment Manufacturing	Raw materials		Not applicable	Not applicable	66,215,321.16

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
Co., Ltd.					
Liaoning Metallurgical Technician College	Training fee		Not applicable	Not applicable	580,509.17

Table for sale of goods/render of services

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
Bensteel Group International Economic and Trade Co., Ltd.	Goods	3,566,927,893.44	
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

Related parties	Related transaction content	Amount in this period	Amount in previous period
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 Jiajiabao Iron Mine Co., Ltd.	Goods	4,753.02	
Benxi Iron and Steel (Group) Mining Liaoyang Jiajiabao 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.,	Energy power		508,442.14

Related parties	Related transaction content	Amount in this period	Amount in previous period
Ltd.			
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 Service Co., Ltd.	Goods	162,901,409.17	
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:

Lessee name	Types of leased assets	Lease income recognized in the current period	Lease income recognized in the previous period
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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:

Lessor name	Types of leased assets	Amount in this period					Amount in 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 liability	Rent paid	Interest expense on lease liability 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 liability	Rent paid	Interest expense on lease liability assumed	Increased right-of-use assets
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	19,750,096.20			27,625,616.70	19,500,054.00		
Benxi Steel and Iron (Group) Co., Ltd.	2300 Hot rolling mill production line, related real estate			8,049,080.53	3,736,932.14			8,049,080.53	3,870,344.33		
Benxi Beiyang Iron and Steel (Group) Co., Ltd.	1780 Hot rolling mill production line, related real estate			7,557,730.91	2,877,975.14			6,198,949.54	2,980,721.72		

Lessor name	Types of leased assets	Amount in this period					Amount in 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 liability	Rent paid	Interest expense on lease liability 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 liability	Rent paid	Interest expense on lease liability assumed	Increased right-of-use assets
Bengang Group Co., Ltd.	Land use right 728,282.30 square meters			4,972,711.54	1,315,378.20			4,972,711.54	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 Bensteel Group and Bengang Steel (Group) respectively, leased and used a total of 8 pieces of land from Bensteel Group and Bensteel 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.

## 6. Receivables and Payable from Related Parties

### (1) Receivables from related parties

Project name	Related parties	Balance as at 30 June 2023		Balance as at 31 December 2022	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Notes receivable					
	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	294,500.00			
	Benxi Iron and Steel (Group) Construction Co., Ltd.	940,100.00			
	Benxi Beiyong Iron and Steel (Group) Co., Ltd.			3,100,000.00	
	Benxi Iron and Steel (Group) Mining Co., Ltd.			5,518,976.33	
	Ansteel Roll Co., Ltd.			200,000.00	
	Ansteel Heavy Machinery Co., Ltd.			189,621.75	
	Pangang Group Xichang Steel and Vanadium Co., Ltd.			30,000,000.00	
	Pangang Group Panzhihua Steel Vanadium Co., Ltd.			5,000,000.00	
Accounts receivable financing					
	North Hengda Logistics Co., Ltd.	1,370,000.00			
	Benxi Beiyong Iron and Steel (Group) Co., Ltd.	1,170,132.15			
	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	2,108,116.44			
	Benxi Iron and Steel (Group) Construction Co., Ltd.	330,000.00			
	Benxi Steel and Iron (Group) Co., Ltd.	755,842.13			
	Dalian Borolle Steel Pipe Co., Ltd.	200,000.00			
	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	1,200,000.00			
	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		
	Angang Steel Processing and Distribution (Zhengzhou) Co., Ltd.	1,759,216.34	17,592.16	4,477,814.06	44,778.14
	Angang Steel Distribution (Hefei) Co., Ltd.	1,575,359.32	15,753.59	248,775.35	2,487.75
	Angang Steel Distribution (Wuhan) Co., Ltd.	9,609,762.44	96,097.62	8,113,115.19	81,131.15
	Ansteel Co., Ltd.			30,314,005.82	303,140.06
	Ansteel Green Resources Technology Co., Ltd.	2,218,608.01	22,186.08	4,667,550.15	46,675.50
	Ansteel Energy Technology Co., Ltd.	742,072.08	7,420.72		

