

Bengang Steel Plates Co., Ltd.

FINANCIAL STATEMENTS

Semi-Annual 2024

Bengang Steel Plates Co., Ltd.

FINANCIAL STATEMENTS

(From 1 January 2024 to 30 June 2024)

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BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024
(Expressed in Renminbi unless otherwise indicated)

Assets	Notes 5	30 Jun, 2024	31 Dec, 2023
Current assets			
Cash at bank and on hand	(1)	1,992,324,226.63	2,194,654,161.34
Settlement provisions			
Capital lent			
Financial assets held for trading			
Derivative financial assets			
Notes receivable	(2)	783,400,896.20	453,560,095.49
Accounts receivable	(3)	1,327,038,676.85	1,328,532,598.47
Accounts receivable financing	(4)	191,450,087.40	806,822,622.43
Prepayments	(5)	567,363,480.87	674,872,999.29
Premium receivable			
Reinsurance accounts receivable			
Receivable deposit for reinsurance contract			
Other receivables	(6)	243,424,884.42	318,793,157.58
Redemptory financial assets for sale			
Inventories	(7)	7,854,274,573.95	7,708,372,894.81
Including: data assets			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	(8)	142,442,422.36	157,789,976.90
Total current assets		13,101,719,248.68	13,643,398,506.31
Non-current assets			
Loan and advances issued			
Debt Investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	(9)	46,910,346.41	46,910,346.41
Other equity instrument investments	(10)	974,463,039.83	974,463,039.83
Other non-current financial assets			
Investment property			
Fixed assets	(11)	24,878,573,917.57	25,028,192,964.67
Construction in progress	(12)	4,156,908,135.68	4,308,404,147.31
Productive biological assets			
Oil and gas assets			
Right-of-use assets	(13)	1,566,663,478.21	1,319,616,179.37
Intangible assets	(14)	252,638,185.50	256,020,436.13
Including: data assets			
Development expenditure			
Including: data assets			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	(15)	531,708,321.88	467,040,631.42
Other non-current assets	(16)	121,903,869.78	137,933,599.61
Total non-current assets		32,529,769,294.86	32,538,581,344.75
Total assets		45,631,488,543.54	46,181,979,851.06

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 June 2024
(Expressed in Renminbi unless otherwise indicated)

Liabilities and equities	Notes 5	30 Jun ,2024	31 Dec, 2023
Current Liabilities			
Short-term loans	(18)	495,730,592.00	328,000,000.00
Loan from central bank			
Loan from other banks			
Financial liability held for trading			
Derivative financial liabilities			
Notes payable	(19)	11,559,857,567.62	10,364,993,998.89
Accounts payable	(20)	2,476,396,054.14	2,809,435,260.77
Advance from customers			
Contract liabilities	(21)	2,925,386,458.14	3,303,108,592.38
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receipt from vicariously traded securities			
Receipt from vicariously underwriting securities			
Employee benefits payable	(22)	1,083,065.32	1,175,970.83
Current tax liabilities	(23)	41,045,519.93	55,402,959.11
Other payables	(24)	1,291,824,477.57	1,659,284,531.06
Handling charges and commission payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	(25)	474,487,295.43	685,881,691.76
Other current liabilities	(26)	334,009,488.97	392,122,093.59
Total current liabilities		19,599,820,519.12	19,599,405,098.39
Non-current liabilities			
Provision for insurance contract			
Long-term loans	(27)	2,319,589,918.00	1,723,726,700.80
Bonds payable	(28)	5,522,410,434.46	5,451,381,676.38
Including: Preferred stock			
Perpetual bond			
Lease liabilities	(29)	1,578,684,995.29	1,342,427,252.45
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	(30)	121,815,955.18	136,084,955.18
Deferred tax liabilities	(15)	391,676,209.87	329,914,385.19
Other non-current liabilities			
Total non-current liabilities		9,934,177,512.80	8,983,534,970.00
Total liabilities		29,533,998,031.92	28,582,940,068.39
Shareholders' equity:			
Share capital	(31)	4,108,221,073.00	4,108,219,302.00
Other equity instruments	(32)	947,856,709.19	947,858,134.16
Including: Preferred stock			
Perpetual bond			
Capital reserves	(33)	13,272,231,048.85	13,272,225,870.92
Less: treasury shares			
Other comprehensive income	(34)	-50,371,341.88	-50,371,341.88
Special reserves	(35)	3,950,302.39	54,843.15
Surplus reserves	(36)	1,195,116,522.37	1,195,116,522.37
General risk reserve			
Undistributed profits	(37)	-4,014,083,972.36	-2,463,133,834.65
Total equity attributable to equity holders of the parent company		15,462,920,341.56	17,009,969,496.07
Non-controlling interests		634,570,170.06	589,070,286.60
Total shareholder's equity		16,097,490,511.62	17,599,039,782.67
Total of liabilities and owners' equity		45,631,488,543.54	46,181,979,851.06

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
STATEMENT OF FINANCIAL POSITION
As at 30 June 2024
(Expressed in Renminbi unless otherwise indicated)

Assets	Notes 14	30 Jun, 2024	31 Dec, 2023
Current assets			
Cash at bank and on hand		1,565,219,400.33	2,084,382,077.60
Financial assets held for trading			
Derivative financial assets			
Notes receivable		1,091,748,486.31	613,514,613.02
Accounts receivable	(1)	1,515,826,559.56	1,243,326,802.56
Accounts receivable financing		161,969,807.22	693,239,068.68
Prepayments		557,269,854.41	664,669,952.97
Other receivables	(2)	392,648,388.05	604,535,173.18
Inventories		7,019,383,657.05	6,726,641,809.04
Including: data assets			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		100,948,491.33	82,661,697.57
Total current assets		12,405,014,644.26	12,712,971,194.62
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	(3)	2,269,191,936.65	2,269,191,936.65
Other equity instrument investments		974,463,039.83	974,463,039.83
Other non-current financial assets			
Investment property			
Fixed assets		23,937,849,640.91	24,052,882,215.31
Construction in progress		4,116,101,211.84	4,275,801,115.73
Productive biological assets			
Oil and gas assets			
Right-of-use assets		1,566,663,478.21	1,319,616,179.37
Intangible assets		168,116,690.33	170,176,158.95
Including: data assets			
Development expenditure			
Including: data assets			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		530,831,227.91	465,645,459.77
Other non-current assets		114,992,260.13	131,159,433.56
Total non-current assets		33,678,209,485.81	33,658,935,539.17
Total assets		46,083,224,130.07	46,371,906,733.79

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 June 2024
(Expressed in Renminbi unless otherwise indicated)

Liabilities and shareholders' equities	Notes 14	30 June, 2024	31 Dec, 2023
Current liabilities			
Short-term loans		495,730,592.00	328,000,000.00
Financial liability held for trading			
Derivative financial liabilities			
Notes payable		10,233,187,014.80	10,361,392,779.12
Accounts payable		3,192,743,487.97	3,190,842,780.56
Prepayments			
Contract liabilities		5,932,847,092.82	4,903,008,138.37
Employee benefits payable			
Current tax liabilities		21,221,921.24	30,105,183.40
Other payables		1,321,397,394.39	1,656,804,114.53
Liabilities held for sale			
Non-current liabilities due within one year		474,487,295.43	685,881,691.76
Other current liabilities		47,486,240.64	79,447,326.71
Total current liabilities		21,719,101,039.29	21,235,482,014.45
Non-current liabilities			
Long term loans		2,319,589,918.00	1,723,726,700.80
Bonds payable		5,522,410,434.46	5,451,381,676.38
Including: Preferred stock			
Perpetual bond			
Lease liabilities		1,578,684,995.29	1,342,427,252.45
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income		121,815,955.18	136,084,955.18
Deferred tax liabilities		391,676,209.87	329,914,385.19
Other non-current liabilities			
Total non-current liabilities		9,934,177,512.80	8,983,534,970.00
Total liabilities		31,653,278,552.09	30,219,016,984.45
Shareholder's equity:			
Share capital		4,108,221,073.00	4,108,219,302.00
Other equity instruments		947,856,709.19	947,858,134.16
Including: Preferred stock			
Perpetual bond			
Capital reserves		12,852,079,366.73	12,852,074,188.80
Less: Treasury shares			
Other comprehensive income		-50,371,341.88	-50,371,341.88
Special reserves		1,690,365.35	3,681.16
Surplus reserves		1,195,116,522.37	1,195,116,522.37
Undistributed Profits		-4,624,647,116.78	-2,900,010,737.27
Total shareholder's equity		14,429,945,577.98	16,152,889,749.34
Total liabilities and shareholder's equity		46,083,224,130.07	46,371,906,733.79

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period Jan-Jun. 2024
(Expressed in Renminbi unless otherwise indicated)

Items	Notes 5	Current period	Previous period
1. Total operating income		28,364,539,286.80	30,567,409,205.03
Including: Operating income	(38)	28,364,539,286.80	30,567,409,205.03
Interest income			
Premium earned			
Income from handling charges and commission			
2. Total operating cost		29,882,450,076.18	31,417,700,991.35
Including: Operating cost	(38)	29,177,241,820.27	30,714,640,963.91
Interest expense			
Expenditure for handling charges and commission			
Surrender value			
Net expenditure for compensation			
Net provision for insurance contract appropriated			
Bonus payment for policy			
Reinsurance premium			
Tax and surcharges	(39)	102,496,404.95	99,040,677.75
Selling and distribution expenses	(40)	78,868,443.13	69,901,883.24
General and administrative expenses	(41)	351,694,254.72	339,569,021.49
Research and development expenses	(42)	36,966,260.63	32,990,679.09
Financial expenses	(43)	135,182,892.48	161,557,765.87
Including: Interest expense	(43)	192,939,391.68	234,419,462.35
Interest income	(43)	19,612,598.56	27,351,519.21
Add: Other income	(44)	84,071,493.95	3,518,092.14
Income on investment ("-" for loss)	(45)	-31,605,308.28	-2,541,506.30
Including: Income from associates and joint ventures			-439,659.58
Income from derecognition of financial assets measured at amortized cost			
Exchange gains ("-" for loss)			
Net exposure hedge income ("-" for loss)			
Gains from change of fair value ("-" for loss)			
Credit impairment loss ("-" for loss)	(46)	16,164,459.46	-17,450,773.47
Asset impairment loss ("-" for loss)	(47)	-14,313,228.28	-84,458,260.66
Assets disposal gains ("-" for loss)	(48)	10,002,955.91	
3. Operational profit ("-" for loss)		-1,453,590,416.62	-951,224,234.61
Add: Non-operating income	(49)	8,976,877.17	51,584,548.03
Less: Non-operating expenses	(50)	27,576,186.51	50,585,327.13
4. Total profit ("-" for loss)		-1,472,189,725.96	-950,225,013.71
Less: Income tax expenses	(51)	34,100,570.67	33,191,710.84
5. Net profit ("-" for loss)		-1,506,290,296.63	-983,416,724.55
1. Classification by continuing operating			
1. Net profit from continuing operation ("-" for loss)		-1,506,290,296.63	-983,416,724.55
2. Net profit from discontinued operation ("-" for loss)			
2. Classification by ownership			
1. Net profit attributable to the owners of parent company ("-" for loss)		-1,550,950,137.71	-1,004,945,623.68
2. Net profit attributable to non-controlling shareholders ("-" for loss)		44,659,841.08	21,528,899.13
6. Other comprehensive income			
Other comprehensive income attributable to owners of the parent company after tax			
1. Other comprehensive income items that will not be reclassified into gains/losses			
1) Re-measurement of defined benefit plans of changes in net debt or net assets			
2) Other comprehensive income under the equity method cannot be reclassified into profit or loss			
3) Changes in fair value of investments in other equity instruments			
4) Changes in fair value of company's credit risk			
2. Other comprehensive income that will be reclassified into profit or loss.			
1) Other comprehensive income under the equity method which can be reclassified into profit or loss			
2) Changes in fair value of other debt investments			
3) Amount of financial assets reclassified into other comprehensive income			
4) Credit impairment provision of other debt investments			
5) Cash flow hedges reserve			
6) Translation differences in foreign currency financial statements			
7) Others			
Other comprehensive income attributable to non-controlling shareholders' equity after tax			
7. Total comprehensive income		-1,506,290,296.63	-983,416,724.55
Total comprehensive income attributable to the owner of the parent company		-1,550,950,137.71	-1,004,945,623.68
Total comprehensive income attributable to non-controlling shareholders		44,659,841.08	21,528,899.13
8. Earnings per share			
1) Basic earnings per share		-0.3775	-0.2446
2) Diluted earnings per share		-0.3775	-0.1558

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
STATEMENT OF COMPREHENSIVE INCOME
For the period Jan.-Jun. 2024
(Expressed in Renminbi unless otherwise indicated)

Items	Notes 14	Current period	Previous period
1. Total operating income	(4)	28,760,149,571.95	30,351,590,885.27
Less: Operating cost	(4)	29,834,240,304.59	30,725,796,931.13
Tax and surcharges		78,312,309.36	70,444,069.04
Selling and distribution expenses		72,861,508.21	72,626,552.38
General and administrative expenses		340,794,236.88	320,165,443.13
Research and development expenses		36,966,260.63	32,990,679.09
Financial expenses		151,347,791.22	168,567,801.72
Including: Interest expense		192,939,391.68	233,021,988.80
Interest income		16,562,599.74	18,139,148.26
Add: Other income		58,511,958.86	2,943,726.56
Income on investment (“-” for loss)	(5)	-31,605,308.28	-2,247,043.73
Including: Income from associates and joint ventures			-439,659.58
Income from derecognition of financial assets measured at amortized cost			
Net exposure hedge income (“-” for loss)			
Gains from change of fair value (“-” for loss)			
Credit impairment loss (“-” for loss)		13,580,897.44	-11,635,010.35
Assets impairment loss (“-” for loss)		-14,313,228.28	-84,458,260.66
Assets disposal gains (“-” for loss)		10,000,000.00	
2. Operational profit (“-” for loss)		-1,718,198,519.20	-1,134,397,179.40
Add: Non-operating income		8,866,515.98	51,556,172.07
Less: Non-operating expenses		27,207,319.92	50,585,327.13
3. Total profit (“-” for loss)		-1,736,539,323.14	-1,133,426,334.46
Less: Income tax expenses		-11,902,943.63	-31,989,066.39
4. Net profit (“-” for loss)		-1,724,636,379.51	-1,101,437,268.07
1. Net profit from continuing operation (“-” for loss)		-1,724,636,379.51	-1,101,437,268.07
2. Net profit from discontinued operation (“-” for loss)			
5. Other comprehensive income			
1. Other comprehensive income items that will not be reclassified into gains/losses			
1) Re-measurement of defined benefit plans of changes			
2) Other comprehensive income under the equity method cannot be reclassified into profit or loss			
3) Changes in fair value of investments in other equity instruments			
4) Changes in fair value of company's credit risk			
2. Other comprehensive income that will be reclassified into profit or loss.			
1) Other comprehensive income under the equity method investee can be reclassified into profit or loss			
2) Changes in fair value of other debt investments			
3) Amount of financial assets reclassified into other comprehensive income			
4) Credit impairment provision of other debt investments			
5) Cash flow hedges reserve			
6) Translation differences in foreign currency financial statements			
7) Others			
6. Total comprehensive income		-1,724,636,379.51	-1,101,437,268.07
7. Earnings per share			
1) Basic earnings per share			
2) Diluted earnings per share			

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the period Jan.-Jun. 2024
(Expressed in Renminbi unless otherwise indicated)

Items	Notes 5	Current period	Previous period
1. Cash flow from operating activities			
Cash received from sale of goods or rendering of services		29,518,326,412.24	28,113,350,099.51
Net increase of customers' deposit and interbank deposit			
Net increase of loan from central bank			
Net increase of loans from other financial institutions			
Cash received for premium of original insurance contract			
Net cash received for reinsurance business			
Net increase of deposit and investment of the insured			
Cash from receiving interest, handling charge and commission			
Net increase of loans from borrowing funds			
Net increase of fund for repurchase business			
Net cash received from traded securities			
Tax rebate received		77,037,466.40	152,957,619.94
Other cash received relating to operating activities	(52)	76,804,297.21	66,147,192.05
Subtotal of cash inflows from operating activities		29,672,168,175.85	28,332,454,911.50
Cash paid for goods and services		27,126,140,952.23	22,042,504,737.63
Net increase of customer's loan and advances			
Net increase of deposit in central bank and interbank deposit			
Cash for payment of compensation for original insurance contract			
Net increase in capital lent			
Cash for payment of interest, handling charge and commission			
Cash for payment of policy bonus			
Cash paid to and on behalf of employees		1,033,443,300.27	1,233,151,555.08
Cash paid for all types of taxes		251,370,035.13	216,708,235.51
Other cash paid relating to operating activities	(52)	166,122,491.68	177,453,101.47
Subtotal of cash outflows from operating activities		28,577,076,779.31	23,669,817,629.69
Net cash flows from operating activities		1,095,091,396.54	4,662,637,281.81
2. Cash flows from investing activities			
Cash received from disposal of investments			1,843,800.00
Cash received from return on investments			896,200.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,854.37	31,053,599.66
Net cash received from disposal of subsidiary and other operating units			
Other cash paid relating to investing activities			
Subtotal of cash inflows from investing activities		4,854.37	33,793,599.66
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		508,526,841.52	926,848,281.71
Cash paid for acquisition of investments			
Net increase of mortgage loan			
Net cash received from subsidiary and other operating unit			
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		508,526,841.52	926,848,281.71
Net cash flows from investing activities		-508,521,987.15	-893,054,682.05
3. Cash flows from financing activities			
Proceeds from investment			
Including: Proceeds from investment of non-controlling shareholders of subsidiary			
Proceeds from borrowings		1,095,000,000.00	300,000,000.00
Other proceeds relating to financing activities	(52)	1,841,743,458.53	299,914,718.38
Subtotal of cash inflows from financing activities		2,936,743,458.53	599,914,718.38
Cash repayments of borrowings		1,657,310,516.00	1,691,272,090.32
Cash payments for distribution of dividends, profit or interest expenses		213,951,632.57	174,775,117.17
Including: Cash paid to non-controlling shareholders as dividend and profit by subsidiaries			
Other cash payments relating to financing activities	(52)	1,677,434,508.77	695,121,631.51
Subtotal of cash outflows from financing activities		3,548,696,657.34	2,561,168,839.00
Net cash flows from financing activities		-611,953,198.81	-1,961,254,120.62
4. Effect of foreign exchange rate changes on cash and cash equivalents		22,878,220.42	30,544,772.80
5. Net increase in cash and cash equivalents	(53)	-2,505,569.00	1,838,873,251.94
Add: Cash and cash equivalents at the beginning of the period	(53)	1,184,774,971.52	1,296,662,683.20
6. Cash and cash equivalents at the ending of the period	(53)	1,182,269,402.52	3,135,535,935.14

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
STATEMENT OF CASH FLOWS
For the period Jan.-Jun. 2024
(Expressed in Renminbi unless otherwise indicated)

Items	Notes 14	Current period	Previous period
1. Cash flow from operating activities			
Cash received from sale of goods or rendering of services		29,388,810,509.14	27,625,067,518.78
Tax rebate received		73,839,161.75	144,310,086.64
Other cash received relating to operating activities		65,515,228.78	55,780,538.64
Subtotal of cash inflows from operating activities		29,528,164,899.67	27,825,158,144.06
Cash paid for goods and services		27,619,248,120.78	22,087,125,206.72
Cash paid to and on behalf of employees		957,610,316.32	1,169,170,038.27
Cash paid for all types of taxes		160,249,664.86	64,558,833.83
Other cash paid relating to operating activities		150,081,370.56	159,109,487.43
Subtotal of cash outflows from operating activities		28,887,189,472.52	23,479,963,566.25
Net cash flows from operating activities		640,975,427.15	4,345,194,577.81
2. Cash flows from investing activities			
Cash received from disposal of investments			
Cash received from return on investments		137,000,000.00	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			31,053,599.66
Net cash received from disposal of subsidiary and other operating units			
Other cash received relating to investing activities			17,624,754.20
Subtotal of cash inflows from investing activities		137,000,000.00	48,678,353.86
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		508,204,963.64	925,373,942.02
Cash paid for acquisition of investments			
Net cash paid for acquisition of subsidiary and other operating unit			
Other cash paid relating to investing activities			
Subtotal of cash outflows paid for investing activities		508,204,963.64	925,373,942.02
Net cash flows from investing activities		-371,204,963.64	-876,695,588.16
3. Cash flows from financing activities			
Proceeds from investment			
Cash received from borrowings		1,095,000,000.00	300,000,000.00
Other cash received relating to financing activities		1,841,743,458.53	299,914,718.38
Subtotal of cash inflows from financing activities		2,936,743,458.53	599,914,718.38
Cash repayments of borrowings		1,657,310,516.00	1,691,272,090.32
Cash payments for distribution of dividends, profit or interest		213,951,632.57	174,775,117.17
Other cash payments relating to financing activities		1,677,434,508.77	678,225,192.33
Subtotal of cash outflows from financing activities		3,548,696,657.34	2,544,272,399.82
Net cash flows from financing activities		-611,953,198.81	-1,944,357,681.44
4. Effect of foreign exchange rate changes on cash and cash equivalents		22,844,423.74	28,934,107.60
5. Net increase in cash and cash equivalents		-319,338,311.56	1,553,075,415.81
Add: Cash and cash equivalents at the beginning of the period		1,074,502,887.78	420,642,596.45
6. Ending balance of cash and cash equivalents		755,164,576.22	1,973,718,012.26

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period Jan.-Jun. 2024
(Expressed in Renminbi unless otherwise indicated)