Project name	Related parties	Balance as at 30 June 2023		Balance as at 31 December 2022	
		Book balance	Bad debt provision	Book balance	Bad debt provision
	Bensteel Gaoyuan Industrial Development Co., Ltd.	648.00			
	Bensteel Group International Economic and Trade Co., Ltd.	828,337,954.80	8,283,379.55	663,311,074.79	6,633,110.75
	Bengang Group Co., Ltd.	17,036.30			
	Benxi Northern Iron Industry Co., Ltd.	3,655,505.09	36,555.05		
	Benxi Beiyang Iron and Steel (Group) Co., Ltd.	132,650,454.66	1,326,504.55		
	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	1,157,124.62	975,449.31		
	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	186,041,227.34	1,860,412.27		
	Benxi Iron and Steel (Group) Construction Advanced Decoration Co., Ltd.	808.72	8.09		
	Benxi Iron and Steel (Group) Construction Co., Ltd.	40,272,376.48	932,849.76		
	Benxi Iron and Steel (Group) Mine Construction Engineering Co., Ltd.	5,099,269.05	50,992.69		
	Benxi Iron and Steel (Group) Mining Yanjiagou Limestone Mine Co., Ltd.	777,713.41	7,777.13		
	Benxi Iron and Steel (Group) Mining Co., Ltd.	144,284,531.52	1,442,845.32	44,914,278.63	449,142.79
	Benxi Iron and Steel (Group) Road and Bridge Construction Engineering Co., Ltd.	1,772,553.54	334,490.54		
	Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	17,373,796.70	173,737.97	840,398.67	8,403.99
	Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	1,348,327.24	13,483.27		
	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	16,573,242.31	13,860,703.41		
	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	23,016.93	230.17		
	Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	7,437,743.49	74,377.43		
	Benxi Steel and Iron (Group) Co., Ltd.	22,529,365.14	225,293.65		
	Benxi Weier Surfacing Manufacturing Co., Ltd.	188,119.71	10,591.31		
	Benxi New Business Development Co., Ltd.	50,257.41	502.57		
	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	1,850,333.39	18,503.33	144,307.22	1,443.07
	Bengang Electric Co., Ltd.	142,269.51	1,422.70		
Prepayments					
	Ansteel Co., Ltd.	489,219.01			
	North Hengda Logistics Co., Ltd.	121,074.27			
	Bensteel Group International Economic and Trade Co., Ltd.	104,332,332.83		398,341,075.41	

Project name	Related parties	Balance as at 30 June 2023		Balance as at 31 December 2022	
		Book balance	Bad debt provision	Book balance	Bad debt provision
	Benxi Beiyong Iron and Steel Group Import and Export Co., Ltd.	894,762.41			
	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.			49,429,296.57	
	Benxi Steel and Iron (Group) Co., Ltd.	24,076,357.53			
	Liaoning Hengtai Heavy Machinery Co., Ltd.			13,619,388.23	
	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
	North Hengda Logistics Co., Ltd.	5,000.00	50.00	65,563.55	
	Bensteel Group International Economic and Trade Co., Ltd.	2,204,289.89	28,594.24	6,617.52	
	Benxi Dongfeng Lake Steel Resources Utilization Co., Ltd.	3,367,748.44	33,677.48		
	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	1,061,981.67	827,808.58		
	Benxi Iron and Steel (Group) Construction Co., Ltd.	250,679.61	250,679.61	13,028,492.10	433,910.93
	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	542,141.50	114,818.03		
	Benxi Steel and Iron (Group) Co., Ltd.	9,674,663.19	4,584,322.38		
	Benxi New Business Development Co., Ltd. Hot Spring Sanatorium	2,280,942.73	456,188.55		
	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.			1,097,290.88	991,268.28
	Ansteel Heavy Machinery Design and Research Institute Co., Ltd.			5,176,720.00	51,767.20
	Benxi Iron and Steel (Group) Mining Co., Ltd.			1,193,997.66	11,939.98
	Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.			4,760,949.45	47,609.49
	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.			4,249,698.29	42,496.98
	Bengang Electric Co., Ltd.			36,455.28	364.55
	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			
	Ansteel Construction Group Co., Ltd.	16,254,830.53		132,687.84	
	Ansteel Heavy Machinery Design and Research Institute Co., Ltd.	5,176,720.00			
	Benxi Iron and Steel (Group) Machinery	4,176.00			

Project name	Related parties	Balance as at 30 June 2023		Balance as at 31 December 2022	
		Book balance	Bad debt provision	Book balance	Bad debt provision
	Manufacturing Co., Ltd.				
	Benxi Iron and Steel (Group) Construction Co., Ltd.	33,175,372.34			
	Benxi Iron and Steel (Group) Mine Construction Engineering Co., Ltd.	4,193,364.46			
	Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	46,123,888.51			
	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	833,139.38			
	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	7,175,371.14			
	Liaoning Hengtai Heavy Machinery Co., Ltd.	225,977.40			

## (2) Payables from related parties

Items	Related parties	Balance as at 30 June 2023	Balance as at 31 December 2022
Notes payable			
	Ansteel Electric Co., Ltd.	494,065.00	
	Ansteel Rope Co., Ltd.	894,924.67	
	Ansteel Group (Anshan) Railway Transportation Equipment Manufacturing Co., Ltd.	611,999.91	
	Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	5,098,946.77	572,213.92
	Angang Shuangsheng (Anshan) Fan Co., Ltd.	168,370.00	
	Ansteel Heavy Machinery Co., Ltd.	4,102,837.35	745,501.68
	Anshan Iron and Steel Metallurgical Furnace Materials Technology Co., Ltd.	1,011,012.83	
	Bensteel Gaoyuan Industrial Development Co., Ltd.	341,547.50	
	Benxi Aike Hydraulic Seal Co., Ltd.	4,017,931.36	
	Benxi Beiyong Iron and Steel (Group) Co., Ltd.	3,544,400,000.00	659,999,999.00
	Benxi Dongfeng Lake Steel Resources Utilization Co., Ltd.	28,021,980.30	
	Benxi Iron and Steel (Group) International Trade Tengda Co., Ltd.	201,007,087.52	
	Benxi Iron and Steel (Group) Electromechanical Installation Engineering Co., Ltd.	4,034,726.24	
	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	55,093,250.74	41,781,569.75
	Benxi Iron and Steel (Group) Construction Co., Ltd.	352,395.99	3,789,095.21
	Benxi Iron and Steel (Group) Mine Construction Engineering Co., Ltd.	595,773.93	

Items	Related parties	Balance as at 30 June 2023	Balance as at 31 December 2022
	Benxi Iron and Steel (Group) Mining Co., Ltd.	666,877,903.00	151,930,597.68
	Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	949,553.06	1,611,555.04
	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	24,812,439.34	
	Benxi Iron and Steel (Group) Industrial Development Co., Ltd. Recycling Branch	1,127,635.91	
	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	163,107.15	1,150,225.42
	Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	19,731,837.68	10,866,603.68
	Benxi Steel and Iron (Group) Co., Ltd.	915,300.00	361,277.52
	Benxi Xihu Metallurgical Charge Co., Ltd.	100,964,915.60	
	Dalian Borolle Steel Pipe Co., Ltd.	472,187.26	
	Liaoning Hengtai Heavy Machinery Co., Ltd.	6,761,265.63	2,877,574.99
	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	80,188,977.92	34,223,234.99
	Liaoning Hengyi Financial Leasing Co., Ltd.	9,104.14	
	Liaoning Yitong Machinery Manufacturing Co., Ltd.	11,496,157.32	
	Bensteel Group International Economic and Trade Co., Ltd.		82,782,219.21
	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.		10,191,802.55
	Liaoning Vocational and Technical College of Metallurgy		528,854.07
	Bengang Electric Co., Ltd.		25,016,176.00
	Ansteel Group Mining Co., Ltd.		79,210,057.06
	Ansteel Technology Development Co., Ltd.		39,644.00
	Ansteel Heavy Machinery Design and Research Institute Co., Ltd.		6,827,200.00
	North Hengda Logistics Co., Ltd.		11,350.04
	Liaoning Hengyi Steel Trading Co., Ltd.		8,941,086.81
Accounts payable			
	Ansteel Electric Co., Ltd.	324,789.48	
	Ansteel Scrap Resources (Anshan) Co., Ltd.	95,508,032.52	52,203,765.63
	Angang Steel Processing and Distribution (Changchun) Co., Ltd.	81,119.58	
	Ansteel Rope Co., Ltd.	191,578.40	894,924.67
	Ansteel Group (Anshan) Railway Transportation Equipment Manufacturing Co., Ltd.	985,360.00	577,232.81
	Ansteel Group International Economic and Trade Co., Ltd.	16,733,519.12	
	Ansteel Group Mining Gongchangling Co., Ltd.	117,603,581.10	
	Ansteel Group Mining Co., Ltd.	591,193.88	591,193.88
	Ansteel Construction Group Co., Ltd.	8,527.00	