Items	Current period														
	Owner's equity attributable to parent company												Subtotal	Non-controlling interest	Total of owner's equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit				
	Preference shares	Perpetual bond	Others												
1. Ending balance of last year	4,108,219,302.00			947,858,134.16	13,272,225,870.92		-50,371,341.88	54,843.15	1,195,116,522.37		-2,463,133,834.65	17,009,969,496.07	589,070,286.60	17,599,039,782.67	
Add: Change of accounting policies															
Correction of errors for last period															
Business consolidation under common control															
Others															
2. Beginning balance of current year	4,108,219,302.00			947,858,134.16	13,272,225,870.92		-50,371,341.88	54,843.15	1,195,116,522.37		-2,463,133,834.65	17,009,969,496.07	589,070,286.60	17,599,039,782.67	
3. Changes in current year ("-" for decrease)	1,771.00			-1,424.97	5,177.93			3,895,459.24			-1,550,950,137.71	-1,547,049,154.51	45,499,883.46	-1,501,549,271.05	
1) Total comprehensive income											-1,550,950,137.71	-1,550,950,137.71	44,659,841.08	-1,506,290,296.63	
2) Capital increase and decrease by shareholders	1,771.00			-1,424.97	5,177.93							5,523.96		5,523.96	
(1) Common share invested by shareholders															
(2) Capital input by the holder of other equity instruments	1,771.00			-1,424.97	5,177.93							5,523.96		5,523.96	
(3) Share-based payment attributable to owners' equity															
(4) Others															
3) Profit distribution															
(1) Appropriation to surplus reserves															
(2) Appropriation to general risk reserve															
(3) Profit distribution to shareholders															
(4) Others															
4) Transfers within shareholders' equity															
(1) Capital reserves transferred into paid-in capital (or stock)															
(2) Surplus reserves transferred into paid-in capital (or stock)															
(3) Surplus reserves to recover loss															
(4) Net changes of defined contribution plans transferred into Retained Earnings															
(5) Other comprehensive income transferred into Retained Earnings															
(6) Others															
5) Special reserves								3,895,459.24				3,895,459.24	840,042.38	4,735,501.62	
(1) Provision of special reserves								36,054,579.27				36,054,579.27	2,591,073.09	38,645,652.36	
(2) Use of special reserves								32,159,120.03				32,159,120.03	-1,751,030.71	30,408,089.32	
(6) Others															
4. Ending balance of current year	4,108,221,073.00			947,856,709.19	13,272,231,048.85		-50,371,341.88	3,950,302.39	1,195,116,522.37		-4,014,083,972.36	15,462,920,341.56	634,570,170.06	16,097,490,511.62	

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
For the period Jan.-Jun. 2024
(Expressed in Renminbi unless otherwise indicated)

Items	Previous period													
	Owner's equity attributable to parent company											Subtotal	Non-controlling interest	Total of owner's equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit			
	Preference shares	Perpetual bond	Others											
1. Ending balance of last year	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														
2. Beginning 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
3. Changes in current year ("-" for decrease)	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 increase and decrease 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 reserve														
(3) Profit distribution to shareholders														
(4) Others														
4) Transfers within shareholders' equity														
(1) Capital reserves transferred into paid-in capital (or stock)														
(2) Surplus reserves transferred into paid-in capital (or stock)														
(3) Surplus reserves to recover loss														
(4) Net changes of defined contribution plans transferred into Retained Earnings														
(5) Other comprehensive income transferred into Retained Earnings														
(6) Others														
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	7,186,977.99
6) Others														
4. 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 notes to the financial statements attached form part of these financial statements

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
STATEMENT OF CHANGES IN EQUITY
For the period Jan.-Jun. 2024
(Expressed in Renminbi unless otherwise indicated)

Items	Current period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehen- sive income	Special reserves	Surplus reserves	Undistributed profits	Total shareholder's equity
		Preference shares	Perpetual bond	Others							
1. Ending balance of last year	4,108,219,302.00			947,858,134.16	12,852,074,188.80		-50,371,341.88	3,681.16	1,195,116,522.37	-2,900,010,737.27	16,152,889,749.34
Add: Change of accounting policies											
Correction of errors for last period											
Others											
2. Beginning balance of current year	4,108,219,302.00			947,858,134.16	12,852,074,188.80		-50,371,341.88	3,681.16	1,195,116,522.37	-2,900,010,737.27	16,152,889,749.34
3. Changes in current year ("-" for decrease)	1,771.00			-1,424.97	5,177.93			1,686,684.19		-1,724,636,379.51	-1,724,944,171.36
1) Total comprehensive income										-1,724,636,379.51	-1,724,636,379.51
2) Capital increase and decrease by shareholders	1,771.00			-1,424.97	5,177.93						5,523.96
(1) Common share invested by shareholders											
(2) Capital input by the holder of other equity instruments	1,771.00			-1,424.97	5,177.93						5,523.96
(3) Share-based payment attributable to shareholders' equity											
(4) Others											
3) Profit distribution											
(1) Appropriation of surplus reserves											
(2) Profit distribution to shareholders											
(3) Others											
4) Transfers within shareholders' equity											
(1) Capital reserves transferred into paid-in capital (or stock)											
(2) Surplus reserves transferred into paid-in capital (or stock)											
(3) Surplus reserves to recover loss											
(4) Net changes of defined contribution plans transferred into Retained Earnings											
(5) Other comprehensive income transferred into retained earnings											
(6) Others											
5) Special reserves								1,686,684.19			1,686,684.19
(1) Provision of special reserves								28,658,400.00			28,658,400.00
(2) Use of special reserves								26,971,715.81			26,971,715.81
(6) Others											
4. Ending balance of current year	4,108,221,073.00			947,856,709.19	12,852,079,366.73		-50,371,341.88	1,690,365.35	1,195,116,522.37	-4,624,647,116.78	14,429,945,577.98

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
STATEMENT OF CHANGES IN EQUITY (Continued)
For the period Jan.-Jun. 2024
(Expressed in Renminbi unless otherwise indicated)

Items	Previous period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehen- sive income	Special reserves	Surplus reserves	Undistributed profits	Total shareholder's equity
		Preference shares	Perpetual bond	Others							
1. Ending balance of last year	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											
2. Beginning 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
3. Changes in current year ("-" for decrease)	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 increase and decrease 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	2,530.00			-2,035.66	7,397.04						7,891.38
(3) Share-based payment attributable to shareholders' equity											
(4) Others											
3) Profit distribution											
(1) Appropriation of surplus reserves											
(2) Profit distribution to shareholders											
(3) Others											
4) Transfers within shareholders' equity											
(1) Capital reserves transferred into paid-in capital (or stock)											
(2) Surplus reserves transferred into paid-in capital (or stock)											
(3) Surplus reserves to recover loss											
(4) Net changes of defined contribution plans transferred into Retained Earnings											
(5) Other comprehensive income transferred into retained earnings											
(6) Others											
5) Special reserves								19,773,600.54			19,773,600.54
(1) Provision of special reserves								26,797,787.85			26,797,787.85
(2) Use of special reserves								7,024,187.31			7,024,187.31
(6) Others											
4. 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 notes to the financial statements attached form part of these financial statements

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Bengang Steel Plates Co., Ltd.

Notes to the financial statements

For the period from Jan. to Jun. 2024

(Expressed in Renminbi unless otherwise indicated)

1. Basic Information of the Company

(1) Company profile

Bengang Steel Plates Co., Ltd. (hereinafter referred to as “Bengang Steel Plates” or “the Company”), as approved in Liao-Zheng (1997) No. 57 by Liaoning People’s Government on 27 March 1997, was incorporated as a joint stock limited company through public share offer of domestic listed foreign currency denominated shares (B shares) in the People’s Republic of China (the “PRC”) on 27 June 1997 by Benxi Steel and Iron (Group) Co., Ltd. (“Bengang Group”), through reorganization of operations, assets and liabilities of its plants, namely, Steel Smelting Plant, Primary Rolling Plant and Continuous Hot Rolling Plant.

As approved by China Securities Regulatory Commission (hereinafter referred to as “the CSRC”), the Company issued 400,000,000 B-shares at HKD 2.38 each in Shenzhen Stock Exchange on 10 June 1997. On 3 November 1997, the Company issued another 120,000,000 A-shares (Renminbi common Shares) at RMB 5.40 each, and listed in Shenzhen Stock Exchange since 15 January 1998. The capital shares were totaled to 1,136,000,000 shares.

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

According to the approval document “Zheng-Jian-Gong-Si-Zi [2006] No. 126” by China Securities Regulatory Commission on 30 June 2006, the Company was approved to place 2 billion Renminbi common shares particularly to Bengang Group and the proceeds would be used to purchase the related assets of the Group. On the same day, Bengang Group received circular Zheng-Jian-Gong-Si-Zi [2006] No. 127 issued by China Securities Regulatory

Committee, and were exempted for the liability of undertaking the purchase offer. The liability was caused by subscribing of the 2 billion new shares and the total shareholding was thus increased to 2.5752 billion shares (accounting for 82.12% of the total capital shares of the Company). On 28 August 2006, as approved by China Securities Depository & Clearing Corporation Ltd. Shenzhen Office, the registration and conditional placing procedures of the 2 billion new shares were completed. On 28 September 2006, the privately placed shares were approved by Shenzhen Stock Exchange to be placed in the stock market. The placing price was RMB4.6733 per share.

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

On August 20, 2021, the State-owned Assets Supervision and Administration Commission of the People's Government of Liaoning Province (hereinafter referred to as Liaoning SASAC) and Anshan Iron and Steel Group Co., Ltd. (hereinafter referred to as Ansteel Group) signed the "Agreement on the Gratuitous Transfer of State-owned Equity in Bengang Group Co., Ltd. between the State-owned Assets Supervision and Administration Commission of the People's Government of Liaoning Province and Ansteel Group Co., Ltd." According to the agreement, Liaoning SASAC will transfer its 51% equity in Bengang Group Co., Ltd. (hereinafter referred to as Bengang Group) to Anshan Iron and Steel Group for free. After the completion of this free transfer, Ansteel Group became the controlling shareholder of Bengang Group, and Ansteel Group indirectly hold 81.07% of the total share capital of Bengang Steel Plates.

As at 30 June 2024, the capital shares were totaled to 4,108,221,073.00 shares.

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

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

The Company's legal representative: Huang Zuowei.

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

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

The financial statements have been approved for reporting by the board of directors of the Company on 27 June 2024.

2. Basis of preparation

(1) Basis of preparation

The financial statements have been prepared in accordance with “Accounting Standards for Business Enterprises – Basic Standard” and relevant specific standards, application materials, interpretations (together hereinafter referred to as “Accounting Standards for Business Enterprises”) issued by the Ministry of Finance, and “Information Disclosure Rules for Companies of securities for public issuance No. 15 – General Regulations for Financial Statements” issued by the China Securities Regulatory Commission.

(2) Going concern

The financial statements have been prepared on a going concern basis.

3. Significant accounting policies and accounting estimates

The following disclosed content covers the specific accounting policies and accounting estimates that are adopted by the Company based on the actual production and operation characteristics. Please see Note (10) Financial instruments, (11) Inventory, (14) Fixed assets, (17) Intangible assets, (23) Revenue under “3. Significant accounting policies and accounting estimates” for details.

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

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

(2) Accounting year

The Accounting year is from 1 January to 31 December.

(3) Operating period

The operating period is twelve months.

(4) Functional currency

The Company’s functional currency is RMB.

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

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

Business combination not under common control

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

The intermediary costs and relevant fees for the business combination paid by the acquirer, including the expenses for audit, assessment and legal services, shall be recorded into the profits and losses at the current period. The transaction expenses for the issuance of equity securities for the business combination shall be recorded into the initial recognition amount of equity securities. All identifiable assets, liabilities and contingent liabilities of the acquiree that meet the recognition criteria acquired in the merger are measured at fair value on the acquisition date.

Directly related expenses incurred for a business combination are recorded in the current period's profit or loss when incurred; transaction costs of equity securities or debt securities issued for a business combination are included in the initial recognition amount of the equity securities or debt securities.

(6) Scope of consolidation and Consolidation of Financial Statements

1. Scope of consolidation

The scope of consolidation of consolidated financial statements is determined based on control and the scope of consolidation includes the Company and all its subsidiaries. Control means

that the Company has power over the investee, enjoys variable returns through participation in the relevant activities of the investee, and has the ability to use the power over the investee to influence the amount of its returns.

2. Procedure of consolidation

When preparing consolidated financial statements, the parent shall consider the entire group as an accounting entity, adopt uniform accounting policies to prepare the consolidated financial statements which reflect the overall financial position, operating results and cash flows of the group. The impact of internal transactions between the Company and its subsidiaries and between subsidiaries shall be offset. If internal transactions indicate that relevant assets have suffered impairment losses, such losses shall be fully recognized. The accounting policy and accounting period of the subsidiaries within the consolidation scope shall be in accordance with those of the Company. If not, it is necessary to make the adjustment according to the Company's accounting policies and accounting period when preparing the consolidated financial statements.

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

(1) Increasing new subsidiaries and businesses

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

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

If it is not under common control, it will be included in the consolidated financial statements from the date of acquisition based on the fair value of each identifiable asset, liability and contingent liability determined on the date of acquisition.

When the Company becomes capable of exercising control over an investee not under common control due to additional investment or other reasons, the acquirer shall remeasure its previously held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount shall be recognized as investment income for the period when the acquisition takes place. When the previously held equity investment is accounted for under the equity method, any other comprehensive income previously recognized in relation to the acquiree's equity changes shall be transferred to profit or loss for the current period when the acquisition takes place.

(2) Disposing subsidiaries or businesses

1. General treatment

When the Company loses control over an investee due to partial disposal or other reasons, the acquirer shall re-measure the remaining equity interests in the acquiree to its fair value at the acquisition date. The difference, between sums of consideration received for disposal equity shares and fair value of the remaining shares, and sums of share of net assets of the subsidiary calculated continuously from the acquisition date or the combination date based on the previous shareholding proportion and goodwill, shall be recognized as investment income for the period when the Company loses control over acquiree. When the previously held equity investment is accounted for under the equity method, any other comprehensive income previously recognized in relation to the acquiree's equity changes, and other equity changes rather than changes from net profit, other comprehensive income and profit distribution, shall be transferred to investment income for the current period when the Company loses control over acquiree.

2. Disposing subsidiaries by multiple transactions

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

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

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

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

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

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

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

When the Company disposes of a portion of the long-term equity investments in a subsidiary without loss of control, the difference between the amount of the consideration received and the corresponding portion of the net assets of the subsidiary calculated continuously from the acquisition date or the combination date related to the disposal of the long-term equity investments shall be adjusted to the capital reserve (capital premium or share premium) in the consolidated financial statements. If the balance of the capital reserve is not sufficient, any excess shall be adjusted against retained earnings.

(7) Classification of joint venture arrangements and accounting treatment

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

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

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

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

The Company's investment in joint ventures is accounted for using the equity method. For details, see Note (13) Long-term equity investments under “3. Significant accounting policies and accounting estimates”.

(8) Recognition of cash and cash equivalents

The term “cash” refers to the cash on hand and the unrestricted deposit. And the term “cash equivalents” refers to short-term (maturing within three months from acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(9) Foreign currency transaction and translation of foreign currency financial statements

1. Foreign currency transaction

Foreign currency transactions are translated into RMB at the current rate at the day of transactions.

The foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date, except those arising from the raising of special foreign debt for the purchase or construction of capitalizable assets thus shall be capitalized according to the borrowing costs capitalization principle, shall be recorded into the profits and losses at the current period.

2. Translation of foreign currency financial statements

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

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

(10) Financial instruments

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

1. Classification of financial instruments

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

A financial asset which is not designated as a financial asset measured at fair value through profit or loss shall be measured at amortised cost if both of the following conditions are met.

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met.

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

The Company shall classify financial liabilities as financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss at initial measurement.

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

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

2. Recognition and measurement of financial instruments

(1) Financial assets measured at amortised cost

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

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

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss include transactional financial assets, derivative financial assets, other non-current financial assets, etc. The Company shall measure the financial assets at fair value at initial recognition. Transaction costs are recognised in profit or loss. Changes in fair value are included in profit or loss.

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

Financial liabilities at fair value through profit or loss include current financial liabilities, derivative financial liabilities, etc. The Company shall measure the financial assets at fair value at initial recognition. Transaction costs are recognised in profit or loss. Changes in fair value are included in profit or loss.

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

(6) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables. At initial recognition, the Company shall measure a financial liability at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

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

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

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

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

- Termination of contractual rights to receive cash flows from financial assets;
- The financial assets have been transferred, and almost all the risks and rewards in the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred. Although the company has neither transferred nor retained almost all the risks and rewards of the ownership of the financial assets, it has not retained control of the financial assets.

If the Company modifies or renegotiates a contract with its counterparty and the modification constitutes a substantial modification, the original financial asset will be derecognized and a new financial asset will be recognized in accordance with the modified terms.

If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset.

To judge whether the transfer of a financial asset can satisfy the conditions as prescribed in these Standards for stopping the recognition of a financial asset, the Company shall follow the principle of the substance over form.

Transfer of an entire financial asset can be divided into partial financial assets transfer and entire financial asset transfer. If the transfer of an entire financial asset satisfies the conditions for de-recognition, the difference between the amounts of the following 2 items shall be recorded in the profits and losses of the current period:

- (1) The book value of the transferred financial asset; and
- (2) The sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the owners' equities (in the event that the financial asset involved in the transfer is a financial asset Available-for-sale).

If the transfer of partial financial asset satisfies the conditions to derecognize, the entire book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped (under such circumstance, the service asset retained shall be deemed as a portion of financial asset whose recognition has not been stopped), be apportioned according to their respective relative fair value, and the difference between the amounts of the following 2 items shall be included into the profits and losses of the current period :

- (1) The book value of the portion whose recognition has been stopped; and
- (2) The sum of consideration of the portion whose recognition has been stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in the owner's equities which is corresponding to the portion whose recognition has been stopped (in the event that the financial asset involved in the transfer is a financial asset Available-for-sale).

If the transfer of financial assets does not satisfy the conditions to stop the recognition, it shall continue to be recognized as financial assets and the consideration received shall be recognized as financial liabilities.

4. Termination of recognition of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Company (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulation regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

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

Where the recognition of a financial liability is totally or partially terminated, the Company shall include into the profits and losses of the current period the difference between the carrying amount which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed).

Where the Company buys back part of its financial liabilities, it shall distribute, on the date of repurchase, the carrying amount of the whole financial liabilities in light of the comparatively fair value of the part that continues to be recognized and the part whose recognition has already been terminated. The gap between the carrying amount which is distributed to the part whose recognition has terminated and the considerations it has paid (including the noncash assets it has transferred out and the new financial liabilities it has assumed) shall be recorded into the profits and losses of the current period.

5. Determination of the fair value of the financial assets (liabilities)

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

6. Impairment provision of the financial assets

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

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

For account receivables and contract assets recognized according to Accounting Standards for Business Enterprises No. 14 Revenue, whether a significant financing component is contained or not, the Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses.

For lease receivables recognized according to Accounting Standards for Business Enterprises No. 21 Lease, the Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses.

For other financial instruments, the Company shall assess changes in the credit risk of the relevant financial instruments since initial recognition at each balance sheet date.

The company compares the risk of default on the balance sheet date of financial instruments with the risk of default on the date of initial recognition to determine the relative change in the risk of default during the expected life of the financial instrument to assess whether there is a significant increase in credit risk of financial assets since the initial recognition. Generally, the Company believes that the credit risk of the financial instrument has significantly increased

over 30 days after the due date, unless there is solid evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

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

If the credit risk of the financial instrument has increased significantly since the initial confirmation, the Company shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. The increase or reversal amount of loss allowance thus formed shall be included in the current profits and losses as impairment losses or gains. For financial assets at fair value through other comprehensive income (debt instruments), loss provisions are recognised in other comprehensive income and impairment losses or gains are recognised in profit or loss at the current period without reducing the carrying amount of the financial asset in the balance sheet.

(11) Inventory

1. Inventory classification

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

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

2. Valuation method for inventory dispatched

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

3. Inventory system

The Company uses perpetual inventory system.

4. 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.

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

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

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

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

(12) Contract asset

1. Recognition methods and criteria of contract assets

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

2. Expected credit loss of contract assets

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

(13) Long-term equity investment

1. Criteria of joint control and significant influence

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

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

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

(1) Long-term equity investment from business acquisition

For a business combination under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The difference between the initial investment cost and the carrying amount of the previously held equity investment, together with the additional investment cost for new shares at combination date, shall be adjusted to the capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings. When an investor becomes capable of exercising control over an investee due to additional investment or other reasons, the difference between the initial investment cost recognized in accordance with the above principles and the sum of the book value of the long-term equity investment before the merger plus the book value of the cost for the further shares acquired on the merger date, shall be adjusted to the capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

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

previously held equity investment together with the additional investment cost.

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

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

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

3. Subsequent measurement and profit or loss recognition

(1) Cost method

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

(2) Equity method

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

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

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

The unrealized profits or losses resulting from transactions between the investor and its associate or joint venture shall be eliminated in proportion to the investor's equity interest in the investee, based on which investment income or losses shall be recognized, except the transaction of investment or sale of assets is a business. Any losses resulting from transactions between the investor and investee which are attributable to asset impairment shall be recognized in full.

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

(3) Disposal of long-term equity investment

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

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

When an investor can no longer exercise joint control of or significant influence over an investee due to disposal of equity investment or other reasons, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. Other owner's equity change shall be transferred into profit or loss of current period in full when the Company cease to adopt the equity method.

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

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

(14) Fixed assets

1. Recognition of Fixed assets

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

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

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

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

2. Fixed assets depreciation

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

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

Category	Depreciation method	Depreciation Period	Residual Value Rate (%)	Depreciation Rate (%)
Plants and Buildings	straight line method	40 years	5.00	2.38
Machinery	straight line method	17-24 years	5.00	3.96-5.59
Transportation and other equipment	straight line method	5-12 years	5.00	7.92-19.00

4. Disposal of fixed assets

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

(15) Construction in progress

Construction in progress is measured at the actual cost incurred. The actual cost includes construction costs, installation costs, borrowing costs that meet the capitalization conditions, and other necessary expenditures incurred before the construction in progress reaches its intended use status. Construction in progress is transferred to fixed asset when it has reached its working condition for its intended use and depreciation will be accrued from the next month.