Items	Related parties	Balance as at 30 June 2023	Balance as at 31 December 2022
	Ansteel Technology Development Co., Ltd.	140,000.00	
	Ansteel Industrial Group (Anshan) Equipment Operation and Maintenance Co., Ltd.	2,228,028.59	
	Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	3,197,220.37	2,265,928.00
	Angang Shuangsheng (Anshan) Fan Co., Ltd.	77,970.00	168,370.00
	Ansteel Heavy Machinery Co., Ltd.	3,398,533.80	2,873,047.05
	Anshan Iron and Steel Metallurgical Furnace Materials Technology Co., Ltd.	1,466,444.82	
	North Hengda Logistics Co., Ltd.	25,435,334.70	
	Bengang Stainless Steel Cold Rolling Dandong Co., Ltd.	102,005.30	
	Bensteel Gaoyuan Industrial Development Co., Ltd.	1,281,746.64	
	Bensteel Group International Economic and Trade Co., Ltd.		51,306,166.70
	Bengang Group Co., Ltd.	4,688,315.28	50,000.00
	Benxi Aike Hydraulic Seal Co., Ltd.	3,207,003.01	
	Benxi Northern Iron Industry Co., Ltd.	149,204,699.40	
	Benxi Beijing Iron and Steel (Group) Co., Ltd.	448,104,637.52	131,248,293.37
	Benxi Dongfeng Lake Steel Resources Utilization Co., Ltd.	18,999,688.27	
	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	372,520.06	372,520.06
	Benxi Iron and Steel (Group) International Trade Tengda Co., Ltd.	65,147,129.15	
	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	73,536,470.40	2,874,934.49
	Benxi Iron and Steel (Group) Construction Advanced Decoration Co., Ltd.	397,711.62	
	Benxi Iron and Steel (Group) Construction Co., Ltd.	9,471,479.60	240,928,491.19
	Benxi Iron and Steel (Group) Mine Construction Engineering Co., Ltd.	5,704,240.75	
	Benxi Iron and Steel (Group) Mining Co., Ltd.	160,936,135.74	45,768,605.27
	Benxi Iron and Steel (Group) Road and Bridge Construction Engineering Co., Ltd.	791,935.13	
	Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	100,889.78	413,463.33
	Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	56,006,170.72	87,111,368.27
	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	25,748,822.56	75,043,780.30
	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	13,453,191.94	88,684,293.06
	Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	47,009,411.99	47,468,411.05



Items	Related parties	Balance as at 30 June 2023	Balance as at 31 December 2022
	Benxi Steel and Iron (Group) Co., Ltd.		39,872,070.78
	Benxi Iron and Steel (Group) Mining Liaoyang Maling Pellet Co., Ltd.	116,207,873.93	
	Benxi Meter & Control Electronic Instrument Industry Co., Ltd.	28,802.83	
	Benxi Xihu Metallurgical Charge Co., Ltd.	20,313,571.32	
	Benxi Well Surfacing Manufacturing Co., Ltd.	234,112.13	
	Freight income	57,637.09	18,937.09
	Dalian Borolle Steel Pipe Co., Ltd.		450,952.17
	Delin Industrial Products Co., Ltd.	34,853,190.84	9,556,739.82
	Liaoning Hengtai Heavy Machinery Co., Ltd.	14,627,776.85	
	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	15,943,904.64	30,626,084.39
	Liaoning Tianyu Fire Engineering Co., Ltd.		
	Liaoning Metallurgical Technician College		10,107,863.07
	Liaoning Vocational and Technical College of Metallurgy	48,048.00	513,779.95
	Liaoning Yitong Machinery Manufacturing Co., Ltd.	3,037,287.88	
	Tianjin Bengang Plate Processing and Distribution Co., Ltd.	223,096.00	
	Bengang Electric Co., Ltd.		1,893,516.67
	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
	Angang Steel Processing and Distribution (Changchun) Co., Ltd.	433,765.38	695,012.13
	Angang Steel Distribution (Hefei) Co., Ltd.	3,122,010.92	4,731,954.99
	Ansteel Co., Ltd.	930,287.84	
	Ansteel Chemical Technology Co., Ltd.	4,381,585.23	3,631,726.76
	Ansteel Energy Technology Co., Ltd.		12,048.13
	North Hengda Logistics Co., Ltd.	118,994,396.13	53,109,140.37
	Benxi Dongfeng Lake Steel Resources Utilization Co., Ltd.	1,035,901.39	
	Benxi Iron and Steel (Group) Construction Co., Ltd.	5,898.81	
	Benxi Iron and Steel (Group) Mining Mineral Resources Development Co., Ltd.	90,019.77	
	Benxi Iron and Steel (Group) Mining Liaoyang Jiajiabao Iron Mine Co., Ltd.	40,057,730.41	
	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	357,907.98	535,124.96
	Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.		1,044,047.73

Items	Related parties	Balance as at 30 June 2023	Balance as at 31 December 2022
	Benxi Iron and Steel (Group) Mining Co., Ltd.	1,450,610.94	
	Benxi Iron and Steel (Group) Mining Liaoyang Maling Pellet Co., Ltd.	2,970,163.60	
	Benxi Xihu Metallurgical Charge Co., Ltd.	20,000.00	
	Dalian Borolle Steel Pipe Co., Ltd.	1,647,687.00	1,776,832.88
	Delin Lugang Supply Chain Service Co., Ltd.	47,447,914.81	14,902,176.11
	Guangzhou Angang Steel Processing Co., Ltd.	1,598,818.30	644,213.74
	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	40,540.25	
	Liaoning Vocational and Technical College of Metallurgy	0.01	
	Pangang Group Jiangyou Great Wall Special Steel Co., Ltd.	776,933.91	
	Tianjin Angang Steel Processing and Distribution Co., Ltd.	95,477.46	
	Tianjin Ansteel International North Trading Co., Ltd.	54,050,485.38	32,000,000.00
	Changchun FAW Angang Steel Processing and Distribution Co., Ltd.	132,535.72	69,561.39
	Zhejiang Jingrui Steel Processing Co., Ltd.		80,484,269.96
	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
	Ansteel Group Automation Co., Ltd.	29,869,230.00	3,565,330.00
	Ansteel Construction Group Co., Ltd.	607,805.64	5,389,177.00
	Ansteel Metal Structure Co., Ltd.	10,000.00	10,000.00
	Ansteel Technology Development Co., Ltd.		345,269.90
	Ansteel Industrial Group (Anshan) Equipment Operation and Maintenance Co., Ltd.		4,101,254.08
	Bensteel Gaoyuan Industrial Development Co., Ltd.	2,280,175.76	
	Bensteel Group International Economic and Trade Co., Ltd.	37,172,569.99	11,894,493.16
	Bengang Group Co., Ltd.	903,375.93	7,716,476.47
	Benxi Aike Hydraulic Seal Co., Ltd.	10,000.00	
	Benxi Beijing Iron and Steel (Group) Co., Ltd.	20,777,431.47	
	Benxi Dongfeng Lake Steel Resources Utilization Co., Ltd.	210,000.00	
	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	510,910.37	510,910.37
	Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	1,413,282.10	1,523,543.12
	Benxi Iron and Steel (Group) International Trade Tengda Co., Ltd.	65,212.55	
	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	24,458,712.03	1,681,991.53

Items	Related parties	Balance as at 30 June 2023	Balance as at 31 December 2022
	Benxi Iron and Steel (Group) Inspection and Testing Co., Ltd.	190,140.00	
	Benxi Iron and Steel (Group) Construction Advanced Decoration Co., Ltd.	2,386,190.08	
	Benxi Iron and Steel (Group) Construction Co., Ltd.	215,351,886.72	53,547,549.48
	Benxi Iron and Steel (Group) Mine Construction Engineering Co., Ltd.	23,651,293.09	
	Benxi Iron and Steel (Group) Road and Bridge Construction Engineering Co., Ltd.	10,619,579.34	
	Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	846,078.80	2,129,446.86
	Benxi Iron and Steel (Group) Equipment Engineering Co., Ltd.	155,059,385.61	1,089,595.17
	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	4,324,889.25	1,259,239.61
	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	82,094,205.42	2,881,047.50
	Benxi Steel and Iron (Group) Co., Ltd.	24,481,244.88	81,104,935.20
	Benxi Xihu Metallurgical Charge Co., Ltd.	100,000.00	
	Benxi New Business Development Co., Ltd.	23,157,491.13	33,755,860.72
	Dalian Borolle Steel Pipe Co., Ltd.	20,000.00	20,000.00
	Liaoning Hengtai Heavy Machinery Co., Ltd.	4,996,287.37	22,000,196.88
	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	10,000.00	3,366,743.50
	Liaoning Metallurgical Technician College	388,880.00	427,188.00
	Liaoning Vocational and Technical College of Metallurgy	353,630.00	6,401,530.88
	Liaoning Yitong Machinery Manufacturing Co., Ltd.	15,545.00	
	Bengang Electric Co., Ltd.		9,353,903.06
	Ansteel Electric Co., Ltd.		523,642.00
	North Hengda Logistics Co., Ltd.		4,384,330.48
	Benxi Iron and Steel (Group) Mining Co., Ltd.		543,412.47
	Ansteel Group Engineering Technology Co., Ltd.		23,401,702.63

## 7. Centralized management of funds

### (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 31 December 2022	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Monetary funds (deposited in Ansteel Group Finance Co., Ltd.)	2,244,735,874.76		1,074,918,531.75	
Total	2,244,735,874.76		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 31 December 2022
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.