(16) Borrowing costs

1. Principle of the recognition of capitalized borrowing costs

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

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

2. The capitalization period of borrowing costs

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

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

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

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

3. The suspension of capitalization of borrowing costs

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts.

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

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

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

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

(17) Intangible Assets

1. Measurement of Intangible Assets

(1) Initial measurement is based on cost upon acquisition

The cost of an intangible asset on acquisition include the purchase price, relevant taxes and other necessary disbursements which may be directly attributable to bringing the intangible asset to the conditions for the expected purpose.

(2) Subsequent Measurement

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

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

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

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

3. Classification criteria for internal research phase and development phase

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

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

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

4. Criteria of capitalization of development phase expenditures

Expenditures incurred during the research phase are recognized in profit or loss for the period when incurred. Expenditures incurred during the research phase shall be capitalized if they meet the following conditions at the same time. If the expenditures incurred during the development phase do not meet the following conditions, they shall be included in the current period's profit and loss.

- (1) It is technically feasible to complete the intangible asset so that it can be used or sold.
- (2) The Company intent to complete the intangible asset and use or sell it.
- (3) The way intangible assets generate economic benefits, including being able to prove that there is a market for the products produced by using the intangible assets or the intangible assets themselves has market. If the intangible assets will be used internally, it should be able to prove that the intangible assets will be useful.
- (4) The company has sufficient technical, financial and other resources to complete the development of the intangible asset and is able to use or sell the intangible asset.
- (5) The expenditure attributable to the development phase of the intangible asset can be measured reliably.

If it is impossible to distinguish between expenditures in the research phase and expenditures in the development phase, all research and development expenditures incurred shall be included in the current period's profit and loss.

(18) Impairment of long-term assets

For long-term assets such as long-term equity investments, investment property under the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with limited

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

The goodwill, intangible assets with uncertain useful life and intangible assets not meeting the expected condition for use shall be subject to an impairment test at least at the end of each year.

When the Company makes an impairment test of assets, it shall, as of the purchasing day, apportion the carrying value of the business reputation formed by merger of enterprises to the relevant asset groups by a reasonable method. Where it is difficult to do so, it shall be apportioned to the relevant combinations of asset groups. A related group of assets or combination of asset groups is an asset group or combination of asset groups that can benefit from the synergy effect of a business combination.

When making an impairment test on the relevant asset groups or combination of asset groups containing business reputation, if any evidence shows that the impairment of asset groups or combinations of asset groups is possible, the Company shall first make an impairment test on the asset groups or combinations of asset groups not containing business reputation, calculate the recoverable amount, compare it with the relevant carrying value and recognize the corresponding impairment loss. Then the Company shall make an impairment test of the asset groups or combinations of asset groups containing business reputation, and compare the carrying value of these asset groups or combinations of asset groups (including the carrying value of the business reputation apportioned thereto) with the recoverable amount. Where the recoverable amount of the relevant assets or combinations of the asset groups is lower than the carrying value thereof, it shall recognize the impairment loss of the business reputation.

Impairment losses on long-term assets shall not be reversed in subsequent accounting periods once recognized.

(19) Long-term deferred expense

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

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

(20) Contract liability

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

(21) Employee benefits

1. Accounting treatment for short employee benefit

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

Payments made by an enterprise of social security contributions for employees, payments of housing funds, and union running costs employee education costs provided in accordance with relevant requirements shall, in the accounting period in which employees provide services, be calculated according to prescribed bases and percentages in determining the amount of employee benefits.

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

2. Accounting treatment of post-employment benefits

(1) Defined contribution plan

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

corresponding charge to the profit or loss or cost of an asset for the current period. In addition, the Company also participates in the enterprise annuity plan/supplementary pension insurance fund approved by relevant state departments. The Company pays a certain proportion of the total salary of employees to the annuity plan/local social insurance agency, and the corresponding expenses are included in the current profit and loss or related asset cost.

(2) Defined benefit plan

None

3. Accounting treatment of termination benefits

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

(22) Estimated liabilities

The obligation pertinent to a contingency shall be recognized as an estimated liability when the following conditions are satisfied simultaneously:

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

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

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

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

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

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

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

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

(23) Revenue

(1) The general principle of revenue recognition and measurement

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

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

The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties or amounts expected to be returned to customers. The company shall consider the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the company shall consider the effects of all of the following: variable consideration, the existence of a significant

financing component in the contract, non-cash consideration, and consideration payable to a customer. The company determines the transaction price that includes variable consideration at an amount that does not exceed the amount of accumulated recognized revenue that is unlikely to be materially reversed when the relevant uncertainty is eliminated. If there is a significant financing component in the contract, the company shall recognise revenue at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer, and use the effective interest method to amortize the difference between the transaction price and the contract consideration during the contract period.

The company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met. Otherwise, the company satisfies the performance obligation at a point in time.

(a) the customer simultaneously receives and consumes the benefits provided by the company's performance as the company performs;

(b) the company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

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

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

(a) The company has a present right to payment for the promised goods or services and the customer is presently obliged to pay for that;

(b) The company has transferred the legal title of the goods to the customer, that is, the customer has the legal title to the goods;

(c) The company has transferred physical possession of the goods to the customer, that is, the customer has taken possession of the goods;

(d) The company has transferred the significant risks and rewards of ownership of the goods to the customer, that is, the customer has the significant risks and rewards of ownership of the goods;

(e) The customer has accepted the promised goods or services.

The Company determines whether it is the principal or agent when engaging in a transaction based on whether it has control over the goods or services before transferring them to the customer. If the Company is able to control the goods or services before transferring them to the customer, the Company is the principal and recognizes revenue based on the total consideration received or receivable; otherwise, the Company is the agent and recognizes revenue based on the amount of commissions or fees it expects to be entitled to receive.

(2) The specific criteria of revenue recognition and measurement

Commodity sales contracts between companies and customers usually only include performance obligations for the transfer of steel and other commodities. This type of performance obligation is a performance obligation performed at a certain point in time. The Company recognizes revenue when the customer obtains control of the relevant goods or services. When judging whether the customer has obtained control of goods or services, the company considers the following signs:

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

(24) Contract costs

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

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

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

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

(c) the costs are expected to be recovered.

The company shall recognise as an asset the incremental costs of obtaining a contract with a customer if the company expects to recover those costs.

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

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

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

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

(25) Government Subsidies

1. Types

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

Government subsidies related to assets are government subsidies whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. The government subsidies related to incomes refers to government subsidies other than those related to assets.

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

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

2. Recognition

Government grants are recognized when the Company is able to meet the conditions attached to them and is able to receive them.

3. Accounting treatment

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

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

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

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

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

(26) Deferred tax assets and deferred tax liabilities

Income tax includes current income tax and deferred income tax. Except for income tax arising from business combinations and transactions or events directly recorded in owners' equity (including other comprehensive income), the Company records current income tax and deferred income tax in current profit or loss.

Deferred tax assets and deferred tax liabilities are calculated based on the difference between the tax bases of assets and liabilities and their carrying amounts (temporary differences).

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

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

An enterprise shall recognize the deferred income tax assets arising from a deductible temporary difference to the extent of the amount of the taxable income which it is most likely to be obtained and which can be deducted from the deductible temporary difference. As for any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax assets shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

All taxable temporary differences shall be recognized as deferred tax liabilities with certain limited exceptions.

Exceptions when deferred tax assets and deferred tax liabilities are not recognized include:

- Initial recognition of goodwill;
- A transaction or event that is neither a business combination nor affects accounting profit and taxable income (or deductible loss) when it occurs, and the assets and liabilities initially recognized do not result in equal taxable temporary differences and deductible temporary differences.

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

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

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

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

An entity shall offset deferred tax assets and deferred tax liabilities if, and only if: (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax collection and administration department on the same taxpayer or to different taxpayers, but in each future period of significant deferred income tax assets and liabilities reversal, the taxpayers involved intend to settle the current income tax assets and liabilities on a net basis or to acquire assets and settle liabilities at the same time.

(27) Leases

Lease refers to a contract in which the lessor transfers the right to use the asset to the lessee within a certain period of time to obtain consideration.

On the starting date of the contract, the company assesses whether the contract is a lease or contains a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is, or contains, a lease.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lease shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

1. The company as the lessee

(1) Right-of-use assets

On the start date of the lease term, the company recognizes the right-of-use asset 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;
- If there is a lease incentive for the lease payment paid on or before the start of the lease term, the relevant amount of the lease incentive already enjoyed shall be deducted;
- The initial direct expenses incurred by the company;
- The company expects to incur costs for dismantling and removing leased assets, restoring the site where leased assets are located, or restoring leased assets to the state agreed upon in the lease terms, but does not include the costs incurred for the production of inventory.

The company uses 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 at the end of the lease term, the company shall depreciate the leased asset during the remaining useful life; otherwise, the leased asset will be depreciated during the shorter period of the lease term and 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 described in "3. (18) Long-term asset impairment" in this note, and conducts accounting treatment for the identified impairment loss.

(2) Lease liabilities

At the beginning of the lease term, the company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. Lease liabilities are initially measured based on the present value of the payments that are not paid at that date. Lease payments include:

- 1) Fixed payment (including in-substance fixed payment), less any lease incentives receivable;
- 2) Variable lease payments that depend on an index or a ratio;
- 3) Amounts expected to be payable by the lease under residual value guarantees;
- 4) The exercise price of the purchase option if the lease is reasonably certain to exercise that option;
- 5) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;

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

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

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

After the start of the lease term, if the following circumstances occur, the company re-measures the lease liability and adjusts 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 shall be included in the current profit and loss:

- When the evaluation result or actual exercise situation of the purchase option, renewal option or termination option changes, the company remeasures the lease liability based on the present value calculated by the lease payment after the change and the revised discount rate;
- When the actual fixed payment changes, the expected payable amount of the guarantee residual value changes, or the index or ratio used to determine the lease payment changes, the company calculates the present value based on the changed lease payment and the original discount rate to remeasure the lease liability. However, if changes in lease payments originate from changes in floating interest rates, the revised discount rate is used to calculate the present value.

(3) Short-term leases and low-value asset leases

The company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and calculates 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 that does not include purchase options for a lease period not exceeding 12 months at the beginning of the lease period. Low-value asset leasing refers to a lease with a lower value when a single leased asset is a new asset. If the company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

(4) Lease modifications

The lease shall account for a lease modification as a separate lease if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustment to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification a lessee shall allocate the consideration in the modified contract, determine the lease term of the modified lease and remeasure the lease liabilities by discounting the revised lease payments using a revised discount rate.

For a lease modification that is not accounted for as a separate lease, the lessee shall account for the remeasurement of the lease liabilities by decreasing the carrying amount of the right-of-use assets to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease; or by making a corresponding adjustment to the right-of-asset for all other lease modifications.

2. The company as the lessor

On the commencement date of the lease, the company divides the lease into finance lease and operating lease. Finance lease refers to a lease in which almost all the risks and rewards related to the ownership of the leased asset are transferred regardless of whether the ownership is ultimately transferred. Operating leases refer to leases other than financial leases. When the company acts as a sublease lessor, it classifies subleases based on the right-of-use assets

generated from the original lease.

(1) Accounting treatment of operating leases

The lease receipts of operating leases are recognized as rental income in each period of the lease term according to the straight-line method. The company capitalizes the initial direct costs incurred related to operating leases, and allocates them to the current profit and loss on the same basis as the recognition of rental income during the lease term. Variable lease payments that are not included in the lease receipts are included in the current profit and loss when they actually occur.

(2) Accounting treatment of finance leasing

On the start date of the lease, the company recognizes the finance lease receivables for the finance lease and terminates the recognition of the finance lease assets. When the company initially measures the finance lease receivables, the net lease investment is taken as the entry value of the financial lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease payment not yet received at the beginning of the lease term, discounted at the interest rate implicit in the lease.

The company calculates and recognizes the interest income for each period of the lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with "3. (10) Financial Instruments" in this Note.

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

A lessor shall account for a modification to a finance lease as a separate lease if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets;
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, a lessor shall account for the modification as follows:

- If the lease would have been classified as an operating lease had the modification been in effect at the inception date, the lessor shall account for the lease modification as a new lease from the effective date of the modification; and measure the carrying amount of the underlying assets as the net investment in the lease immediately before the effective date of the lease

modification.

- If the change takes effect on the lease start date, the lease will be classified as a financial lease, and the company will perform accounting treatment in accordance with the policy of “3. (10) Financial Instruments” in this Note on the modification or re-negotiation of the contract.

3. Sale and leaseback transaction

The company evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the principles described in "3. (23) Revenue" of this Note.

(1) As the lessee

If the transfer of an asset in the sale and leaseback transaction is a sale, the company as the lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the lessee and recognize only the amount of any gain or loss that relates to the rights transferred to the lessor. For details on the subsequent measurement of right-of-use assets and lease liabilities and lease changes after the commencement date of the lease term, please refer to Note III. (27) Leases 1. The Company as Lessee. When subsequently measuring the lease liabilities arising from a sale and leaseback, the Company determines the lease payments or the modified lease payments in a manner that does not result in the recognition of gains or losses related to the right of use acquired through the leaseback.

If the asset transfer in the sale and leaseback transaction does not belong to the sale, the company as the lessee continues to recognize the transferred assets and at the same time recognize a financial liability equal to the transfer proceeds. For the accounting treatment of financial liabilities, please refer to "3. (10) Financial Instruments" in this note.

(2) As a lessor

If the asset transfer in the sale and leaseback transaction is a sale, the company acts as the lessor to account for the purchase of the asset, and the asset lease is accounted for in accordance with the aforementioned "2. The company as the lessor" policy; in the sale and leaseback transaction If the transfer of assets is not a sale, the company as the lessor does not recognize the transferred assets, but recognizes a financial asset equal to the transfer proceeds. For the accounting treatment of financial assets, please refer to "3. (10) Financial Instruments" in this note.

(28) Debt restructuring

1. The company as the creditor

The Company terminates the recognition of claims when the contractual right to collect cash flows from the claims terminates. If debt is restructured by using assets to pay off debts or by converting debts into equity instruments, the company will recognize the relevant assets when they meet their definition and recognition conditions.

If debt restructuring is carried out by repaying debts with assets, the transferred non-financial assets shall be measured at cost at initial recognition. The cost of inventories includes the fair value of waived claims and other costs directly attributable to the asset incurred in bringing the asset to its present location and condition, such as taxes, transportation, handling charges, insurance, etc. The cost of an investment in an associate or joint venture includes the fair value of waived claims and other costs such as taxes directly attributable to the asset. The cost of investment property includes the fair value of claims relinquished and other costs such as taxes directly attributable to the asset. The cost of fixed assets includes the fair value of waived claims and other costs directly attributable to the asset incurred before the asset is ready for its intended use, such as taxes, transportation costs, handling charges, installation costs, professional service fees, etc. The cost of biological assets includes the fair value of waived claims and other costs directly attributable to the asset, such as taxes, transportation costs, insurance premiums, etc. The cost of an intangible asset includes the fair value of claims waived and other costs, such as taxes, that are directly attributable to bringing the asset to its intended use. If a debt restructuring by converting debt into equity instruments results in the creditor converting its claims into equity investments in associates or joint ventures, the Company measures its initial investment cost at the fair value of the claims waived and other costs such as taxes directly attributable to the asset. The difference between the fair value and the book value of the waived claims is included in the current profit and loss. If the debt restructuring is carried out by modifying other terms, the Company shall recognize and measure the restructured claims in accordance with "III. (10) Financial Instruments" of this Note.

When multiple assets are used to settle debts or for debt restructuring, the Company shall first recognize and measure the financial assets acquired and the restructured claims in accordance with Note III. (10) Financial Instruments. It shall then allocate the net amount of the fair value of the waived claims after deducting the recognized amounts of the acquired financial assets and the restructured claims in accordance with the fair value ratio of the various assets other than the acquired financial assets, and on this basis, determine the cost of each asset separately in accordance with the above method. The difference between the fair value and the carrying

amount of the waived claim should be included in the current profit and loss.

2. The company as the debtor

The Company derecognizes a debt when the present obligation for the debt is discharged.

If debt restructuring is carried out by settling debts with assets, the Company shall terminate the recognition when the relevant assets and the debts settled meet the conditions for termination of recognition, and the difference between the book value of the debts settled and the book value of the transferred assets shall be included in the current profit and loss.

In case of debt restructuring by converting debt into equity instruments, the Company shall derecognize the debts paid when they meet the derecognition conditions. Equity instrument shall be measured at fair value at initial recognition. If the fair value of an equity instrument cannot be measured reliably, it is measured at the fair value of the debt settled. The difference between the carrying amount of the debt settled and the amount recognized as an equity instrument should be recognized in the current period's profit or loss.

If debt restructuring is carried out by modifying other terms, the Company shall recognize and measure the restructured debt in accordance with “III. (10) Financial Instruments” of this Note. If multiple assets are used to repay debts or a combination is used to restructure debt, the company shall confirm and measure equity instruments and restructured debts in accordance with the aforementioned methods. The difference between the carrying amount of the debt settled and the sum of the carrying amount of the transferred assets and the recognized amount of the equity instruments and restructured debts is included in the current period's profit and loss.

(29) Major accounting estimates and judgments

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

The main uncertainties in the estimated amount are as follows:

1. Measurement of expected credit losses

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

2. Inventory Impairment

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

3. Impairment of other assets except inventory and financial assets

As mentioned in note 3 (18) Long-term Asset Impairment, the company performs an impairment assessment on assets other than inventory and financial assets on the balance sheet date to determine whether the recoverable amount of the asset has fallen to a lower level than its book value. If the situation shows that the book value of the long-term assets may not be fully recovered, the relevant assets will be deemed to be impaired and the impairment loss will be recognized accordingly.

The recoverable amount is the higher of the net value of the fair value of the asset (or asset group) minus the disposal expenses and the present value of the asset (or asset group) 's expected future cash flow. Because the Company cannot reliably obtain the public market price of assets (or asset groups), and cannot reliably and accurately estimate the fair value of assets. Therefore, the Company regards the present value of the expected future cash flow as

the recoverable amount. When estimating the present value of future cash flows, it is necessary to make a significant judgment on the output, selling price, related operating costs of the products produced by the asset (or asset group), and the discount rate used in calculating the present value. The Company will use all available relevant information when estimating the recoverable amount, including the prediction of output, selling price and related operating costs based on reasonable and supportable assumptions.

4. Depreciation and amortization of assets such as fixed assets and intangible assets

As described in note 3 (14) Fixed Assets and note 3 (17) Intangible Assets, the company shall accrue depreciation for the fixed assets and amortization for intangible assets within the useful life after considering their residual value. The company regularly reviews the useful life of related assets to determine the amount of depreciation and amortization expenses to be included in each reporting period. The useful life of assets is determined by the company based on past experience with similar assets and in combination with anticipated technological changes. If the previous estimates change significantly, the depreciation and amortization expenses will be adjusted in the future.

5. Deferred tax assets

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

(30) Change of significant accounting policy and accounting estimate

1. Change of major accounting policy during this reporting period

(1) Implementation of Interpretation of Enterprise Accounting Standards No. 17

The Ministry of Finance issued the "Interpretation of the Enterprise Accounting Standards No. 17" (Accounting [2023] No. 21, hereinafter referred to as "Interpretation No. 17") on

October 25, 2023. The Company will implement the "Classification of Current Liabilities and Non-Current Liabilities", "Disclosure of Supplier Financing Arrangements" and "Accounting Treatment of Sale and Leaseback Transactions" from January 1, 2024. The aforementioned regulations have no significant impact on the Company's financial reports.

2. Change of accounting estimate during the reporting period

There is no significant changes in accounting estimates during the reporting period.

4. Taxes

(1) Major type of taxes and corresponding tax rates

Tax	Taxation Method	Tax Rate
Value-added Tax (VAT)	The balance of output VAT calculated based on product sales and taxable services revenue in accordance with the tax laws after subtracting the deductible input VAT of the period	6%, 9%, 13%
City maintenance and construction tax	Based on VAT and business tax actually paid	5%, 7%
Enterprise income tax	See the table below for details	

Notes to taxpayers with different corporate income tax rates:

Name of the taxpayers	Income tax rate (5%)
Bengang Steel Plates Co., Ltd	25
Shanghai Bengang Metallurgy Science and Technology Co., Ltd.	25
Benxi Bengang Steel Sales Co., Ltd.	25
Bengang Posco Cold-rolled Sheet Co., Ltd.	15
Tianjin Bengang Steel & Iron Trading Co., Ltd.	25
Changchun Bengang Steel & Iron Sales Co., Ltd.	25
Yantai Bengang Steel & Iron Sales Co., Ltd.	25
Guangzhou Bengang Steel & Iron Trading Co., Ltd.	25
Dalian Benruitong Automobile Material Technology Co., Ltd.	25
Shenyang Bengang Metallurgical Science and Technology Co., Ltd.	25

(2) Tax Preference

1. Benxi Posco Cold-Rolled Sheet Co., Ltd., the subsidiary of the Company has obtained the High-tech Enterprise Certificate, certificate number: GR202321001624; valid from December 20, 2023 to December 20, 2026. Benxi Steel Posco Cold-Rolled Sheet Co., Ltd. pays corporate income tax at a reduced tax rate of 15%.

2. On December 30, 2021, the Ministry of Finance and the State Administration of Taxation issued the "Announcement on Improving the Value-Added Tax Policy for Comprehensive Utilization of Resources" (Announcement No. 40 of the Ministry of Finance and the State Administration of Taxation in 2021). The announcement will take effect on March 1, 2022. The original "Notice of the Ministry of Finance and the State Administration of Taxation on Issuing the "Catalogue of Value-Added Tax Preferential Policies for Comprehensive Utilization of Resources Products and Services" (Finance and Taxation [2015] No. 78) will be abolished at the same time except for "technical standards and related conditions". The electricity and heat produced and sold by the Energy Development Branch of Benxi Iron and Steel Co., Ltd., a branch of the Company, are items listed in the "Catalogue of Value-Added Tax Preferential Terms for Comprehensive Resource Utilization Products and Services" and enjoy the value-added tax refund policy.