**XI. Commitments and Contingencies**

**Important Commitments**

**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 Beiyong Steel respectively, leasing the houses and auxiliary facilities occupied by 2300 and 1780 hot rolling mill production lines, and the lease term ends on December 31, 2038. The rental fee is based on the depreciation of the original rent value and the national additional tax, plus reasonable profit negotiation. The estimated annual rent is not more than 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 Bensteel 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.

## **XII. Events after the Balance Sheet Date**

### **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.

### **XIII. Other Important Matters**

#### **Other important matters affecting investor decision-making**

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.

### **XIV. Notes to the Main Items of the Financial Statements of the Parent company**

#### **1. Notes Receivable**

##### **(1) Notes receivable presented by category**

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
Banker's acceptance bill	20,000.00	139,442,122.88
Acceptance bill of finance company	877,809,539.94	
Commercial acceptance bill		529,751,278.14
Total	877,829,539.94	669,193,401.02

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

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**

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	20,000.00
Acceptance bill of finance company		850,706,864.21
Commercial acceptance bill		
Total	5,623,759,903.70	850,726,864.21

## 2. Accounts Receivable

### (1) Disclosure by aging of accounts receivable

Aging	Balance as at 30 June 2023	Balance as at 31 December 2022
Within 1 year	693,021,659.55	924,570,849.45
1 to 2 years	865,863.89	14,717,227.92
2 to 3 years	2,404,917.15	1,087,625.52
Over 3 years	134,431,991.41	153,473,088.92
Subtotal	830,724,432.00	1,093,848,791.81
Less: Provision for bad debts	137,086,813.40	162,812,995.23
Total	693,637,618.60	931,035,796.58



**(2) Classified by bad debt provision method**

Types	Balance as at 30 June 2023					Balance as at 31 December 2022				
	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	7.46	61,930,883.00	100.00						
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		75,155,930.40		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				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		693,637,618.60	1,093,848,791.81	100.00	162,812,995.23		931,035,796.58

Bad debt provisions made on an individual basis:

Name of debtor	Balance as at 30 June 2023			Reason for provision
	Book balance	Bad debt provision	Bad debts ratio (%)	
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:

Items	Balance as at 30 June 2023		
	Accounts receivable	Bad debt provision	Bad debts ratio (%)
Within 1 year	208,725,217.42	2,087,252.17	1.00
1 to 2 years	865,863.89	86,586.39	10.00
2 to 3 years	2,404,917.15	480,983.43	20.00
More than 3 years	72,501,108.41	72,501,108.41	100.00
Total	284,497,106.87	75,155,930.40	

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

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 accounts receivable	162,812,995.23		24,278,420.75	1,447,761.08		137,086,813.40
Total	162,812,995.23		24,278,420.75	1,447,761.08		137,086,813.40

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

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

Important write-off of accounts receivable:

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	No

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
Benxi Steel Yantai Marketing Co., Ltd.	Sales of products	138,378.96	Deregistered	Meeting 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			

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

Name of debtor	Balance as at 30 June 2023		
	Book balance	% of the total closing balance of accounts receivable	Bad debt provision
The first	238,750,179.09	28.74	
The second	149,938,272.79	18.05	
The third	76,326,718.36	9.19	763,267.18
The fourth	50,924,691.25	6.13	
The fifth	50,834,840.47	6.12	508,348.40
Total	566,774,701.96	68.23	1,271,615.58

**(6) Accounts receivable derecognized due to transfer of financial assets**

None.

**(7) Amount of assets and liabilities formed by the transfer of accounts receivable and continued involvement**

None.

**3. Accounts Receivable Financing**

**(1) Details of accounts receivable financing**

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
Notes receivable	827,579,316.11	127,468,835.80
Total	827,579,316.11	127,468,835.80

**4. Other Receivables**

Items	Balance as at 30 June 2023	Balance as at 31 December 2022
Interest receivable		
Dividends receivable		
Other receivables	166,743,093.49	150,724,545.56
Total	166,743,093.49	150,724,545.56

**Other receivables**

**(1) Disclosure by aging of other receivable**

Aging	Balance as at 30 June 2023	Balance as at 31 December 2022
Within 1 year	95,131,756.52	89,160,291.73
1 to 2 years	70,536,371.78	58,187,051.40
2 to 3 years	2,772,924.29	3,519,908.21
More than 3 years	96,810,437.76	63,260,175.57
Subtotal	265,251,490.35	214,127,426.91
Less: Provision for bad debts	98,508,396.86	63,402,881.35
Total	166,743,093.49	150,724,545.56

(2) Classified by bad debt provision method

Types	Balance as at 30 June 2023					Balance as at 31 December 2022				
	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	49,333,315.37	18.60	49,333,315.37	100.00		15,031,598.34	7.02	15,031,598.34	100.00	
Bad debt provisions made on the combination of credit risk characteristics	215,918,174.98	81.40	49,175,081.49	22.77	166,743,093.49	199,095,828.57	92.98	48,371,283.01	24.30	150,724,545.56
Including:										
Combination 1: Aging portfolio	147,302,369.97	55.53	49,175,081.49	49.92	98,127,288.48	136,339,409.35	63.67	48,371,283.01	35.48	87,968,126.34
Combination 2: Combination of related parties within the scope of consolidation	68,615,805.01	25.87			68,615,805.01	62,756,419.22	29.31			62,756,419.22
Total	265,251,490.35	100.00	98,508,396.86		166,743,093.49	214,127,426.91	100.00	63,402,881.35		150,724,545.56

Bad debt provisions made on an individual basis:

Name of debtor	Balance as at 30 June 2023			Provision reason
	Book balance	Bad debt provision	Bad debts ratio (%)	
Unrecoverable taxes (VAT, property tax, transfer-out input tax)	13,017,578.30	13,017,578.30	100.00	Cannot be recovered
Others	20,518,449.85	20,518,449.85	100.00	Cannot be recovered
Benxi City Xihu District Renewable Resources Utilization Corporation	2,951,245.44	2,951,245.44	100.00	Cannot be recovered
Liaoning Hengyi Financial Leasing Co., Ltd.	2,357,285.76	2,357,285.76	100.00	Cannot be recovered
Dalian China Metallurgical Import & Export Dalian Company	2,000,000.00	2,000,000.00	100.00	Cannot be recovered
Financial Services Bureau Daily Loan Sinking Fund	1,740,000.00	1,740,000.00	100.00	Cannot be recovered
Personal loan	1,370,308.33	1,370,308.33	100.00	Cannot be recovered
Benxi Peace Material Supply and Marketing Company	1,097,678.20	1,097,678.20	100.00	Cannot be recovered
Xiuyan Manchu Autonomous County Materials Recycling Co., Ltd.	1,018,878.71	1,018,878.71	100.00	Cannot be recovered
Inner Mongolia Haotong Energy Co., Ltd.	970,860.82	970,860.82	100.00	Cannot be recovered
Benxi Economic Development Zone Fuben Industry and Trade Industrial Company	730,362.94	730,362.94	100.00	Cannot be recovered
Benxi City Pingshan Minzheng Steel Factory	672,803.75	672,803.75	100.00	Cannot be recovered
Qigang in Heilongjiang Province	627,080.88	627,080.88	100.00	Cannot be recovered
Benxi Iron and Steel (Group) Third Construction Engineering Co., Ltd.	260,782.39	260,782.39	100.00	Bankruptcy and reorganization of enterprises, expected to be irrecoverable
Total	49,333,315.37	49,333,315.37		

Bad debt provisions made on the combination:

Types	Balance as at 30 June 2023		
	Book balance of other receivables	Bad debt provision	Bad debts ratio (%)
Within 1 year	95,131,756.52	951,317.57	1.00
1 to 2 years	1,920,566.77	192,056.68	10.00
2 to 3 years	2,772,924.29	554,584.85	20.00
More than 3 years	47,477,122.39	47,477,122.39	100.00
Total	147,302,369.97	49,175,081.49	

(3) Situation of bad debt provisions

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	
-- Transfer back to the second stage				
-- Transfer back to the first stage				
Provision for this period	304,421.93	164,005.63	35,445,003.54	35,913,431.10
Transfer back in this period				
Transfer and derecognition in this period				
Derecognition in this period			807,915.59	807,915.59
Other changes				
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 other receivables:

Book balance	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	109,079,474.11	41,787,777.23	63,260,175.57	214,127,426.91
Balance as at 31 December 2022 is in the current period				
-- Transfer to the second stage	-7,408,871.32	7,408,871.32		
-- Transfer to the third stage		-178,931.04	178,931.04	
-- Transfer back to the second stage				
-- Transfer back to the first stage				
Additions in this period	30,442,192.94	44,388,476.32	36,748,913.67	111,579,582.93
Derecognition in this period	28,973,430.11	20,096,897.76	1,383,042.49	50,453,370.36
Other changes			807,915.59	807,915.59
Balance as at 30 June 2023	103,139,365.62	73,309,296.07	97,997,062.20	274,445,723.89