5. Notes to the consolidated financial statements

(1) Cash at bank and on hand

Items	2024/06/30	2023/12/31
Cash on hand		
Cash at bank	1,182,269,402.52	1,184,774,971.52
Other monetary funds	810,054,824.11	1,009,879,189.82
Total	1,992,324,226.63	2,194,654,161.34
Including: Total amount deposited abroad		

Notes: As at 30 June 2024, bank acceptance deposit of RMB 810,054,824.11 was not recognized as cash and cash equivalents in the cash flow statement.

(2) Notes receivable

1. Notes receivable disclosed by category

Items	2024/06/30	2023/12/31
Bank acceptance bill	398,864,911.20	367,402,376.67
Commercial acceptance bill	384,535,985.00	86,157,718.82
Total	783,400,896.20	453,560,095.49

2. Notes receivable disclosed by bad debt accrual method

Items	2024/06/30					2023/12/31				
	Carrying amount		Provision for bad debts		Book value	Carrying amount		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Bad debts ratio (%)		Amount	Percentage (%)	Amount	Bad debts ratio (%)	
Provision for bad debts individually										
Provision for bad debts based on portfolio of credit risk characteristics	783,400,896.20	100.00			783,400,896.20	453,560,095.49	100.00			453,560,095.49
Total	783,400,896.20	100.00			783,400,896.20	453,560,095.49	100.00			453,560,095.49

Provision for bad debts based on portfolio of credit risk characteristics

Portfolio items:

Items	2024/06/30		
	Notes receivable	Provision for bad debts	Bad debts ratio (%)
Bank acceptance bill	398,864,911.20		
Commercial acceptance bill	384,535,985.00		
Total	783,400,896.20		

3. The pledged acceptance bill at the year-end

Items	Notes receivable pledged at the end of period
Bank acceptance bill	383,067,330.50
Total	383,067,330.50

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

Items	Amount terminated at the end of the period	Amount was not terminated at the end of the period
Bank acceptance bill	7,259,929,534.66	11,363,054.21
Commercial acceptance bill		9,435,985.00
Total	7,259,929,534.66	20,799,039.21

(3) Accounts receivable

1. Accounts receivable disclosed by aging

Items	2024/06/30	2023/12/31
Within 1 year (inclusive)	1,070,054,692.28	1,047,842,246.01
1-2 years (inclusive)	98,498,849.30	322,945,580.33
2-3 years (inclusive)	208,590,086.46	647,190.77
3-4 years (inclusive)	561,144.95	5,690,114.98
4-5 years (inclusive)	5,592,931.88	300,882,005.30
over 5 years	373,852,067.33	98,724,184.94

Items	2024/06/30	2023/12/31
Total	1,757,149,772.20	1,776,731,322.33
Less: Provision for bad debts	430,111,095.35	448,198,723.86
Total	1,327,038,676.85	1,328,532,598.47

2. Accounts receivable disclosed by the bad debt accrual method

Items	2024/06/30					2023/12/31				
	Gross carrying amount		Provision for bad debts			Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Bad debts ratio (%)	Book value	Amount	Percentage (%)	Amount	Percentage (%)	Book value
Tested for impairment individually	354,309,554.42	20.16	354,309,554.42	100.00		353,419,325.80	19.89	353,419,325.80	100.00	
Tested for impairment by portfolio	1,402,840,217.78	79.84	75,801,540.93	5.40	1,327,038,676.85	1,423,311,996.53	80.11	94,779,398.06	6.66	1,328,532,598.47
Include:										
Portfolio 1:										
Aging portfolio	1,402,840,217.78	79.84	75,801,540.93	5.40	1,327,038,676.85	1,423,311,996.53	80.11	94,779,398.06	6.66	1,328,532,598.47
Total	1,757,149,772.20	100.00	430,111,095.35		1,327,038,676.85	1,776,731,322.33	100.00	448,198,723.86		1,328,532,598.47

Significant accounts receivables tested for impairment individually:

Company	2024/06/30			Reason	2023/12/31	
	Carrying amount	Provision for bad debts	Bad debts ratio (%)		Carrying amount	Provision for bad debts
Benxi Nanfen Xinh Metallurgical Furnace Material Co., Ltd	48,196,244.68	48,196,244.68	100.00	Discontinued	48,196,244.68	48,196,244.68
Brilliance Automotive Group Holdings Co., Ltd.	306,113,309.74	306,113,309.74	100.00	Bankruptcy	305,223,081.12	305,223,081.12
Total	354,309,554.42	354,309,554.42			353,419,325.80	353,419,325.80

Provision for bad debts based on portfolio of credit risk characteristics

Provision for bad debts by portfolio: Aging analysis

Items	2024/06/30		
	Account Receivable	Provision for bad debts	Bad debt ratio (%)
Within 1 year (inclusive)	1,244,814,190.60	12,448,141.92	1.00
1-2 years (inclusive)	95,955,967.70	9,595,596.77	10.00
2-3 years (inclusive)	10,390,321.55	2,078,064.31	20.00
3-4 years (inclusive)	561,144.95	561,144.95	100.00
4-5 years (inclusive)	748,799.87	748,799.87	100.00
over 5 years	50,369,793.11	50,369,793.11	100.00
Total	1,402,840,217.78	75,801,540.93	

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

Items	2023/12/31	Changes during the current period			2024/06/30
		Accrued	Reversed or recovered	Write-off or Write-back	
Provision for bad debts	448,198,723.86	7,005,291.06	25,092,919.57		430,111,095.35
Total	448,198,723.86	7,005,291.06	25,092,919.57		430,111,095.35

Significant amount of bad debt provision recovered or reversed during the period:

Company	Reversed or recovered	Reason	Recovered method	Basis for determining the original bad debt provision and its reasonableness
Brilliance Automotive Group Holdings Co., Ltd.	25,092,919.57	repay the debt	bank deposit	Debt restructuring agreements

4. Top five debtors and contract assets at the end of the period

Company	Accounts receivable as at 2024/06/30	Contract assets at 2024/06/30	Total	Percentage(%)	Provision for bad debts
Bengang Group International Economy and Trade Co., Ltd.	893,836,130.28		893,836,130.28	50.87	8,938,361.30
Brilliance Auto Group Holding Co., Ltd.	306,113,309.74		306,113,309.74	17.42	306,113,309.74
Shenzhen CIMC Tongchuang Supply Chain Co.	119,995,203.37		119,995,203.37	6.83	1,199,952.03

Company	Accounts receivable as at 2024/06/30	Contract assets at 2024/06/30	Total	Percentage (%)	Provision for bad debts
Liaoning North Coal Chemical Industry (Group) Co., Ltd.	90,698,309.19		90,698,309.19	5.16	4,789,690.91
Benxi Steel Refractory Material Co., Ltd.	48,417,907.79		48,417,907.79	2.76	4,085,640.54
Total	1,459,060,860.37		1,459,060,860.37	83.04	325,126,954.52

(4) Accounts receivable financing

1. Accounts receivable financing by category

Items	2024/06/30	2023/12/31
Notes Receivable	191,450,087.40	806,822,622.43
Total	191,450,087.40	806,822,622.43

(5) Prepayments

1. Prepayments disclosed by aging

Aging	2024/06/30		2023/12/31	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	498,392,587.65	87.84	647,043,310.27	95.88
1-2 years (inclusive)	49,149,774.87	8.66	22,062,469.17	3.27
2-3 years (inclusive)	16,643,813.88	2.93	3,389,343.94	0.50
Over 3 years	3,177,304.47	0.56	2,377,875.91	0.35

Aging	2024/06/30		2023/12/31	
	Amount	Percentage (%)	Amount	Percentage (%)
Total	567,363,480.87	99.99	674,872,999.29	100.00

Notes: As of June 30, 2024, there were no outstanding prepayments over 1 year.

2. Top five prepaid companies at the end of the period

Name of the company	2024/06/30	Percentage (%)
Shanxi Coking Coal Group Co., Ltd.	134,314,004.36	23.67
Shanxi Coking Coal Energy Group Co., Ltd.	63,103,944.72	11.12
China Railway Shenyang Group Co., Ltd. Shenyang Freight Center	57,110,096.09	10.07
Shanxi Jiao Hua Co., Ltd.	47,665,209.92	8.40
Shanxi Coking Coal Group Co., Ltd.	45,016,096.88	7.93
Total	347,209,351.97	61.19

(6) Other receivables

Items	2024/06/30	2023/12/31
Interest receivables		
Dividend receivables		
Other receivables	243,424,884.42	318,793,157.58
Total	243,424,884.42	318,793,157.58

1. Other receivables

(1) Other receivables disclosed by aging

Items	2024/06/30	2023/12/31
Within 1 year (inclusive)	211,555,998.22	288,095,370.24
1-2 years (inclusive)	9,012,745.09	35,231,832.41
2-3 years (inclusive)	35,141,930.92	6,078,775.88
3-4 years (inclusive)	1,045,234.49	3,125,628.24

Items	2024/06/30	2023/12/31
4-5 years (inclusive)	3,125,628.24	229,028.24
over 5 years	60,704,095.76	61,270,101.82
Subtotal	320,585,632.72	394,030,736.83
Less: Provision for bad debts	77,160,748.30	75,237,579.25
Total	243,424,884.42	318,793,157.58

(2) Disclosed by bad debt accrual method

Items	2024/06/30					2023/12/31				
	Carrying amount		Provision for bad debts		Book value	Carrying amount		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Bad debts ratio (%)		Amount	Percentage (%)	Amount	Bad debts ratio (%)	
Provision for bad debts individually	18,245,545.94	5.69	18,245,545.94	100.00		18,245,545.94	4.63	18,245,545.94	100.00	
Provision for bad debts based on portfolio	302,340,086.78	94.31	58,915,202.36	19.49	243,424,884.42	375,785,190.89	95.37	56,992,033.31	15.17	318,793,157.58
Include:										
Aging portfolio	302,003,576.79		58,915,202.36		243,088,374.43	375,513,463.19		56,992,033.31		318,521,429.88
other portfolio	336,509.99				336,509.99	271,727.70				271,727.70
Total	320,585,632.72	100.00	77,160,748.30		243,424,884.42	394,030,736.83	100.00	75,237,579.25		318,793,157.58

Significant other receivables tested for impairment individually:

Company	2024/06/30			Reason	2023/12/31	
	Carrying amount	Provision for bad debts	Bad debts ratio (%)		Carrying amount	Provision for bad debts
Benxi Iron and Steel (Group) No. 3 Architectural Engineering Co., Ltd.	12,504,978.59	12,504,978.59	100.00	Bankruptcy liquidation	12,504,978.59	12,504,978.59
Benxi Iron and Steel (Group) No. 1 Architectural Engineering Co., Ltd.	3,247,307.07	3,247,307.07	100.00	Bankruptcy liquidation	3,247,307.07	3,247,307.07
Xuzhou Jinshanqiao Development Zone Metal Material Corporation	5,670.77	5,670.77	100.00	Irrecoverable payment	5,670.77	5,670.77
Xuzhou Railway Material Factory	6,567.20	6,567.20	100.00	Irrecoverable payment	6,567.20	6,567.20
Harbin Xuda Company	10,644.72	10,644.72	100.00	Irrecoverable payment	10,644.72	10,644.72

Company	2024/06/30			Reason	2023/12/31	
	Carrying amount	Provision for bad debts	Bad debts ratio (%)		Carrying amount	Provision for bad debts
Jining Economy and Trade Joint Development Corporation	12,831.81	12,831.81	100.00	Irrecoverable payment	12,831.81	12,831.81
Zhangdian Iron and Steel Headquarter Factory	15,167.78	15,167.78	100.00	Irrecoverable payment	15,167.78	15,167.78
Zibo Zhouchun Welfare Spring Factory	15,666.59	15,666.59	100.00	Irrecoverable payment	15,666.59	15,666.59
Weifang Head Office of Constructive Materials	25,179.84	25,179.84	100.00	Irrecoverable payment	25,179.84	25,179.84
Jiaozhou Zhenxing Metal Product Plant (Weifang)	411,891.80	411,891.80	100.00	Irrecoverable payment	411,891.80	411,891.80

Company	2024/06/30			Reason	2023/12/31	
	Carrying amount	Provision for bad debts	Bad debts ratio (%)		Carrying amount	Provision for bad debts
Historical debts	242,845.73	242,845.73	100.00	Irrecoverable payment	242,845.73	242,845.73
Jiaozhou Zhenxing Metal Product Plant	32,989.12	32,989.12	100.00	Irrecoverable payment	32,989.12	32,989.12
Tai'an Taishan Metal Constructive Material Company	41,145.75	41,145.75	100.00	Irrecoverable payment	41,145.75	41,145.75
Xuzhou Guanghuan Steel Pipeline Company	49,016.73	49,016.73	100.00	Irrecoverable payment	49,016.73	49,016.73
Guan County Cold Rolling Plate and Strip Headquarter Factory	52,602.25	52,602.25	100.00	Irrecoverable payment	52,602.25	52,602.25
Weifang Nonggao Industry and Trade Center	68,000.00	68,000.00	100.00	Irrecoverable payment	68,000.00	68,000.00

Company	2024/06/30			Reason	2023/12/31	
	Carrying amount	Provision for bad debts	Bad debts ratio (%)		Carrying amount	Provision for bad debts
Benxi Fangyuan Provition Management Agent	80,000.00	80,000.00	100.00	Irrecoverable payment	80,000.00	80,000.00
Weifang Sanfeng Steel Pipeline Co., Ltd.	81,657.46	81,657.46	100.00	Irrecoverable payment	81,657.46	81,657.46
Qingdao Liduo Economy and Trade Co., Ltd.	133,163.36	133,163.36	100.00	Irrecoverable payment	133,163.36	133,163.36
Weifang Mingxin Trading and Supply Company	197,900.80	197,900.80	100.00	Irrecoverable payment	197,900.80	197,900.80
Gao Pengquan	204,294.00	204,294.00	100.00	Irrecoverable payment	204,294.00	204,294.00
Zhangdian Jinkun Steel Plate Management Agent	231,910.95	231,910.95	100.00	Irrecoverable payment	231,910.95	231,910.95

Company	2024/06/30			Reason	2023/12/31	
	Carrying amount	Provision for bad debts	Bad debts ratio (%)		Carrying amount	Provision for bad debts
Harbin Band Steel Factory	403,559.70	403,559.70	100.00	Irrecoverable payment	403,559.70	403,559.70
Bengang Group International Economy and Trade Co., Ltd.	6,617.52	6,617.52	100.00	Irrecoverable payment	6,617.52	6,617.52
Changchun Kanghong Metal Material Co., Ltd.	85,277.50	85,277.50	100.00	Irrecoverable payment	85,277.50	85,277.50
China Railway Shenyang Bureau Group Co., Ltd. Benxi Freight Center	53,712.42	53,712.42	100.00	Irrecoverable payment	53,712.42	53,712.42
FAW Jiefang Automobile Co., Ltd. Procurement Department	24,648.73	24,648.73	100.00	Irrecoverable payment	24,648.73	24,648.73
Jilin Province	297.75	297.75	100.00	Irrecoverable payment	297.75	297.75

Company	2024/06/30				2023/12/31	
	Carrying amount	Provision for bad debts	Bad debts ratio (%)	Reason	Carrying amount	Provision for bad debts
Jinghai Material Distribution Co., Ltd						
Total	18,245,545.94	18,245,545.94			18,245,545.94	18,245,545.94

Provision for bad debt by portfolio of credit risk characteristics:

Portfolio accrual item: Aging portfolio

Items	2024/06/30		
	Amount	Provision for bad debts	Percentage (%)
Within 1 year (inclusive)	211,219,488.23	2,112,194.88	1.00
1-2 year (inclusive)	6,519,484.81	651,948.48	10.00
2-3 year (inclusive)	35,141,930.92	7,028,386.17	20.00
3-4 year (inclusive)	400,236.49	400,236.49	100.00
4-5 year (inclusive)	3,125,628.24	3,125,628.24	100.00
Aver 5 years	45,596,808.10	45,596,808.10	100.00
Total	302,003,576.79	58,915,202.36	

(3) Information of provision for bad debts

Provision for bad debts	Stage one	Stage two	Stage three	Total
	12-month expected credit losses	lifetime expected credit losses (credit impairment has not occurred)	lifetime expected credit losses (credit impairment has already occurred)	
Beginning balance	2,864,723.85	4,609,838.82	67,763,016.58	75,237,579.25

Provision for bad debts	Stage one	Stage two		Stage three		Total
	12-month expected credit losses	lifetime credit losses (credit impairment has not occurred)	expected credit losses (credit impairment has not occurred)	lifetime credit losses (credit impairment has already occurred)	expected credit losses (credit impairment has already occurred)	
Beginning balance during current period	-651,948.48	251,711.99		400,236.49		
--Transfer to the second stage	-651,948.48	651,948.48				
--Transfer to the third stage		-400,236.49		400,236.49		
--Write-back to the second stage						
--Write-back to the first stage						
Accrual for the current period	-100,580.49	2,818,783.84		-795,034.30		1,923,169.05
Reversal during the current period						
Write-back of the current period						
Write-off during the current period						
Other changes						
Ending balance	1,460,246.40	7,932,046.64		67,768,455.26		77,160,748.30

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

Items	2023/12/31	Changes during the current period				2024/06/30
		Accrual	Reversal or recovered	Write- back or write- off	Others	
Bad debt provision for other receivables	75,237,579.25	1,923,169.05				77,160,748.30
Total	75,237,579.25	1,923,169.05				77,160,748.30

(5) Other receivables disclosed by nature

Nature	2024/06/30	2023/12/31
Compensation for the “Living Showbelt” project	199,177,700.00	212,242,400.00
Current Account	117,082,895.23	176,055,536.99
Others	4,325,037.49	5,732,799.84
Total	320,585,632.72	394,030,736.83

(6) Top five other receivable by pooling owing party at the end of the reporting period

Company	Nature or content	Amount	Aging	Percentage of total other receivables (%)	Provision for bad debts at 2024/06/30
Benxi Xihu District Government	Compensation for the “Living Showbelt” project	199,177,700.00	within 1 year	62.13	1,991,777.00
Benxi Iron and Steel (Group) Third construction Engineering Co., Ltd	Current Account	12,504,978.59	3-4 years, over 3 years	3.90	12,504,978.59
Benxi Iron and Steel (Group) Co., Ltd.	Current Account	5,476,979.64	within 1 year, 1-2 years, over 5 years	1.71	4,156,527.72
Liaoning Hengtai Heavy Machinery Co., Ltd.	Current Account	3,510,967.39	1-2 years	1.10	351,096.74
Benxi Dongfeng Lake Steel Resources Utilization Co.	Current Account	3,478,250.07	2-3 years	1.08	695,650.01
Total		224,148,875.69		69.92	19,700,030.06

(7) Inventories

1. Inventories disclosed by category

Items	2024/06/30			2023/12/31		
	Gross carrying amount	Impairment	Book value	Gross carrying amount	Impairment	Book value
Raw material and main material	4,404,132,619.41	56,931,870.40	4,347,200,749.01	4,596,538,313.45	56,931,870.40	4,539,606,443.05
Work in process and self-made semi-finished product	2,080,826,080.59	12,076,074.97	2,068,750,005.62	1,627,187,498.35	12,076,074.97	1,615,111,423.38
Finished products	1,457,805,042.38	19,481,223.06	1,438,323,819.32	1,558,823,023.16	5,167,994.78	1,553,655,028.38
Total	7,942,763,742.38	88,489,168.43	7,854,274,573.95	7,782,548,834.96	74,175,940.15	7,708,372,894.81

2. Impairment of inventory and contract assets

Category	2023/12/31	Increase		Decrease		2024/06/30
		Provision	Others	Write-back or write-off	Others	
Raw material and main material	56,931,870.40					56,931,870.40

Category	2023/12/31	Increase		Decrease		2024/06/30
		Provision	Others	Write-back or write-off	Others	
Work in process and self-made semi-finished products	12,076,074.97					12,076,074.97
Finished products	5,167,994.78	14,313,228.28				19,481,223.06
Total	74,175,940.15	14,313,228.28				88,489,168.43

(8) Other current assets

Items	2024/06/30	2023/12/31
VAT input tax	108,735,472.49	88,281,138.57
Prepaid tax	362,947.46	17,220,232.46
others	33,344,002.41	52,288,605.87
Total	142,442,422.36	157,789,976.90

(9) Long-term equity investment

1. long-term equity investment

Investees	2023/12/31	Impairment provision as of 2023/12/31	Increase/decrease								2024/06/30	Impairment provision as of 2024/06/30
			Addition of Investment	Reduction of Investment	Income or loss on investment recognized under the equity method	Other Comprehensive Income Adjustment	Other Equity Changes	Declaration of Cash Dividends or Profit	Provision	Others		
1. Joint Venture												
2. Associated Enterprise												
Bensteel Baojin (Shenyang) New Automotive	46,910,346.41										46,910,346.41	

Investees	2023/12/31	Impairment provision as of 2023/12/31	Increase/decrease								2024/06/30	Impairment provision as of 2024/06/30
			Addition of Investment	Reduction of Investment	Income or loss on investment recognized under the equity method	Other Comprehensive Income Adjustment	Other Equity Changes	Declaration of Cash Dividends or Profit	Provision	Others		
Materials Technology Co.												
Subtotal	46,910,346.41										46,910,346.41	
Total	46,910,346.41										46,910,346.41	

(10) Other equity instrument investment

1. The information of other equity instrument investment

Items	2024/06/30	2023/12/31	Gains recognized in other comprehensive income	Losses recognized in other comprehensive income	Accumulated gains in other comprehensive income	Accumulated losses in other comprehensive income	Dividend income	Reasons for designation as at fair value through other comprehensive income
Suzhou Longben Metal Materials Co. Ltd.	3,930,341.27	3,930,341.27			41,361.27			
Sinosteel Shanghai Steel Processing Co., Ltd.						14,414,693.00		
Northeast Special Steel Group Co., Ltd.	970,532,698.56	970,532,698.56				67,203,150.44		
Total	974,463,039.83	974,463,039.83			41,361.27	81,617,843.44		