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

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	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

(5) Other receivables actually written off in the current period

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

Important write-off of other receivables:

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			

(6) Classification by nature of payment

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

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

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	5.44	144,318.32
The second	Temporary payment	12,212,650.80	Within 1 year	4.60	122,126.51
The third	Temporary payment	11,348,676.33	1-2 years	4.28	
The fourth	Temporary payment	4,010,871.64	Within 1 year	1.51	40,108.72
The fifth	Temporary payment	4,609,686.93	Within 1 year	1.74	46,096.87
Total		46,613,717.95		17.57	352,650.42

(8) Other receivables involving government grants

None.

(9) Other receivables derecognized due to transfer of financial assets

None.

(10) The amount of assets and liabilities formed by transferring other receivables and continuing to be involved

None.

## 5. Long-term Equity Investments

Items	Balance as at 30 June 2023			Balance as at 31 December 2022		
	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

Investees	Balance as at 31 December 2022	Increase in this period	Decrease in this period	Balance as at 30 June 2023	Provision for impairment in the current period	Balance of provision for impairment as at 30 June 2023
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**

Investees	Balance as at 31 December 2022	Changes in current period								Balance as at 30 June 2023	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		
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			-439,659.58						47,556,655.03	

## 6. Operating Income and Operating Costs

### (1) Details of operating income and operating costs

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

### (2) Revenue generated by the contract

Contract classification	Current period amount
Classified by business area	
Domestic	27,268,083,739.08
Abroad	3,083,507,146.19
Total	30,351,590,885.27
Classified by the time of commodity transfer	
Recognized at a certain point in time	30,350,227,817.31
Recognize over a certain period of time	1,363,067.96
Total	30,351,590,885.27

## 7. Investment Income

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

**XV. Supplementary Information****1. Details of Non-recurring Profit and Loss**

Items	Amount	Notes
Profit or loss from disposal of non-current assets		
Tax refunds, reductions and exemptions for ultra vires approval or without formal approval documents		
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	
Fund occupancy fees charged to non-financial enterprises included in current profit and loss		
The investment cost of the enterprise to obtain subsidiaries, associates and joint ventures is less than the income generated by the fair value of the identifiable net assets of the invested unit that should be enjoyed when the investment is obtained		
Non-monetary asset exchange gains and losses		
Profit and loss from entrusting others to invest or manage assets	-2,796,530.07	
Provisions for asset impairment due to force majeure factors, such as natural disasters		
Debt restructuring profit and loss	694,683.35	
Enterprise reorganization expenses, such as expenses for relocating employees, integration expenses, etc.		
Profit and loss exceeding the fair value of a transaction whose transaction price is obviously unfair		
Net profit and loss for the current period from the beginning of the period to the date of combination of subsidiaries arising from a business combination under common control		
Profit and loss arising from contingencies unrelated to the normal business operations of the company		
In addition to the effective hedging business related to the company's normal business operations, gains and losses from changes in fair value arising from holding transactional financial assets, derivative financial assets, transactional financial liabilities, and derivative financial liabilities, as well as disposal of		

Items	Amount	Notes
transactional financial assets and derivative financial assets Investment income from assets, trading financial liabilities, derivative financial liabilities and other debt investments		
Accounts receivable and contract asset impairment provision that have been individually tested for impairment		
Profit and loss from external entrusted loans		
Profit and loss arising from changes in the fair value of investment real estate that adopts the fair value model for subsequent measurement		
The impact of one-time adjustment to the current profit and loss in accordance with the requirements of taxation, accounting and other laws and regulations on the current profit and loss		
Custody fee income from entrusted operations		
Other non-operating revenue and expenditure other than above items	-30,054,378.76	
Other profit and loss items that meet the definition of non-recurring profit and loss		
Subtotal	2,415,466.32	
Impact of income tax	-75,725.75	
Impact of minority interests (net of tax)	-6,025.40	
Total	2,333,715.17	

## 2. Return on Equity and Earnings Per Share

Profit in the Reporting Period	Weighted average Return on Equity (%)	Earnings per share (Yuan)	
		Basic EPS	Diluted EPS
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

**Bengang Steel Plates Co., Ltd.**

**(Affix Official Seal)**

**29 August 2023**