(11) Fixed assets

1. Fixed assets and Disposal of fixed assets

Items	2024/06/30	2023/12/31
Fixed assets	24,878,573,917.57	25,028,192,964.67
Disposal of fixed assets		
Total	24,878,573,917.57	25,028,192,964.67

2. Details of fixed assets

Items	Buildings	Machinery	Transportation equipment and others	Furniture and office equipment	Total
1. Gross carrying amount					
(1) 31 December 2023	13,031,421,747.35	51,512,912,760.03	399,037,323.55	198,681,621.21	65,142,053,452.14
(2) Increase in current period	57,782,406.88	628,914,174.75	5,662,053.10	14,119,753.29	706,478,388.02
Including: Purchase			286,053.10		286,053.10
Transferred from construction in progress	57,657,024.07	628,821,321.68	5,376,000.00	14,119,753.29	705,974,099.04
Others	125,382.81	92,853.07			218,235.88
(3) Decrease in current period	30,976,158.83	188,875,074.34	10,056,358.13	558,524.79	230,466,116.09
—Including: Disposal or scrapped	30,976,158.83	188,875,074.34	10,056,358.13	558,524.79	230,466,116.09
(4) 30 June 2024	13,058,227,995.40	51,952,951,860.44	394,643,018.52	212,242,849.71	65,618,065,724.07
2. Total accumulated depreciation					
(1) 31 December 2023	6,637,762,628.34	32,928,064,766.56	323,798,847.36	112,924,985.39	40,002,551,227.65

Items	Buildings	Machinery	Transportation equipment and others	Furniture and office equipment	Total
(2) Increase in current period	106,370,818.07	705,687,704.82	5,428,986.40	11,923,234.34	829,410,743.63
—Including: Provision	106,370,818.07	705,687,704.82	5,428,986.40	11,923,234.34	829,410,743.63
(3) Decrease in current period	22,269,734.47	171,386,048.99	9,558,370.01	557,362.97	203,771,516.44
—Including: Disposal or scrapped	22,269,734.47	171,386,048.99	9,558,370.01	557,362.97	203,771,516.44
(4) 30 June 2024	6,721,863,711.94	33,462,366,422.39	319,669,463.75	124,290,856.76	40,628,190,454.84
3. Total impairment					
(1) 31 December 2023	83,249,262.08	28,059,997.74			111,309,259.82
(2) Increase in current period					
—Including: Provision					
(3) Decrease in current period		7,908.16			7,908.16
—Including: Disposal or scrapped		7,908.16			7,908.16
(4) 30 June 2024	83,249,262.08	28,052,089.58			111,301,351.66
4. Total net book value of fixed assets					

Items	Buildings	Machinery	Transportation equipment and others	Furniture and office equipment	Total
(1) 30 June 2024	6,253,115,021.38	18,462,533,348.47	74,973,554.77	87,951,992.95	24,878,573,917.57
(2) 31 December 2023	6,310,409,856.93	18,556,787,995.73	75,238,476.19	85,756,635.82	25,028,192,964.67

3. Fixed assets idled temporarily

Items	Gross carrying amount	Accumulated depreciation	Impairment	Book value	Note
Buildings	111,291,120.75	66,768,763.56	41,943,853.74	2,578,503.45	
Machinery	3,034,473.01	2,388,968.64	75,666.43	569,837.94	
Total	114,325,593.76	69,157,732.20	42,019,520.17	3,148,341.39	

4. Fixed assets leased out by operating lease

Items	Book value
Buildings	895,879.23

5. Fixed assets without property rights certificates at the end of the period

Items	Book value	Reason
Buildings	2,426,004,556.93	In process

(12) Construction in progress

1. Construction in progress and Construction materials

Items	2024/06/30			2023/12/31		
	Gross carrying amount	Total impairment	Book value	Gross carrying amount	Total impairment	Book value
Construction in progress	4,156,908,135.68		4,156,908,135.68	4,307,646,942.37		4,307,646,942.37
Project materials				757,204.94		757,204.94
Total	4,156,908,135.68		4,156,908,135.68	4,308,404,147.31		4,308,404,147.31

2. Details of construction in progress

Items	2024/06/30			2023/12/31		
	Gross carrying amount	Total impairment	Book value	Gross carrying amount	Total impairment	Book value
Special Steel Electric Furnace Capacity Replacement Project	1,025,492,952.41		1,025,492,952.41	1,195,585,747.24		1,195,585,747.24
Cold Rolling Transformation Project	641,990,141.86		641,990,141.86	578,301,217.76		578,301,217.76
Environmental Protection Renovation of Sheet Raw Material Plant	460,227,181.39		460,227,181.39	452,296,692.77		452,296,692.77
Special Steel Rolling Mill Renovation Project	284,742,386.90		284,742,386.90	367,831,655.88		367,831,655.88
Environmental Protection Renovation in No. 2 Coal Storage Field of Plates Raw Material Plant	257,297,346.28		257,297,346.28	256,434,251.91		256,434,251.91
Integration Construction of Informatization System for Ansteel and Bengang Recombination				112,748,748.06		112,748,748.06
Blocking of ABC and DEF Stockyard in Plates Iron Making General Plant	99,425,674.71		99,425,674.71	99,129,674.71		99,129,674.71
Desulphurization Waste Liquor Acid Making Project in Plates Iron Making Plant	78,717,673.84		78,717,673.84	78,562,923.84		78,562,923.84
Plate No.1 Dry Quenching System Boosting Modification and Unit No.34 New Construction	41,822,708.63		41,822,708.63	76,994,180.14		76,994,180.14
Steelmaking 1#2#3#7#Converter New Three Times Dust Removal System	88,529,471.79		88,529,471.79	76,798,979.91		76,798,979.91

Items	2024/06/30			2023/12/31		
	Gross carrying amount	Total impairment	Book value	Gross carrying amount	Total impairment	Book value
Centralized Control Project before Ironmaking of Plates Iron Making General Plant	84,842,706.03		84,842,706.03	61,969,240.03		61,969,240.03
1780 Production Line Upgrading	78,531,654.02		78,531,654.02	58,044,160.54		58,044,160.54
Flue Gas Desulfurization and Denitrification Project of 4B and 5 Furnace Group in Bengang Plates and Iron Making General Plant	54,693,576.01		54,693,576.01	54,553,821.01		54,553,821.01
Plates Energy Centralized Control Project	80,258,847.34		80,258,847.34	50,276,243.36		50,276,243.36
Supporting Projects for Outward Transportation of Nanfen Pipeline Transported Mineral Concentrate in Bengang Plates and Iron Making General Plant	40,637,546.59		40,637,546.59	37,857,546.59		37,857,546.59
Improvement of Quality and Efficiency of 2300 Line in Hot Continuous Rolling Plant of Benxi Iron and Steel Co., Ltd. (First Phase) - Layer Cooling and Upgrading of Secondary System	472,621.73		472,621.73	32,327,295.12		32,327,295.12
Centralized Control Center before Ironmaking of Plates Iron Making General Plant	32,015,183.16		32,015,183.16	31,573,183.16		31,573,183.16
Capacity Replacement Project of No. 5 Blast Furnace of Bensteel Ironmaking Plant (Energy-saving and Environmental Protection	42,414,525.25		42,414,525.25	31,033,533.06		31,033,533.06

Items	2024/06/30			2023/12/31		
	Gross carrying amount	Total impairment	Book value	Gross carrying amount	Total impairment	Book value
Renovation of No. 5 Blast Furnace of Ironmaking Plant of Bensteel Plate)						
Blocking Project for Second and Third Burning Mixing Warehouse Recycling Operation Area	27,014,192.00		27,014,192.00	26,589,400.00		26,589,400.00
New Construction of 40,000 m ³ /h Nitrogen Compressors in Energy General Plant	28,420,757.24		28,420,757.24	25,842,342.61		25,842,342.61
Renovation of No. 5 RH Refining in Plates Steel Making General Plant				25,772,677.77		25,772,677.77
Outage for 2300 Line Heating Furnace in Plates Hot Continuous Rolling Plant	15,281,054.86		15,281,054.86	22,388,923.72		22,388,923.72
Capitalized Outage for Roads in Plates Plant	17,004,500.00		17,004,500.00	22,004,500.00		22,004,500.00
Bensteel Plate intelligent factory Project	41,509,016.39		41,509,016.39	17,440,916.39		17,440,916.39
Renovation of purification and desulphurisation system of coking process at the Sheet Ironmaking Plant	34,205,496.13		34,205,496.13	23,436,618.10		23,436,618.10
Cold rolling plant (three colding area) automotive plate quality improvement	26,428,760.00		26,428,760.00	7,010,000.00		7,010,000.00
Sheet Energy Control Centre Unit 33 Relocation Project	16,164,547.57		16,164,547.57	15,353,930.75		15,353,930.75

Items	2024/06/30			2023/12/31		
	Gross carrying amount	Total impairment	Book value	Gross carrying amount	Total impairment	Book value
Optimisation and upgrading of logistics in the new Special Steel District	16,118,806.00		16,118,806.00	11,706,800.00		11,706,800.00
Intelligent Eco-environmental Control System for Plate Company	20,309,310.40		20,309,310.40	3,700,000.00		3,700,000.00
220kV Substation Project of General Energy Plant	18,442,406.18		18,442,406.18	951,966.34		951,966.34
Bensteel's steel industry management and information technology overall enhancement supporting projects	18,767,177.36		18,767,177.36	13,240,377.36		13,240,377.36
Relocation and Improvement Project of Hot Repair Position in Plate Steel Mill (Phase II)	23,628,350.00		23,628,350.00	7,708,000.00		7,708,000.00
Others	461,501,563.61		461,501,563.61	432,181,394.24		432,181,394.24
Total	4,156,908,135.68		4,156,908,135.68	4,307,646,942.37		4,307,646,942.37

3. Changes in important construction projects in the current period

Items	Budget	2023/12/31	Increase during current period	Transferred to fixed asset during current period	Other decrease during current period	2024/06/30	Project cumulative investment accounted for the proportion of the budget (%)	Project progress (%)	Accumulated amount of interest capitalization	Including: Interest capitalization amount in current period	Interest capitalization rate in current period (%)	Sources of funds
Integration Construction of Informatization System for Ansteel and Bengang Recombination	232,100,000.00	112,748,748.06	51,863,186.24	164,611,934.30			100.00	100.00	7,233,001.66	853,186.24	4.35	Loan from financial institute
Renovation of No. 5 RH Refining in Plates Steel Making General Plant	41,330,800.00	25,772,677.77	11,518,436.32	37,291,114.09			90.00	96.00				Others
Special Steel Electric Furnace Capacity Replacement Project	1,732,481,000.00	1,195,585,747.24	38,608,081.75	208,700,876.58		1,025,492,952.41	89.00	95.00	32,840,333.57	9,809,783.28	4.35	Fund raising
Cold Rolling Transformation Project	843,640,000.00	578,301,217.76	85,813,824.11	22,124,900.00		641,990,141.87	85.00	85.00	29,357,282.86	10,797,255.21	4.35	Loan from financial institute
Plate No.1 Dry Quenching System Boosting	93,270,000.00	76,994,180.14	2,851,243.27	38,022,714.78		41,822,708.63	86.00	90.00				Others

Items	Budget	2023/12/31	Increase during current period	Transferred to fixed asset during current period	Other decrease during current period	2024/06/30	Project cumulative investment accounted for the proportion of the budget (%)	Project progress (%)	Accumulated amount of interest capitalization	Including: Interest capitalization amount in current period	Interest capitalization rate in current period (%)	Sources of funds
Modification and Unit No.34 New Construction												
Plate energy management center 6#, 7# furnace plate exchange heat source efficiency improvement project	26,500,000.00	17,976,789.00	7,447,653.00	25,424,442.00			96.00	100.00				Others
Special Steel Rolling Mill Renovation Project	734,730,000.00	367,831,655.88	21,926,248.51	105,015,517.49		284,742,386.90	88.00	93.00	27,340,901.77	5,257,761.16	3.12	Loan from financial institute
Improvement of Quality and Efficiency of 2300 Line in Hot Continuous Rolling Plant of Benxi Iron and Steel Co., Ltd. (First Phase) - Layer Cooling and Upgrading of Secondary System	39,200,000.00	32,327,295.12	23,926.61	31,878,600.00		472,621.73	83.00	85.00				Others

Items	Budget	2023/12/31	Increase during current period	Transferred to fixed asset during current period	Other decrease during current period	2024/06/30	Project cumulative investment accounted for the proportion of the budget (%)	Project progress (%)	Accumulated amount of interest capitalization	Including: Interest capitalization amount in current period	Interest capitalization rate in current period (%)	Sources of funds
Special Steel Division Equipment Purchase Project	11,162,885.69		11,162,885.69	11,162,885.69			100.00	100.00				Others
Overhaul project of No.1 dry quenching coke of plate ironmaking plant	12,000,000.00	10,592,603.42	31,960.00	8,410,423.85		2,214,139.57	89.00	90.00				Others
Total		2,418,130,914.39	231,247,445.50	652,643,408.78		1,996,734,951.11			96,771,519.86	26,717,985.89		

(13) Right of use assets

1. Right of use assets

Items	Land use right	Buildings	Machinery	Total
1. Gross carrying amount				
(1) 31 December 2023	1,132,274,415.17	368,465,367.56		1,500,739,782.73
(2) Increase in current period			280,278,953.41	280,278,953.41
—Addition				
—Merging				
—Revaluation				
—Others			280,278,953.41	280,278,953.41
(3) Decrease in current period				
—transfer to PPE				
—Disposal				
(4) 30 June 2024	1,132,274,415.17	368,465,367.56	280,278,953.41	1,781,018,736.14
2. Total accumulated depreciation				
(1) 31 December 2023	119,712,708.68	61,410,894.68		181,123,603.36
(2) Increase in current period	19,952,118.12	10,235,149.14	3,044,387.31	33,231,654.57
—Provision	19,952,118.12	10,235,149.14	3,044,387.31	33,231,654.57
(3) Decrease in current period				
—Transfer to PPE				
—Disposal				
(4) 30 June 2024	139,664,826.80	71,646,043.82	3,044,387.31	214,355,257.93
3. Total impairment				
(1) 31 December 2023				

Items	Land use right	Buildings	Machinery	Total
(2) Increase in current period				
—provision				
(3) Decrease in current period				
—Transfer to PPE				
—Disposal				
(4) 30 June 2024				
4. Total net book value				
(1) 30 June 2024	992,609,588.37	296,819,323.74	277,234,566.10	1,566,663,478.21
(2) 31 December 2023	1,012,561,706.49	307,054,472.88		1,319,616,179.37

(14) Intangible assets

1. Details of intangible assets

Items	Software	Land use right	Total
1. Total of original value			
(1) 31 December 2023	267,948.72	336,885,314.76	337,153,263.48
(2) Increase			
—Purchase			
—Internal R&D			
—Increase in Mergers			
(3) Decrease			
—Disposal			
—Invalidated and derecognized portion			
(4) 30 June 2024	267,948.72	336,885,314.76	337,153,263.48
2. Total Accumulated Amortization			
(1) 31 December 2023	186,634.58	80,946,192.77	81,132,827.35

Items	Software	Land use right	Total
(2) Increase	13,397.45	3,368,853.18	3,382,250.63
—Provision	13,397.45	3,368,853.18	3,382,250.63
(3) Decrease			
—Disposal			
—Invalided and derecognized portion			
(4) 30 June 2024	200,032.03	84,315,045.95	84,515,077.98
3. Total of Impairment			
(1) 31 December 2023			
(2) Increase			
—Provision			
(3) Decrease			
—Disposal			
—Invalided and derecognized portion			
(4) 30 June 2024			
4. Total of Net book value			
(1) 30 June 2024	67,916.69	252,570,268.81	252,638,185.50
(2) 31 December 2023	81,314.14	255,939,121.99	256,020,436.13

(15) Deferred tax asset and deferred tax liability

1. Deferred tax assets before taking into consideration of the balance offsetting

Items	2024/06/30		2023/12/31	
	Deductible temporary differences	Deferred tax asset	Deductible temporary differences	Deferred tax asset
Impairment	400,948,822.34	100,212,083.01	403,698,019.09	100,549,055.02
Fair value through other comprehensive income	81,617,843.44	20,404,460.86	81,617,843.44	20,404,460.86
Lease liability	1,644,367,112.02	411,091,778.01	1,384,348,462.17	346,087,115.54

Items	2024/06/30		2023/12/31	
	Deductible temporary differences	Deferred tax asset	Deductible temporary differences	Deferred tax asset
Total	2,126,933,777.80	531,708,321.88	1,869,664,324.70	467,040,631.42

2. Deferred tax liabilities before taking into consideration of the balance offsetting

Items	2024/06/30		2023/12/31	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of other equity instrument investments	41,361.27	10,340.32	41,361.27	10,340.32
Right-of-use assets	1,566,663,478.21	391,665,869.55	1,319,616,179.47	329,904,044.87
Total	1,566,704,839.48	391,676,209.87	1,319,657,540.74	329,914,385.19

3. Unrecognized deferred tax assets

Items	2024/06/30	2023/12/31
Deductible temporary differences	306,113,541.40	305,223,483.99
Deductible losses	6,019,434,124.25	4,213,758,736.79
Total	6,325,547,665.65	4,518,982,220.78

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

Year	30 June 2024	31 December 2023	Notes
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	30 June 2024	31 December 2023	Notes
Year 2027	1,919,832,999.81	1,919,832,999.81	
Year 2028	2,367,541,315.76	2,266,704,199.88	
Year 2029	1,704,838,271.58	-	
Total	6,019,434,124.25	4,213,758,736.79	

(16) Other non-current assets

Items	2024/06/30			2023/12/31		
	Gross carrying amount	Impairment	Book value	Gross carrying amount	Impairment	Book value
Prepayment for long-term assets	121,903,869.78		121,903,869.78	137,933,599.61		137,933,599.61
Total	121,903,869.78		121,903,869.78	137,933,599.61		137,933,599.61

(17) Assets with restrictions on ownership or use

Items	2024/06/30				2023/12/31			
	Carrying amount	Book value	Type of restriction	Status	Carrying amount	Book value	Type of restriction	Status
Cash at bank and on hand	810,054,824.11	810,054,824.11	Margin for Notes receivable, Margin for letter of credit		1,009,879,189.82	1,009,879,189.82	Margin for Notes receivable, Margin for letter of credit	
Notes receivable	383,067,330.50	383,067,330.50	Pledged		218,427,117.76	218,427,117.76	pledged	
Total	1,193,122,154.61	1,193,122,154.61			1,228,306,307.58	1,228,306,307.58		

(18) Short-term loans

1. Classification of short-term loans

Items	2024/06/30	2023/12/31
Pledge loans		
Mortgage loans		
Guaranteed loans		
Credit loans	495,000,000.00	300,000,000.00
Discounted unexpired bills	730,592.00	28,000,000.00
Total	495,730,592.00	328,000,000.00

(19) Notes payable

Items	2024/06/30	2023/12/31
Commercial acceptance bill	512,109,059.19	463,403,421.74
Bank acceptance bill	9,506,031,958.09	8,601,590,577.15
letter of credit	1,541,716,550.34	1,300,000,000.00
Total	11,559,857,567.62	10,364,993,998.89

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

(20) Accounts payable

1. Accounts payable disclosed by category

Items	2024/06/30	2023/12/31
Within 1 year (inclusive)	2,068,453,035.18	2,782,628,881.51
1-2 year (inclusive)	386,521,195.69	9,101,689.71
2-3 year (inclusive)	7,418,840.63	7,414,901.65
Over 3 year	14,002,982.64	10,289,787.90
Total	2,476,396,054.14	2,809,435,260.77

2. Significant accounts payable aging over one year

Items	2024/06/30	Reasons
Henan Weihua Heavy Machinery Co., Ltd.	6,829,683.84	Not yet eligible for settlement
Dalian Huarui Heavy Industry Group Co. Ltd.	5,870,242.00	Not yet eligible for settlement
Total	12,699,925.84	

(21) Contract liabilities

1. Details of contract liabilities

Items	2024/06/30	2023/12/31
Payment received in advance and labor costs	2,925,386,458.14	3,302,218,364.90
Others		890,227.48
Total	2,925,386,458.14	3,303,108,592.38

(22) Employee benefits payable

1. Employee benefits payable

Items	2023/12/31	Increase	Decrease	2024/06/30
Short-term employee benefits	1,175,970.83	878,644,448.54	878,737,354.05	1,083,065.32
Post-employment benefits - defined contribution plans		134,124,608.30	134,124,608.30	
Termination benefits		28,762,172.65	28,762,172.65	
Other benefits due within one year				
Others				
Total	1,175,970.83	1,041,531,229.49	1,041,624,135.00	1,083,065.32

2. Short-term employee benefits

Items	2023/12/31	Increase	Decrease	2024/06/30
(1) Salary, bonus, allowance and subsidy		623,422,824.80	623,422,824.80	
(2) Employee welfare		82,505,854.77	82,505,854.77	
(3) Social Insurance		74,570,098.59	74,570,098.59	
Including: Medical insurance		55,241,262.92	55,241,262.92	
Work injury insurance		17,024,055.67	17,024,055.67	
Maternity insurance		2,304,780.00	2,304,780.00	
(4) Housing		81,980,838.00	81,980,838.00	
(5) Union funds and staff education fee	1,175,970.83	12,663,313.09	12,756,218.60	1,083,065.32
(6) Short-term compensated absences				
(7) Short-term profit - sharing scheme				
(8) Other short-term benefits (Health care, labor insurance, temporary employment)		3,501,519.29	3,501,519.29	
Total	1,175,970.83	878,644,448.54	878,737,354.05	1,083,065.32

3. Defined contribution plans

Items	2023/12/31	Increase	Decrease	2024/06/30
Basic pension fund		104,790,953.08	104,790,953.08	
Unemployment insurance		3,275,218.58	3,275,218.58	
Annuity		26,058,436.64	26,058,436.64	
Total		134,124,608.30	134,124,608.30	

(23) Current tax liabilities

Items	2024/06/30	2023/12/31
Value-added tax	7,638,735.14	7,969,729.86
Corporate income tax	11,854,155.78	16,637,900.58
City maintenance and construction tax	491,284.32	526,991.99
House property tax	4,202,867.37	3,997,351.10
Land use right tax	1,088,809.99	1,088,809.99
Individual income tax	1,092,281.46	2,427,153.14
Educational surcharges (including local Educational surcharges)	350,917.37	376,422.86
Others	14,326,468.50	22,378,599.59
Total	41,045,519.93	55,402,959.11

(24) Other payables

Items	2024/06/30	2023/12/31
Interest payables		
Dividends payables		
Other payables	1,291,824,477.57	1,659,284,531.06
Total	1,291,824,477.57	1,659,284,531.06

1. Other payables

(1) Other payables disclosed by nature

Items	2024/06/30	2023/12/31
Deposit	639,292.00	679,292.00
Margin	335,475,533.08	328,420,047.69
Accounts	950,613,256.48	1,317,921,724.74
Others	5,096,396.01	12,263,466.63
Total	1,291,824,477.57	1,659,284,531.06

(2) Significant other payables aged over one year

Items	2024/06/30	Reasons
Ansteel Group Engineering Technology Co. Ltd.	22,549,189.37	unsettled

(25) Non-current liabilities due within one year

Items	2024/06/30	2023/12/31
Long-term loans due within one year	408,685,967.20	562,310,473.60
Bond payables due within one year		81,650,008.44
Long-term payables due within one year		
Leas liability due within one year	65,801,328.23	41,921,209.72
Total	474,487,295.43	685,881,691.76

(26) Other current liabilities

Items	2024/06/30	2023/12/31
Output tax to be transferred	334,009,488.97	392,122,093.59
Total	334,009,488.97	392,122,093.59

(27) Long-term loans

Items	2024/06/30	2023/12/31
Pledged loans		
Mortgage loan		
Guaranteed loans		
Credit loans	2,319,589,918.00	1,723,726,700.80
Total	2,319,589,918.00	1,723,726,700.80

(28) Bonds payable

1. Bonds payable disclosed by category

Items	2024/06/30	2023/12/31
Convertible Bond	5,522,410,434.46	5,451,381,676.38

Items	2024/06/30	2023/12/31
Total	5,522,410,434.46	5,451,381,676.38

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

Items	Face value	Issue date	Term to maturity	Issuance amount	Balance at the end of the previous year	Current issue	Interest accrued at face value	Premium and discount amortization	Repayment in this period	Balance at the end of the current period	Default or not
BengangConvertible Bond (Bond code:127018)	6,800,000,000.00	29th June 2020	6 years	6,800,000,000.00	5,451,381,676.38	-	81,650,255.46	71,034,282.04	81,655,779.42	5,522,410,434.46	No
Total				6,800,000,000.00	5,451,381,676.38		81,650,255.46	71,034,282.04	81,655,779.42	5,522,410,434.46	

3. Description of corporate convertible bond:

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. From January 1, 2024 to June 30, 2024, an aggregate of RMB7,000.00 of the convertible bonds were converted into 1,771.00 common stock. Among them:

In the first quarter of 2024, the Bengang convertible bonds were reduced by RMB7,000.00 (70 units) due to the conversion, and the number of shares converted was 1,771.00 shares, and the conversion price was RMB3.95 per share;

As of June 30, 2024, the remaining amount of the face value of the convertible bonds was RMB 5,631,017,100.00 Yuan (56,310,171.00 sheets).

(29) Lease liabilities

Items	2024/06/30	2023/12/31
Lease payments	2,480,710,302.86	2,098,254,018.65
Less: Unrealized financing expenses	836,223,979.34	713,905,556.48
Reclassified to non-current liabilities within one year	65,801,328.23	41,921,209.72
Total	1,578,684,995.29	1,342,427,252.45

(30) Deferred income

Items	2023/12/31	Increase	Decrease	2024/06/30	Reason
Government subsidy	136,084,955.18	100,000.00	14,369,000.00	121,815,955.18	
Total	136,084,955.18	100,000.00	14,369,000.00	121,815,955.18	

Items	2023/12/31	Increase	Transfer to non-operating income	Transfer to other income	Offsetting cost or expenses	Other changes	2024/06/30	Related to assets or income
Research and Development of High-strength Steel for the Third Generation of Automobiles	580,000.00			290,000.00			290,000.00	Assets
Desulfurization and Denitrification Project of Coal-fired Boiler in High-pressure Workshop of Bengang Power Plant	1,800,000.00			300,000.00			1,500,000.00	Assets
Advanced Treatment Project of Carbon Fiber Wastewater in Dongfeng Plant Area of Plate Coking Plant	3,800,000.00			950,000.00			2,850,000.00	Assets
Second Sintering Finishing Dust Removal Ultra-low Emission Reconstruction Project	820,000.00			205,000.00			615,000.00	Assets
Converter Gas Recovery Efficiency Improvement Project for Plate Material Area	9,680,000.00			1,210,000.00			8,470,000.00	Assets
Central environmental protection award fund	84,352,000.00			10,544,000.00			73,808,000.00	Assets
2021 Intellectual Manufacturing Strong Province Special Fund	3,840,000.00			480,000.00			3,360,000.00	Assets
2020 Ecological Civilization Construction Special Project (Special Steel Electric Furnace Upgrading Project)	20,000,000.00						20,000,000.00	Assets
2021 Manufacturing Strong Province Special Fund Project	8,100,000.00			390,000.00			7,710,000.00	Assets

Government grant for "Liaoning Revitalization Talent Plan"	236,500.00						236,500.00	Assets
2022 Provincial Science and Technology Department Liaoning Provincial Natural Science Foundation Program Project Section	28,400.00						28,400.00	Assets
Design of Rare Earth Steel Metallurgical Slag System and Research on Its Physicochemical Properties	317,349.00						317,349.00	Assets
2021 Municipal Skilled Master Workstation Fee	77,219.45						77,219.45	Income
Study on the Mechanism and Control of the Effect of Rare Earth Oxysulfides on the Plasticizability of Automotive Steel	122,220.20						122,220.20	Income
2021 Benxi Experts and Talents Interaction with Enterprises Project	5,000.00						5,000.00	Income
2019 Municipal Master Skill Workstation Fee	69,500.19						69,500.19	Income
2018 Municipal Master Skill Workstation Fee	58,766.34						58,766.34	Income
Liaoning Province "Hundred, Thousand, Thousand, Thousand Talents Project" funding project in 2018	220,000.00						220,000.00	Income
Provincial Science and Technology Department National Natural Science Foundation Committee	334,000.00						334,000.00	Income
2019 Provincial Skilled Master Workstation Fee	200,000.00						200,000.00	Income
2020 Provincial Skilled Master Workstation Fee	100,000.00						100,000.00	Income

Fundamental Research on New Technology of Composite Iron Coke Low Carbon Ironmaking Furnace Charge	168,000.00						168,000.00	Income
The Second Batch of 2021 Liaoning Funds on Central Government Guiding the Development of Local Science and Technology	300,000.00						300,000.00	Income
2022 Digital Liaoning Intellectual Manufacturing Strong Province	300,000.00						300,000.00	Income
Municipal Enterprise Operation Class Patent Navigation Project Funding Grant	200,000.00						200,000.00	Income
Genetic Engineering and Artificial Intelligence Design of Aviation Critical Materials (Research Institute)	376,000.00						376,000.00	Income
2022 Provincial Skilled Master Workstation Fee		100,000.00					100,000.00	Income
Total	136,084,955.18	100,000.00	-	14,369,000.00	-	-	121,815,955.18	

(31) Share capital

Items	2023/12/31	Increase/decrease (+, -)					2024/06/30
		Issuance of new share	Bonus shares	Transferred from reserves	Others	Subtotal	
Capital shares	4,108,219,302.00				1,771.00	1,771.00	4,108,221,073.00

Note: The decrease was due to the convertible bonds issued by the Company were converted into 1,771.00 shares of common stock during the period, and the remaining balance of the face value of the Company's convertible bonds as of June 30, 2024 was RMB5,631,017,100.00 Yuan (56,310,171.00 units). For details, please refer to Note 5. (28) Bonds payable.

(32) Other equity instruments

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

Items	2023/12/31		Increase		Decrease		2024/06/30	
	Number	Book value	Number	Book value	Number	Book value	Number	Book value
Convertible corporate bonds	56,310,241.00	947,858,134.16	-	-	70.00	1,424.97	56,310,171.00	947,856,709.19
Total	56,310,241.00	947,858,134.16	-	-	70.00	1,424.97	56,310,171.00	947,856,709.19

Notes: The decrease during the current period was due to convertible bonds issued by the Company have been partially converted into common stock for an aggregate of RMB7,000.00 (70 units), and the remaining balance of the face value of the convertible bonds as of June 30, 2024 was RMB5,631,017,100.00 Yuan (56,310,171.00 sheets). For details, please refer to Note 5. (28) Bonds payable.

(33) Capital reserves

Items	2023/12/31	Increase	Decrease	2024/06/30
Capital premium over par value	13,156,308,402.10	5,177.93		13,156,313,580.03
Other capital reserves	115,917,468.82			115,917,468.82
Total	13,272,225,870.92	5,177.93		13,272,231,048.85

Notes: The increase was due to the conversion of A-share convertible bonds issued by the Company into A-share common stock during the period, as described in Note 5, (28) Bonds payable.

(34) Other comprehensive income

Items	2023/12/31	Current period						2024/06/30
		Amounts before corporate income tax	Less: amount recognized in OCI in the previous period transfer to PL in current period	Less: income tax	Income after tax attributable to owners of the Company	Income after tax attributable to non-controlling interests	Less: transfer to retain earnings	
1. Items can not be reclassified into profit or loss.	-50,371,341.88							-50,371,341.88
including: Remeasurement of defined benefit plans of changes								
Other comprehensive income under the equity method cannot be reclassified into profit or loss								

Items	2023/12/31	Current period						2024/06/30
		Amounts before corporate income tax	Less: amount recognized in OCI in the previous period transfer to PL in current period	Less: income tax	Income after tax attributable to owners of the Company	Income after tax attributable to non-controlling interests	Less: transfer to retain earnings	
Changes in fair value of investments in other equity instruments	-50,371,341.88							-50,371,341.88
Changes in fair value of company's credit risk								
2. Items can be reclassified into profit or loss								
Total	-50,371,341.88							-50,371,341.88

(35) Special Reserves

Items	2023/12/31	Increase	Decrease	2024/06/30
Safety production cost	54,843.15	36,054,579.27	32,159,120.03	3,950,302.39
Total	54,843.15	36,054,579.27	32,159,120.03	3,950,302.39

(36) Surplus Reserves

Items	2023/12/31	Increase	Decrease	2024/06/30
Statutory surplus reserves	1,195,116,522.37			1,195,116,522.37
Discretionary reserves				
Reserve fund				
Enterprise Development Fund (EDF)				
Others				
Total	1,195,116,522.37			1,195,116,522.37

(37) Undistributed Profits

Items	Current period	Previous period
Before adjustments: undistributed profits at last year-end	-2,463,133,834.65	-720,559,670.73
Adjustments of the beginning distributed profits (increase + / decrease -)		
After adjustments: undistributed profit at this year-beginning	-2,463,133,834.65	-720,559,670.73
Add: undistributed profit belonging to parent company	-1,550,950,137.71	-1,742,574,163.92

Items	Current period	Previous period
Less: Statutory surplus reserves		
Discretionary reserves		
General risk reserves		
Common shares dividend payable		
Common shares dividend transferred to paid-in capital		
Ending balance of undistributed profits	-4,014,083,972.36	-2,463,133,834.65

(38) Operating income and operating cost

1. Operating income and operating cost

Items	Current period		Previous period	
	Revenue	Cost	Revenue	Cost
Principal business	27,942,407,986.74	28,743,063,625.90	30,178,980,302.21	30,346,840,599.33
Other business	422,131,300.06	434,178,194.37	388,428,902.82	367,800,364.58
Total	28,364,539,286.80	29,177,241,820.27	30,567,409,205.03	30,714,640,963.91

2. Details for operating income

Item	Principal business Revenue	Principal business Cost	Other business Revenue	Other business Cost
Classified by business area				
Including: Domestic	22,982,790,083.47	23,737,449,619.00	422,131,300.06	434,178,194.37
Abroad	4,959,617,903.27	5,005,614,006.90	-	-
Classified by the time of commodity transfer	27,942,407,986.74	28,743,063,625.90	422,131,300.06	434,178,194.37
Including: recognize at a certain point in time				

Item	Principal business Revenue	Principal business Cost	Other business Revenue	Other business Cost
-Recognize over a certain period of time	27,942,407,986.74	28,743,063,625.90	420,272,981.66	432,990,677.97
Total			1,858,318.40	1,187,516.40
Item	27,942,407,986.74	28,743,063,625.90	422,131,300.06	434,178,194.37

(39) Tax and surcharges

Items	Current period	Previous period
Environmental tax	10,657,195.93	9,527,874.78
City maintenance and construction tax	7,179,465.72	6,576,796.79
Educational surcharge	5,141,768.24	4,800,732.70
Housing property tax	42,403,396.66	40,884,994.48
Land use right tax	6,075,969.40	6,075,969.40
Vehicle and vessel tax	24,659.44	
Stamp duty	30,999,838.67	30,849,463.63
Others	14,110.89	324,845.97
Total	102,496,404.95	99,040,677.75

(40) Selling and marketing expenses

Items	Current period	Previous period
Import and export agency fee	26,379,873.76	21,131,652.66
Salary and benefits	36,058,846.27	37,771,652.79
Sales service fee	10,571,474.17	1,382,736.23
Others	5,858,248.93	9,615,841.56
Total	78,868,443.13	69,901,883.24

(41) General and administrative expenses

Items	Current period	Previous period
Salary and benefits	222,695,719.15	232,474,136.03
Repair expense	3,878,241.83	298,281.38
Depreciation	25,488,252.64	19,462,599.70
Professional service expenses	10,565,726.99	6,665,914.90
IT systems fees	21,186,116.66	14,723,225.16
Safety production expenses	13,231,852.96	36,283,096.29
Others	54,648,344.49	29,661,768.03
Total	351,694,254.72	339,569,021.49

(42) Research and development expenses

Items	Current period	Previous period
Depreciation, materials and compensation, etc.	36,966,260.63	32,990,679.09
Total	36,966,260.63	32,990,679.09

(43) Financial expenses

Items	2024/06/30	2023/12/31
Interest expenses	192,939,391.68	234,419,462.35
including: Interest expenses for lease liabilities		
Less: Interest income	19,612,598.56	27,351,519.21
Exchange losses	-43,562,831.57	-49,493,753.99
Others	5,418,930.93	3,983,576.72
Total	135,182,892.48	161,557,765.87

(44) Other income

Items	Current period	Previous period
Research and Development of High-strength Steel for the Third Generation of Automobiles	290,000.00	290,000.00
Desulfurization and Denitrification Project of Coal-fired Boiler in High-pressure Workshop of Bengang Power Plant	300,000.00	
Advanced Treatment Project of Carbon Fiber Wastewater in Dongfeng Plant Area of Plate Coking Plant	950,000.00	950,000.00
Second Sintering Finishing Dust Removal Ultra-low Emission Reconstruction Project	205,000.00	
Plate factory area converter Gas Recovery and Efficiency Improvement Project	1,210,000.00	
Central Government Environmental Protection Award Fund	10,544,000.00	
2021 Intellectual Manufacturing Strong Province Special Fund	480,000.00	205,000.00
2021 Intellectual Manufacturing Strong Province Special Fund project	390,000.00	
Tax Rebates for Low-growth Businesses from Government	724,200.00	
2024 Special Incentive Funds for Business Stable development Measures (Q1)	785,500.00	
Air Pollution Prevention and Control Funds - Second Burn Finishing Dedusting Ultra Low Emission Retrofit Project		300,000.00
2021 Benxi Pollution Control and Energy Saving and Carbon Reduction Special Project (Converter Gas Recovery Efficiency Improvement Project)		44,117.65
2019 Municipal Skilled Master Workstation Fee		81.08
Liaoning Province "One Million Talents Project" Funding Program in 2020		50,000.00
Additional tax relief for retired soldiers in 2022		540,000.00
Withholding fee income	389,899.87	913,893.41
VAT tax relief	67,802,894.08	

Items	Current period	Previous period
Others		225,000.00
Total	84,071,493.95	3,518,092.14

(45) Investment income

Items	Current period	Previous period
Income on long-term equity investment by equity method		-439,659.58
Income on disposal of financial assets holding for trading		-294,462.57
Gains/loss from Available-for-sale financial assets during the holding period		-2,502,067.50
Gain from debt restructuring		694,683.35
Others	-31,605,308.28	
Total	-31,605,308.28	-2,541,506.30

(46) Credit impairment loss

Items	Current period	Previous period
Loss from bad debts of account receivable	-18,087,628.51	-18,426,234.94
Loss from bad debts of other receivables	1,923,169.05	35,877,008.41
Total	-16,164,459.46	17,450,773.47

(47) Asset impairment loss

Items	Current period	Previous period
Inventory and contract assets impairment loss	14,313,228.28	84,458,260.66
Total	14,313,228.28	84,458,260.66

(48) Assets disposal gains

Items	Current period	Previous period	The amount recognized in non-recurring profit
Disposal gains or losses arising from disposal of fixed assets not classified for sale	10,002,955.91		10,002,955.91
Total	10,002,955.91		10,002,955.91

(49) Non-operating income

Items	Current period	Previous period	The amount recognized in non-recurring profit
Non-current assets scrapped gains	2,969,609.64	17,095,345.19	2,969,609.64
Liquidated damages	2,252,849.81	980,399.63	2,252,849.81
Unpayable accounts payable (Debt liquidation income)		2,447,931.60	
Others	3,754,417.72	31,060,871.61	3,754,417.72
Total	8,976,877.17	51,584,548.03	8,976,877.17

(50) Non-operating expense

Items	Current period	Previous period	Recorded in the current period
Non-current assets scrapped loss	26,684,793.03	48,484,833.89	26,684,793.03
Penalties and late fees	819,442.12	2,072,844.13	819,442.12
Others	71,951.36	27,649.11	71,951.36
Total	27,576,186.51	50,585,327.13	27,576,186.51

(51) Income tax expenses

1. Income tax expense

Items	Current period	Previous period
Income tax payable for the current year	37,006,436.45	46,665,568.90
Adjustment of deferred income tax	-2,905,865.78	-13,473,858.06
Total	34,100,570.67	33,191,710.84

2. Accounting profit and income tax expense adjustment process

Items	Current period
Total profit	-1,472,189,725.96
Income tax expense calculate according to the official or applicable tax rate	-368,047,431.49
Effect of different tax rates applied by subsidiaries	-20,834,895.35
Effect of adjustment of the income tax expense of prior period	-7,776,343.01
Effect of non-taxable income	-21,514.35
Effect of undeductible costs, expenses or losses	16,939.75
Effect of use of deductible losses of unrecognized deferred tax asset of prior period	-485,271.99
Effect of deductible temporary differences or deductible losses of unrecognized deferred tax asset of current period	430,710,887.32
Others	538,199.79
Total	34,100,570.67

(52) Notes of statement of cash flows

1. Cash related to other operating activities

(1) Cash received related to other operating activities

Items	Current period	Previous period
Current accounts, advances received	41,261,597.48	36,965,273.21

Items	Current period	Previous period
Interest income	19,128,419.09	27,351,519.21
Special subsidy income	10,475,771.68	850,000.00
Non-operating income	3,955,339.02	-
Others	1,983,169.94	980,399.63
Total	76,804,297.21	66,147,192.05

(2) Cash paid related to other operating activities

Items	Current period	Previous period
Current accounts, advance for another	60,227,872.08	28,422,075.16
Administrative expenses	46,701,363.64	112,917,219.14
Sales expenses	8,837,487.92	32,130,230.45
Bank charges	32,800,163.46	3,983,576.72
Others	17,555,604.58	-
Total	166,122,491.68	177,453,101.47

2. Other cash in relation to financing activities

(1) Other cash received in relation to financing activities

Item	Current period	Previous period
Notes, letter of guarantee, and letter of credit margins	1,841,743,458.53	299,914,718.38
Total	1,841,743,458.53	299,914,718.38

(2) Other cash paid in relation to financing activities

Item	Current period	Previous period
Notes, letter of guarantee, and letter of credit margins	1,641,919,092.82	673,351,795.82
Lease payments	31,137,341.92	18,485,374.02
Bank charges	4,378,074.03	3,284,461.67
Total	1,677,434,508.77	695,121,631.51

(53) Supplementary details of statement of cash flows

1. Supplementary details for statement of cash flows

Items	Current period	Previous period
1. A reconciliation of net profit to cash flows from operating activities:		
Net profit	-1,506,290,296.63	-983,416,724.55
Add: Credit impairment loss	-16,164,459.46	17,450,773.47
Asset impairment loss	14,313,228.28	84,458,260.66
Depreciation of fixed assets	829,410,743.63	823,089,855.07
Depreciation of right of use assets	33,231,654.57	30,187,267.26
Amortization of intangible assets	3,382,250.63	3,039,005.87
Long-term deferred expenses		
Losses proceeds from disposal of PPE, intangible assets and other long-term assets (Earnings marked“—”)	-10,002,955.91	
Scrapped losses from fixed assets (Earnings marked“—”)	23,715,183.39	31,389,488.70
Change in fair value loss (Earnings marked“—”)		
Financial expenses (Earnings marked“—”)	149,376,560.11	184,925,708.36
Investment losses (Earnings marked“—”)	31,605,308.28	2,541,506.30
Deferred tax assets reduction (Addition marked“—”)	-64,667,690.46	-11,622,984.29
Deferred tax liabilities increased (Reduction marked“—”)	61,761,824.68	
Reduction of inventory (Addition marked“—”)	-160,214,907.42	784,701,660.05
Operating receivable items reduction (Addition marked“—”)	501,415,461.52	-816,626,771.10
Operating payable items increase (Less marked“—”)	1,204,219,491.33	4,512,520,236.01
Others		
Net cash flows generated from operating activities	1,095,091,396.54	4,662,637,281.81

Items	Current period	Previous period
2. Payments of investing and financing activities not involving cash:		
Liabilities transferred to capital		
Convertible bonds due within one year		
Fixed assets financed by leasing		
3. The net increase in cash and cash equivalents:		
Ending balance of cash	1,182,269,402.52	3,135,535,935.14
Less: Beginning balance of cash	1,184,774,971.52	1,296,662,683.20
Add: Ending balance of cash equivalents		
Less: Opening balance of cash equivalents		
The net increase in cash and cash equivalents	-2,505,569.00	1,838,873,251.94

2. The structure of cash and cash equivalents

Items	Current period	Previous period
1. Cash	1,182,269,402.52	1,184,774,971.52
Including: Cash on hand		
Digital currencies available on demand		
Bank deposits available on demand	1,182,269,402.52	1,184,774,971.52
Other monetary funds available on demand		
Central bank deposits available on demand		
Balances with other financial institutions		
Loans to other financial institutions		
2. Cash equivalents		
Including: Investment of securities due within 3 months		
3. Ending balance of cash and cash equivalents	1,182,269,402.52	1,184,774,971.52

Items	Current period	Previous period
Including: Cash and cash equivalents limited to use by the parent company of other subsidiary in the group		

(54) Foreign currency monetary items

1. Foreign currency monetary items

Item	Ending balance in foreign currency	Exchange rate	Ending balance translated to RMB
Cash and cash equivalents			355,889,274.38
Including: USD	49,169,322.42	7.1268	350,419,927.04
HKD	5,992,491.88	0.9127	5,469,347.34
Non-current liabilities due within one year			1,035,967.20
Including: JPY	23,176,000.00	0.0447	1,035,967.20
Long-term loans			2,589,918.00
Including: JPY	57,940,000.00	0.0447	2,589,918.00

6. Equity in other entities

(1) Equity in subsidiaries

1. Constitution of enterprise group

Name of the subsidiary	Principal place of business	Registration place	Notes of business	Shareholding ratio		Acquisition method
				Direct	Indirect	
Guangzhou Bengang Steel & Iron Trading Co., Ltd	Guangzhou	Guangzhou	Sales	100.00		Establishment
Shanghai Bengang Metallurgy Science and Technology Co., Ltd	Shanghai	Shanghai	Sales	100.00		Establishment
Dalian Benruitong Automobile Material Technology Co., Ltd	Dalian	Dalian	Manufacturing	65.00		Establishment
Bengang POSCO Cold-rolled Sheet Co., Ltd	Benxi	Benxi	Manufacturing	75.00		Business combination under common control
Changchun Bengang Steel & Iron Trading Co., Ltd.	Changchun	Changchun	Sales	100.00		Business combination under common control

Name of the subsidiary	Principal place of business	Registration place	Notes of business	Shareholding ratio		Acquisition method
				Direct	Indirect	
Yantai Bengang Steel Sales Co., Ltd.	Yantai	Yantai	Sales	100.00		Business combination under common control
Tianjin Bengang Steel Trading Co., Ltd.	Tianjin	Tianjin	Sales	100.00		Business combination under common control
Benxi Bengang Steel & Iron Sales Co., Ltd.	Benxi	Benxi	Sales	100.00		Establishment
Shenyang Bengang Metallurgy Science and Technology Co., Ltd	Shenyang	Shenyang	Sales	100.00		Establishment

2. Significant but not wholly-owned subsidiaries

Name of the subsidiaries	Proportion of non-controlling interests (%)	Profits and losses attributing to non-controlling shareholders	Dividend declared to distribute to non-controlling shareholders	Ending balance of non-controlling interests
Bengang Posco Cold-rolled Sheet Co., Ltd	25%	43,980,460.30		620,637,405.69

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

Name of the subsidiaries	30 June 2024						31 December 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bengang Posco Cold-rolled Sheet Co., Ltd.	4,562,128,686.75	933,499,610.60	5,495,628,297.35	3,013,073,069.82		3,013,073,069.82	3,314,945,506.13	958,741,994.50	4,273,687,500.63	1,969,330,156.26		1,969,330,156.26

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 Posco Cold-rolled Sheet Co., Ltd.	4,625,594,944.57	175,927,445.95	175,927,445.95	321,389,844.86	4,253,071,574.21	69,847,227.23	69,847,227.23	171,658,194.18

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

The Company does not exist such matters.

7. Government grants

1. Liabilities relating to government grants

Item	31 December 2023	Addition	Amounts recognized in non-operating income during the current period	Amounts recognized in other income during the current period	Amounts derecognized in other expense during the current period	Offset costs or expenses during the current period	30 June 2024	Related to assets/income
Deferred income	136,084,955.18	100,000.00	-	14,369,000.00	-	-	121,815,955.18	Assets/income

8. Risks associated with financial instruments

(1) Various types of risks arising from financial instruments

The Company's principal financial instruments include other equity instruments investments, borrowings, receivables, payables, etc. A detailed description of each financial instrument is set out in note V. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The Company's management manages and monitors these exposures to ensure that these risks are contained within defined limits.

The objective of the Company's risk management is to strike an appropriate balance between risk and return, minimize the negative impact of risk on the Company's operating results, and maximize the benefits of shareholders and other equity investors. Based on this risk management objective, the Company's basic risk management strategy is to determine and analyze the various risks faced by the company, establish an appropriate risk tolerance bottom line and risk management, and timely and reliable supervision of various risks, to control the risks within the limited scope.

1. Credit risk

As at 30 June 2024, the maximum credit exposure that could give rise to the Company's financial loss stems primarily from losses on the Company's financial assets arising from the failure of the other party to perform its obligations, including: The carrying amount of the financial assets recognised in the consolidated balance sheet; For financial instruments measured at fair value, the carrying value reflects its risk exposure, but not its maximum risk exposure, which will change as fair value changes in the future.

In order to reduce credit risk, the Company has established a special department to determine credit limits, conduct credit approvals, and perform other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. In addition, the Company reviews the collection of each individual receivables at each balance sheet date to ensure that adequate provisions are made for doubtful accounts that cannot be collected. As a result, the Company's management considers that the Company's exposure to credit risk has been substantially reduced.

The Company's working capital is held in financial institutions with higher credit ratings and therefore the credit risk of its working capital is lower.

2. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations on the maturity date. The Company manages liquidity risk by ensuring that it has sufficient liquidity to meet its obligations as they mature without causing unacceptable losses or damaging the reputation of the business. The Company regularly analyzes the structure and maturity of its liabilities to ensure that it has sufficient funds. The Company's management monitors the use of bank borrowings and ensures compliance with loan agreements. It also negotiates financing with financial institutions to maintain a certain credit line and reduce liquidity risk.

3. Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

(1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The interest rate risk faced by the Company mainly arises from floating interest rate bank deposits and floating interest rate loans, which expose the Company to cash flow interest rate risk. The Company has not yet established a policy to manage its interest rate risk, but management will carefully choose financing methods, a combination of fixed and floating interest rates, and a combination of short-term debt and long-term debt. Using effective interest rate risk management methods, the Company will closely monitor interest rate risk, control the amount of floating rate borrowings, and use interest rate swaps when necessary to achieve the desired interest rate structure.

(2) Exchange rate risk

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

The Company's exposure to exchange rate risk is mainly related to US dollars, Hong Kong dollars, Japanese yen and euros. Except for the Company's purchase of a small

amount of raw materials and sales of finished products, which are settled in US dollars, Hong Kong dollars, Japanese yen and euros, the Company's other major business activities are settled in RMB. As at June 30, 2024, the assets or liabilities described in the following table were all balances in US dollars, Hong Kong dollars, Japanese yen and Euros:

Items	Closing balance			Balance at the end of previous year		
	US Dollars	Other foreign currencies	Total	US Dollars	Other foreign currencies	Total
Monetary funds	49,169,322.42	5,992,491.88	55,161,814.30	81,951,964.90	6,400,196.40	88,352,161.30
Non-current liabilities due within one year		23,176,000.00	23,176,000.00		23,176,000.00	23,176,000.00
Long-term borrowing		57,940,000.00	57,940,000.00		69,528,000.00	69,528,000.00
Total	49,169,322.42	87,108,491.88	136,277,814.30	81,951,964.90	99,104,196.40	181,056,161.30

9. Disclosure of fair value

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

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

The input value of the second level is the input value of the related assets or liabilities that is directly or indirectly observable except the input value of the first level.

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

The level to which the fair value measurement result belongs is determined by the lowest level to which the input value that is important to the fair value measurement as a whole belongs.

(1) Fair value of assets and liabilities measured at fair value

Items	Fair value at the end of the period			Total
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	
1. Continuous fair value measurement				
☑Accounts receivable financing			191,450,087.40	191,450,087.40
☑Investment in other equity instruments			974,463,039.83	974,463,039.83
Total assets continuously measured at fair value			1,165,913,127.23	1,165,913,127.23

10. Related party transactions

(1) Details of parent company

Name of parent company	Place of Registry	Notes of Business	Registered capital	Share proportion (%)	Voting rights (%)
Benxi Steel & Iron (Group) Co., Ltd.	Benxi	Manufacturing	80	58.65	58.65

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

(2) Details of the subsidiaries

For details of subsidiaries of the Company please refer to Note 6 “Equity in other entities”.

(3) The company's joint ventures and associates

For details of joint ventures and associates of the Company please refer to Note 6 “Equity in other entities”.

Other joint ventures or associates that had related-party transactions with the Company during the current period, or had balances resulting from related-party transactions with the Company in prior periods, are described below:

Name of joint ventures and associates	Relationship
Bensteel Baojin (Shenyang) New Automotive Materials Technology Co., Ltd.	Associate

(4) Details of other related parties

Name of Other related parties	Relationship
Bengang Group Co., Ltd.	Controlling shareholder of parent company.
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) International Trade Tengda Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Electromechanical Installation Engineering Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Inspection and Testing Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Construction Advanced Decoration Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Construction Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Mining Construction Engineering Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Mining Mineral Resources Development Co., Ltd.	Same parent company

Name of Other related parties	Relationship
Benxi Iron and Steel (Group) Mining Liaoyang Jiajiaobao Iron Mine Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Mining Liaoyang Ma'erling Pellet Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Mining Yanjia Valley Limestone Mine Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Mining Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Road and Bridge Construction Engineering Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Thermal Power Development Co., Ltd.	Same parent company
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	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 New Industrial Development Co., Ltd.	Same parent company
Liaoning Hengtai Heavy Machinery Co., Ltd.	Same parent company
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	Same parent company
Liaoning Slag Micropowder Co., Ltd.	Same parent company
Liaoning Lide Internet of Things Co., Ltd.	Same parent company
Liaoning Metallurgical Technician College	Same parent company
Liaoning Metallurgical Vocational Technical College	Same parent company
Liaoning Yitong Machinery Manufacturing Co., Ltd.	Same parent company
Bengang Stainless Steel Cold Rolling Dandong Co., Ltd.	Same parent company
Bengang Gaoyuan Industrial Development Co., Ltd.	Same parent company

Name of Other related parties	Relationship
Benxi Aiko Hydraulic Sealing Co., Ltd.	Same parent company
Benxi Dongfeng Lake Steel Resource Utilization Co., Ltd.	Same parent company
Benxi Xihu Metallurgical Furnace Material Co., Ltd.	Same parent company
Benxi Weir Surfacing Manufacturing Co., Ltd.	Same parent company
Dalian Bolore Steel Pipe Co., Ltd.	Same parent company
Bengang Electrical Co., Ltd.	Associate of parent company
Northern Hengda Logistics Co., Ltd.	Belongs to Bengang Group Co., Ltd.
Bengang Group International Economic and Trade Co., Ltd.	Belongs to Bengang Group Co., Ltd.
Benxi Northern Iron Industry Co., Ltd.	Belongs to Bengang Group Co., Ltd.
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Belongs to Bengang Group Co., Ltd.
Benxi Beiyong Iron and Steel Group Import and Export Co., Ltd.	Belongs to Bengang Group Co., Ltd.
Chengdu Xingyun Smart Technology Co., Ltd.	Belongs to Angang Group Co., Ltd.
DeLin Industrial Products Co., Ltd.	Belongs to Angang Group Co., Ltd.
DeLin Landport Supply Chain Services Co., Ltd.	Belongs to Angang Group Co., Ltd.
Guangzhou Angang Steel Processing Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang (Hangzhou) Automotive Materials Technology Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang (Liaoning) Materials Technology Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Electrical Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Scrap Resources (Anshan) Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Steel Processing & Distribution (Dalian) Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Steel Processing & Distribution (Changchun) Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Steel Processing & Distribution (Zhengzhou) Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Steel Distribution (Hefei) Co., Ltd.	Belongs to Angang Group Co., Ltd.

Name of Other related parties	Relationship
Angang Steel Distribution (Wuhan) Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Steel Rope Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Steel Company Limited	Belongs to Angang Group Co., Ltd.
Angang Chemical Technology Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Group Beijing Research Institute Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Group International Economic & Trade Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Group Energy-Saving Technology Services Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Group Mining Gongchangling Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Group Mining Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Group Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Group Automation Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Construction Group Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Metal Structure Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Mining Machinery Manufacturing Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Mining Automotive Transportation Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Green Resources Technology Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Energy Technology Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Industrial Group (Anshan) Equipment Operation & Maintenance Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Industrial Group Metallurgical Machinery Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Industrial Group Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Heavy Machinery Design & Research Institute Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Heavy Machinery Co., Ltd.	Belongs to Angang Group Co., Ltd.
Anshan Angang International Travel Agency Co., Ltd.	Belongs to Angang Group Co., Ltd.
Anshan Iron & Steel Metallurgical Furnace Material Technology Co., Ltd.	Belongs to Angang Group Co., Ltd.

Name of Other related parties	Relationship
Anshan Jianbo Engineering Testing Co., Ltd.	Belongs to Angang Group Co., Ltd.
Anzi (Tianjin) Financial Leasing Co., Ltd.	Belongs to Angang Group Co., Ltd.
Pangang Group Chengdu Vanadium & Titanium Resources Development Co., Ltd.	Belongs to Angang Group Co., Ltd.
Pangang Group Engineering Technology Consulting Co., Ltd.	Belongs to Angang Group Co., Ltd.
Pangang Group Jiangyou Great Wall Special Steel Co., Ltd.	Belongs to Angang Group Co., Ltd.
Shanxi Materials International Energy Co., Ltd.	Belongs to Angang Group Co., Ltd.
Tianjin Angang Steel Processing & Distribution Co., Ltd.	Belongs to Angang Group Co., Ltd.
Tianjin Angang International Northern Trade Co., Ltd.	Belongs to Angang Group Co., Ltd.
Tianjin Bengang Sheet Metal Processing & Distribution Co., Ltd.	Belongs to Angang Group Co., Ltd.
Changchun FAW Angang Steel Processing & Distribution Co., Ltd.	Belongs to Angang Group Co., Ltd.
Angang Group Engineering Technology Co., Ltd.	Associate of Angang Group

(5) Related Party Transactions

1. Related party transactions of purchasing goods and services

Company as the purchaser

Name	The content of related party transactions	Current period	Amount of transactions approved	Whether the transaction limit is exceeded	Previous period
Benxi Beiyong Iron & Steel(Group) Co., Ltd.	Raw material	6,036,111,840.20	14,930,000,000.00	NO	6,177,881,267.18
Benxi Iron & Steel (Group) Mining Co., Ltd.	Raw material	3,761,543,430.27	7,500,000,000.00	NO	3,173,059,838.70
Benxi Iron & Steel (Group) Industrial Development Co., Ltd.	Raw material	268,379,808.18	300,000,000.00	NO	9,559,452.37
Benxi Iron & Steel (Group) Co., Ltd.	Raw material	53,351,214.25	300,000,000.00	NO	133,872,831.15
Angang Group International Economic & Trade Co., Ltd.	Raw material	107,305,564.26	300,000,000.00	NO	

Name	The content of related party transactions	Current period	Amount of transactions approved	Whether the transaction limit is exceeded	Previous period
Anshan Iron & Steel Group Co., Ltd.	Raw material	304,711,056.15	506,000,000.00	NO	200,416,836.36
Angang Group Diverse Industry Development Co., Ltd.	Raw material	483,423,623.30	1,600,000,000.00	NO	370,082,138.82
Other Subsidiaries of Angang Group	Raw material	20,608,416.29	50,000,000.00	NO	942,680.16
Benxi Beiyang Iron & Steel(Group) Co., Ltd.	Supplementary material		20,000,000.00	NO	
Benxi Iron & Steel (Group) Machinery Manufacturing Co., Ltd.	Supplementary material	62,549,067.24	100,000,000.00	NO	38,334,305.48
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Supplementary material	15,407,343.86	160,000,000.00	NO	79,433,788.85
Benxi Iron & Steel (Group) Construction Co., Ltd.	Supplementary material	818,584.20	120,000,000.00	NO	4,854,600.01
Benxi Iron & Steel (Group) Information Automation Co., Ltd.	Supplementary material	7,016,883.54	80,000,000.00	NO	16,818,802.44
Benxi Iron & Steel (Group) Industrial Development Co., Ltd.	Supplementary material	17,015.07	40,000,000.00	NO	2,120,094.92
Benxi Iron & Steel (Group) Co., Ltd.	Supplementary material	106,581,116.87	260,000,000.00	NO	53,746,891.24
Angang Group Diverse Industry Development Co., Ltd.	Supplementary material	5,171,074.60	15,000,000.00	NO	
Anshan Iron & Steel Group Co., Ltd.	Supplementary material	64,544,420.24	115,000,000.00	NO	61,671,860.93
Other Subsidiaries of Angang Group	Supplementary material	17,810,333.73	40,000,000.00	NO	78,844,487.60
Benxi Beiyang Iron & Steel(Group) Co., Ltd.	Procurement of energy power	316,619,543.14	600,000,000.00	NO	329,215,977.30
Other Subsidiaries of Angang Group	Procurement of energy power	118,036.44		YES	208,218.19
Benxi Iron & Steel (Group) Construction Co., Ltd.	Support services	103,545,050.15	400,000,000.00	NO	246,466,923.42
Benxi Iron & Steel (Group) Information Automation Co., Ltd.	Support services	53,096,184.97	120,000,000.00	NO	8,215,028.90
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Support services	311,023,983.44	350,000,000.00	NO	103,157,106.74
Benxi Steel(Group) Mining Co., Ltd.	Support services		30,000,000.00	NO	
Benxi Steel Group International Economic and Trade Co., Ltd.	Support services	40,729,648.83	100,000,000.00	NO	32,464,379.89

Name	The content of related party transactions	Current period	Amount of transactions approved	Whether the transaction limit is exceeded	Previous period
Benxi Steel(Group) Information Automation Co., Ltd.	Support services	104,785,276.69	200,000,000.00	NO	60,120,395.62
Northern Hengda Logistics Co., Ltd.	Support services	11,200,905.68	100,000,000.00	NO	67,162,305.56
Benxi Steel(Group) Machinery Manufacturing Co., Ltd.	Support services	10,702,549.83	70,000,000.00	NO	21,034,856.70
Benxi Steel(Group) Industry Development Co., Ltd.	Support services	3,802,809.23	8,000,000.00	NO	5,080,866.42
Benxi Steel(Group) Co., Ltd.	Support services	140,119,640.51	344,000,000.00	NO	168,574,123.96
Bengang Group Co., Ltd.	Support services	102,489,358.33	362,000,000.00	NO	
Ansteel Group Engineering Technology Development Co., Ltd.	Support services	53,638,063.99	120,000,000.00	NO	118,731,759.13
Anshan Iron and Steel Group Co., Ltd.	Support services	347,464,633.47	260,000,000.00	YES	319,392,000.92
Other subsidiaries of Ansteel Group	Support services	7,342,541.75	30,000,000.00	NO	14,261,748.44

Company as the seller

Name	The content of related party transactions	Current period	Previous period
Northern Hengda Logistics Co., Ltd.	Products	1,722,052,621.91	1,646,632,183.35
Benxi Beiyong Steel (Group) Co., Ltd.	Products	222,640,542.68	133,546,983.71
Benxi Steel (Group) Mining Co., Ltd.	Products	143,349,069.56	468,447,521.17
Benxi Steel (Group) Construction Co., Ltd.	Products	1,443,062.14	3,761,171.44
Benxi Steel (Group) Machinery Manufacturing Co., Ltd.	Products	9,436,595.76	6,539,107.03
Benxi Steel (Group) Industrial Development Co., Ltd.	Products	81,217,653.27	18,085,533.30
Benxi Steel (Group) Co., Ltd.	Products	57,601,879.59	114,712,497.47
Anshan Iron and Steel Group Co., Ltd.	Products	1,401,685,867.84	582,043,758.79

Name	The content of related party transactions	Current period	Previous period
Ansteel Group Zhongyuan Industrial Development Co., Ltd.	Products	37,353,702.58	79,515,461.22
Ansteel Group International Economic and Trade Co., Ltd.	Products	198,622,209.28	
Panzhuhua Iron and Steel Group Co., Ltd.	Products	12,193,696.16	1,542,012.35
Other Subsidiaries of Ansteel Group	Products	15,005,049.12	126,692.04
Benxi Steel (Group) Mining Co., Ltd.	Support services	4,108,288.08	
Other Subsidiaries of Ansteel Group	Support services	1,491,326.68	100,754.71

2. Lease information of related parties

Company as the lessor

Lessee	Lease capital category	Lease income of current period	Lease income of previous period
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Warehouse and machinery	670,802.00	

Company as the lessee

		Current period					Previous period				
Lessor	Lease capital category	Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase of right to use assets	Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase of right to use assets
		Benxi Steel & Iron (Group)	Land use right			27,638,772.0	19,500,054.0				27,627,809.2
Steel & Iron	7 square meter			6	0				6	0	

		Current period					Previous period				
		Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase in right to use assets	Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase in right to use assets
Lessor	Lease capital category										
Process and Logistics Co., Ltd.	Land use right 42,920.00 square meter										

		Current period					Previous period				
		Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase in right to use assets	Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase in right to use assets
Lessor	Lease capital category										
Benxi Steel & Iron (Group)	2300 Hot rolling product line, Steel & Iron related real estate			8,049,080.52	3,870,344.34				8,049,080.53	3,736,932.14	

		Current period					Previous period				
		Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase in right to use assets	Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase in right to use assets
Lessor	Lease capital category										
and Logistics Co., Ltd.											
Benxi Beiyong	1780 Hot rolling			7,175,818.86	2,980,721.70			7,557,730.91	2,877,975.14		

		Current period					Previous period				
		Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase in right to use assets	Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase in right to use assets
Lessor	Lease capital category										
Steel & Iron (Group) Co., Ltd.	product line, related real estate										

		Current period					Previous period				
		Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase in right to use assets	Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase in right to use assets
Lessor	Lease capital category										
Bengang Group Co., Ltd.	Land use right 728,282.30 square meter			4,972,711.56	1,224,959.40			4,972,711.54	1,315,378.20		

		Current period					Previous period				
		Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase in right to use assets	Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase in right to use assets
Lessor	Lease capital category										
Ansteel Group Energy-Saving Technolog	machinery and equipment			12,063,482.04	119,211.50						

		Current period					Previous period				
Lessor	Lease capital category	Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase of right to use assets	Rental costs for short-term leases and leases of low-value assets with simplified treatment	Variable lease payments not included in the measurement of the lease liability	Lease charges	Interest expense on lease liabilities assumed	Increase of right to use assets
Service Co., Ltd.											

(6) Receivables and payables of the related parties

1. Receivables of the Company

Items	Name	30 June 2024		31 December 2023	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable	Angang Steel Company Limited	629,660.82	6,296.61	-	-
Accounts receivable	Angang Engineering Technology Group Co., Ltd.	22,834.85	228.35	30,509.40	305.09
Accounts receivable	Angang Construction Group Co., Ltd.	-	-	4,154.16	41.54
Accounts receivable	Benxi Steel Group International Economic & Trade Co., Ltd.	893,836,130.28	8,938,361.30	854,482,902.28	29,419,309.19
Accounts receivable	Bengang Group Co., Ltd.	6,007.34	60.07	1,246.09	12.46
Accounts receivable	Benxi Beifang Iron Co., Ltd.	8,222,949.22	82,229.49	52,161,339.98	539,226.50
Accounts receivable	Benxi Beiyong Steel Group Co., Ltd.	28,089,043.04	280,890.43	-	-
Accounts receivable	Benxi Dongfenghu Steel Resource Utilization Co., Ltd.	549,364.51	5,493.65	1,129,130.33	11,291.30
Accounts receivable	Benxi Steel Group Real Estate Development Co., Ltd.	123,492.06	1,234.92	269,832.53	244,698.20
Accounts receivable	Benxi Steel Group Construction Co., Ltd.	5,628,612.94	495,118.68	5,954,675.29	10,700.06
Accounts receivable	Benxi Steel Group Mine Construction Engineering Co., Ltd.	601,622.16	29,008.27	662,998.24	11,004.96
Accounts receivable	Benxi Steel Group Mining Mineral Resources Development Co., Ltd.	88,983.85	8,898.39	88,983.85	889.84

Items	Name	30 June 2024		31 December 2023	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable	Benxi Steel Group Mining Liaoyang Jiajiaopu Iron Mine Co., Ltd.	72,885.60	728.86	303,609.00	3,036.09
Accounts receivable	Benxi Steel Group Mining Liaoyang Ma'ering Pelletizing Co., Ltd.	76,258.77	762.59	1,602,237.39	16,022.37
Accounts receivable	Benxi Steel (Group) Mining Co., Ltd.	28,746,100.01	287,461.00	43,742,238.95	437,422.39
Accounts receivable	Benxi Steel Group Thermal Development Co., Ltd.	8,369,230.23	83,692.30	16,191,269.77	142,065.08
Accounts receivable	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	11,517,761.37	873,105.60	11,642,752.56	256,914.89
Accounts receivable	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	17,525,398.95	175,253.99	20,496,130.86	2,727.99
Accounts receivable	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	10,377.61	103.78	14,700.00	147.00
Accounts receivable	Benxi Iron and Steel (Group) Co., Ltd.	15,340,188.72	498,892.02	19,025,699.80	681,571.55
Accounts receivable	Benxi Xihu Metallurgical Furnace Charge Co., Ltd.	37,834.35	378.34	13,216.40	132.16
Accounts receivable	Benxi Weld Phosphate Overlay Manufacturing Co., Ltd.	189,911.43	17,160.36	191,720.22	16,994.63
Accounts receivable	Benxi New Business Development Co., Ltd.	43,969.49	8,793.90	49,497.48	55.28

Items	Name	30 June 2024		31 December 2023	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivable	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	144,307.22	1,443.07	162,404,481.01	1,637,032.46
Accounts receivable	Liaoning Slag Micro Powder Co., Ltd.	-	-	12,848.00	128.48
Accounts receivable	Pangang Group Jiangyou Great Wall Special Steel Co., Ltd.	5,151,698.62	51,516.99	-	-
Accounts receivable	Ansteel Energy Technology Co., Ltd.	-	-	283.53	2.84
Accounts receivable	Ansteel Steel Material Processing and Distribution (Dalian) Co., Ltd.	9,587,508.87	95,875.09	27,279,295.84	272,792.96
Other receivables	Angang Steel Company Limited	95,781.27	50,581.83	95,781.27	46,061.89
Other receivables	Ansteel Group Corporation Limited	6,706.00	670.60	6,706.00	67.06
Other receivables	Bengang Group Co., Ltd.	80,622.08	806.22	7,305.59	73.06
Other receivables	Benxi Dongfenghu Steel Resource Utilization Co., Ltd.	3,478,250.07	695,650.01	3,478,250.07	23,340.75
Other receivables	Benxi Steel (Group) Machinery Manufacturing Co., Ltd.	1,061,981.67	212,396.33	1,061,981.67	106,198.17
Other receivables	Benxi Steel Group Construction Co., Ltd.	250,679.61	250,679.61	250,679.61	250,679.61
Other receivables	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	431,639.87	86,327.97	431,639.87	43,163.99

Items	Name	30 June 2024		31 December 2023	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Other receivables	Benxi Iron and Steel (Group) Co., Ltd.	5,988,404.80	4,678,560.88	7,413,860.80	4,561,714.36
Other receivables	Liaoning Hengtai Heavy Machinery Co., Ltd.	3,510,967.39	351,096.74	3,545,583.40	35,455.83
Other receivables	Ansteel Capital (Tianjin) Financial Leasing Co., Ltd.	-	-	8,064,427.98	80,644.28
Other receivables	Northern Hengda Logistics Co., Ltd.	1,000.00	-	1,000.00	-
Other receivables	Benxi Steel Group International Economic & Trade Co., Ltd.	6,617.52	6,617.52	6,617.52	6,617.52
Other receivables	Benxi New Business Development Co., Ltd.	2,280,942.73	2,280,942.73	2,280,942.73	2,280,942.73
Prepayments	Angang Steel Company Limited	702,645.58	-	882,482.46	-
Prepayments	Ansteel Group International Economic and Trade Co., Ltd.	395,500.01	-	0.01	-
Prepayments	Northern Hengda Logistics Co., Ltd.	844,386.93	-	874,210.39	-
Prepayments	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	3,197,081.91	-	3,162,173.15	-
Prepayments	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	575,313.17	-	1,075,365.83	-
Prepayments	Benxi New Business Development Co., Ltd.	4,765,300.85	-	8,122,937.94	-

Items	Name	30 June 2024		31 December 2023	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Prepayments	Angang Engineering Technology Group Co., Ltd.	-	-	6,774,166.05	-
Prepayments	Benxi Steel Group International Economic & Trade Co., Ltd.	-	-	10,176,164.50	-
Prepayments	Benxi Beiyang Iron & Steel Group Import and Export Co., Ltd.	-	-	1,119,904.00	-
Prepayments	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	82.41	-	-	-
Other non-current assets	Angang Engineering Technology Group Co., Ltd.	14,084,299.22	-	14,517,451.17	-
Other non-current assets	Benxi Steel Gaoyuan Industrial Development Co., Ltd.	542,400.00	-	542,400.00	-
Other non-current assets	Benxi Steel (Group) Machinery Manufacturing Co., Ltd.	4,176.00	-	4,176.00	-
Other non-current assets	Benxi Steel Group Construction Co., Ltd.	10,094,076.34	-	22,094,076.34	-
Other non-current assets	Benxi Steel Group Mine Construction Engineering Co., Ltd.	3,155,429.08	-	3,155,429.08	-
Other non-current assets	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	19,639,834.36	-	22,915,336.04	-

Items	Name	30 June 2024		31 December 2023	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Other non-current assets	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	833,139.38	-	833,139.38	-
Other non-current assets	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	14,770,709.95	-	16,042,420.95	-
Other non-current assets	Liaoning Hengtai Heavy Machinery Co., Ltd.	37,496.00	-	263,473.40	-
Other non-current assets	Angang Steel Company Limited	-	-	7,305.45	-
Other non-current assets	Benxi Steel (Group) Machinery Manufacturing Co., Ltd.	-	-	3,506,580.00	-

2. Payables of the Company

Items	Name	30 June 2024	31 December 2023
Notes payable	Angang Electric Co., Ltd.	63,861.90	170,418.08
Notes payable	Angang Scrap Resources (Anshan) Co., Ltd.	93,887,524.63	66,774,511.99
Notes payable	Angang Steel Rope Co., Ltd.	-	263,044.11
Notes payable	Angang Steel Company Limited	594,771.45	145,476.64
Notes payable	Ansteel Group International Economic and Trade Co., Ltd.	-	38,512,770.27
Notes payable	Angang Steel Company Limited	57,905,049.62	6,637,769.40
Notes payable	Ansteel Group International Economic and Trade Co., Ltd.	301,455.97	-
Notes payable	Ansteel Energy Technology Co., Ltd.	-	132,150.38
Notes payable	Angang Industrial Group (Anshan) Equipment Operation and Maintenance Co., Ltd.	2,594,377.99	3,063,464.44

Items	Name	30 June 2024	31 December 2023
Notes payable	Angang Industrial Group Metallurgical Machinery Co., Ltd.	6,921,702.31	2,198,235.32
Notes payable	Angang Heavy Machinery Co., Ltd.	3,451,927.09	864,614.53
Notes payable	Anshan Iron and Steel Metallurgical Furnace Material Technology Co., Ltd.	8,561,439.30	5,954,131.61
Notes payable	Northern Hengda Logistics Co., Ltd.	4,193,014.39	4,962,246.27
Notes payable	Benxi Stainless Steel Cold Rolling Dandong Co., Ltd.	-	42,982.27
Notes payable	Benxi Steel Gaoyuan Industrial Development Co., Ltd.	718,720.40	1,125,249.71
Notes payable	Benxi Steel Group International Economic & Trade Co., Ltd.	49,695,126.60	47,218,526.77
Notes payable	Bengang Group Co., Ltd.	4,688,315.28	4,688,315.28
Notes payable	Benxi Aike Hydraulic Sealing Co., Ltd.	2,375,563.52	1,646,773.75
Notes payable	Benxi Beifang Iron Co., Ltd.	3,038,178.83	4,486,925.32
Notes payable	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	-	152,926,015.01
Notes payable	Benxi Beiyong Iron & Steel Group Import and Export Co., Ltd.	-	225,141.59
Notes payable	Benxi Dongfenghu Steel Resource Utilization Co., Ltd.	9,114,752.45	11,255,094.10
Notes payable	Benxi Steel (Group) Real Estate Development Co., Ltd.	213,493.64	130,815.00
Notes payable	Benxi Steel (Group) International Trade Tenda Co., Ltd.	69,861,530.98	42,667,716.38
Notes payable	Benxi Steel (Group) Machinery Manufacturing Co., Ltd.	23,856,002.37	2,228,869.19
Notes payable	Benxi Steel (Group) Construction Advanced Decoration Co., Ltd.	264,705.62	264,705.62
Notes payable	Benxi Steel Group Construction Co., Ltd.	14,334,617.90	35,954,925.98

Items	Name	30 June 2024	31 December 2023
Notes payable	Benxi Steel Group Mining Construction Engineering Co., Ltd.	7,680,319.81	7,069,202.17
Notes payable	Benxi Steel Group Mining Liaoyang Mailin Pellet Co., Ltd.	22,954,939.79	55,297,876.79
Notes payable	Benxi Steel Group Mining Co., Ltd.	92,350,907.77	71,864,074.04
Notes payable	Benxi Steel Group Thermal Power Development Co., Ltd.	234,627.43	281,092.78
Notes payable	Benxi Steel Group Equipment Engineering Co., Ltd.	20,637,252.99	47,480,851.11
Notes payable	Benxi Steel Group Industrial Development Co., Ltd.	66,092,986.94	99,026,848.37
Notes payable	Benxi Steel Group Information Automation Co., Ltd.	23,085,044.04	18,762,233.66
Notes payable	Benxi Steel Group Metallurgical Slag Co., Ltd.	-	250,593.53
Notes payable	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	35,105,246.14	32,174,626.26
Notes payable	Benxi Jikong Electronic Instrument Industry Co., Ltd.	28,802.83	-
Notes payable	Benxi Xihu Metallurgical Furnace Charge Co., Ltd.	20,433,308.06	25,620,902.35
Notes payable	Benxi Weld Phosphate Overlay Manufacturing Co., Ltd.	234,112.13	234,112.13
Notes payable	Benxi New Business Development Co., Ltd.	3,357,637.09	3,357,637.09
Notes payable	Dalian Polaro Steel Pipe Co., Ltd.	1,065,882.33	-
Notes payable	Dalian DeLin Industry and Trade Co., Ltd.	6,313,029.23	9,685,683.68
Notes payable	Liaoning Hengtai Heavy Machinery Co., Ltd.	14,195,131.54	18,098,769.50
Notes payable	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	17,960,536.38	1,409,071.37
Notes payable	Liaoning Lide IoT Co., Ltd.	4,641,997.80	4,170,770.16

Items	Name	30 June 2024	31 December 2023
Notes payable	Liaoning Yitong Mechanical Manufacturing Co., Ltd.	5,429,310.75	2,127,118.28
Notes payable	Panzhuhua Iron and Steel Group Chengdu Vanadium & Titanium Resources Development Co., Ltd.	7,080.77	-
Notes payable	Shanxi Wuchan International Energy Co., Ltd.	-	91,859.97
Notes payable	Angang Steel Processing and Distribution (Changchun) Co., Ltd.	47,065.95	208,377.96
Notes payable	Angang Steel Processing and Distribution (Zhengzhou) Co., Ltd.	36,055.30	-
Notes payable	Benxi Electrical Co., Ltd.	469,417.41	2,903,896.45
Notes payable	DeLin Port Logistics and Supply Chain Service Co., Ltd.	-	58,351.28
Notes payable	Liaoning Metallurgical Vocational and Technical College	48,048.00	48,048.00
Notes payable	Angang Engineering Technology Group Co., Ltd.	-	170,708.00
Notes payable	Benxi Steel (Group) First Construction	-	108.90
Notes payable	Tianjin Benxi Steel Sheet Processing and Distribution Co., Ltd.	959.74	7.25
Contract liabilities	Angang Steel Company Limited	130,744.73	130,744.73
Contract liabilities	Angang Chemical Technology Co., Ltd.	10,325,624.88	6,485,543.83
Contract liabilities	Angang Mining Equipment Manufacturing Co., Ltd.	1,708,332.16	-
Contract liabilities	Angang Green Resources Technology Co., Ltd.	212,523.31	1,484,311.95
Contract liabilities	Ansteel Energy Technology Co., Ltd.	0.02	283.55
Contract liabilities	Benxi Steel (Group) Machinery Manufacturing Co., Ltd.	-	23,079.79
Contract liabilities	Northern Hengda Logistics Co., Ltd.	48,069,790.93	54,423,037.31
Contract liabilities	Benxi Beiyang Steel & Iron (Group) Co., Ltd.	39,580,174.45	1,579,294.00

Items	Name	30 June 2024	31 December 2023
Contract liabilities	Benxi Dongfenghu Steel Resource Utilization Co., Ltd.	2,902,028.57	2,470,669.23
Contract liabilities	Benxi Steel (Group) Machinery Manufacturing Co., Ltd.	212,368.12	177,026.55
Contract liabilities	Benxi Iron and Steel (Group) Construction Co., Ltd. Construction Engineering Branch Company	5,898.81	-
Contract liabilities	Benxi Steel (Group) Mining Liaoyang Jiajia Fortress Iron Mine Co., Ltd.	55,491.00	-
Contract liabilities	Benxi Steel Group Mining Liaoyang Mailin Pellet Co., Ltd.	13,846,575.06	-
Contract liabilities	Benxi Steel Group Mining Co., Ltd.	8,075,928.55	4,862,723.19
Contract liabilities	Benxi Steel Group Industrial Development Co., Ltd.	6,225,258.11	1,587,538.32
Contract liabilities	Benxi Steel Group Metallurgical Slag Co., Ltd.	0.02	0.02
Contract liabilities	Benxi Xihu Metallurgical Furnace Charge Co., Ltd.	20,000.00	20,000.00
Contract liabilities	Dalian Polaro Steel Pipe Co., Ltd.	2,743,036.96	3,221,292.56
Contract liabilities	DeLin Port Logistics and Supply Chain Service Co., Ltd.	248,936,991.59	188,703,584.97
Contract liabilities	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	609,189.71	3,588,934.12
Contract liabilities	Liaoning Metallurgical Vocational and Technical College	0.01	0.01
Contract liabilities	Pangang Group Jiangyou Great Wall Special Steel Co., Ltd.	-	1,779,438.17
Contract liabilities	FAW Angang Steel Processing and Distribution (Changchun) Co., Ltd.	876,634.27	589,358.32
Contract liabilities	Angang (Hangzhou) Automotive Materials Technology Co., Ltd.	269,633.16	299,035.59

Items	Name	30 June 2024	31 December 2023
Contract liabilities	Angang Steel Processing and Distribution (Changchun) Co., Ltd.	2,890,251.95	5,370,495.95
Contract liabilities	Angang Steel Distribution (Hefei) Co., Ltd.	3,050,349.68	3,050,349.68
Contract liabilities	Angang Steel Distribution (Wuhan) Co., Ltd.	2,298,467.19	-
Contract liabilities	Ansteel Group International Economic and Trade Co., Ltd.	2,484,903.58	-
Contract liabilities	Benxi Steel Group Construction Co., Ltd.	-	5,898.81
Contract liabilities	Benxi Steel Group Thermal Power Development Co., Ltd.	-	4,487,918.73
Contract liabilities	Guangzhou Ansteel Steel Processing Co., Ltd.	-	1,067.17
Contract liabilities	Tianjin Ansteel Steel Processing and Distribution Co., Ltd.	132,666.06	374,664.00
Other payables	Ansteel (Liaoning) Material Technology Co., Ltd.	390,000.00	390,000.00
Other payables	Ansteel Group Corporation Limited	-	1,635.00
Other payables	Ansteel Group Automation Co., Ltd.	12,466,000.00	1,283,900.00
Other payables	Angang Construction Group Co., Ltd.	3,597,472.94	6,676,229.55
Other payables	Benxi Steel (Group) Machinery Manufacturing Co., Ltd.	9,288,998.00	50,000.00
Other payables	Angang Heavy Machinery Co., Ltd.	1,707,731.10	409,930.10
Other payables	Anshan Ansteel International Travel Service Co., Ltd.	-	245,460.00
Other payables	Anshan Jianbo Engineering Testing Co., Ltd.	252,280.00	-
Other payables	Northern Hengda Logistics Co., Ltd.	-	5,522,865.33
Other payables	Benxi Steel Gaoyuan Industrial Development Co., Ltd.	3,866,090.78	3,058,404.54
Other payables	Benxi Steel Group International Economic & Trade Co., Ltd.	52,449,107.24	44,960,728.47
Other payables	Bengang Group Co., Ltd.	903,375.93	903,375.93
Other payables	Benxi Aike Hydraulic Sealing Co., Ltd.	10,000.00	142,790.82

Items	Name	30 June 2024	31 December 2023
Other payables	Benxi Beiyang Steel & Iron (Group) Co., Ltd.	36,739,332.79	40,103,767.22
Other payables	Benxi Steel (Group) Engineering Construction Supervision Co., Ltd.	1,497,272.08	1,999,087.29
Other payables	Benxi Steel (Group) Machinery Manufacturing Co., Ltd.	9,605,712.59	-
Other payables	Benxi Steel (Group) Inspection and Testing Co., Ltd.	138,630.00	75,000.00
Other payables	Benxi Steel (Group) Construction Advanced Decoration Co., Ltd.	186,195.55	265,274.55
Other payables	Benxi Steel Group Construction Co., Ltd.	113,582,071.77	186,939,097.90
Other payables	Benxi Steel Group Mining Construction Engineering Co., Ltd.	16,367,149.60	36,371,606.19
Other payables	Benxi Steel (Group) Road and Bridge Construction Engineering Co., Ltd.	318.66	318.66
Other payables	Benxi Steel Group Thermal Power Development Co., Ltd.	2,563,792.72	2,070,400.72
Other payables	Benxi Steel Group Equipment Engineering Co., Ltd.	34,655,017.52	293,195,637.86
Other payables	Benxi Steel Group Industrial Development Co., Ltd.	4,231,753.90	4,078,753.90
Other payables	Benxi Steel Group Information Automation Co., Ltd.	72,479,369.47	54,062,361.00
Other payables	Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	26,154,744.68	13,372,608.70
Other payables	Benxi New Business Development Co., Ltd.	6,942,650.77	15,131,176.03
Other payables	Dalian DeLin Industry and Trade Co., Ltd.	943,215.92	943,215.92
Other payables	Liaoning Hengtai Heavy Machinery Co., Ltd.	3,643,401.37	6,941,075.21
Other payables	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	-	20,000.00
Other payables	Liaoning Metallurgical Technician College	388,880.00	2,229,204.00

Items	Name	30 June 2024	31 December 2023
Other payables	Liaoning Metallurgical Vocational and Technical College	362,298.00	707,260.00
Other payables	Liaoning Yitong Mechanical Manufacturing Co., Ltd.	10,000.00	30,396.50
Other payables	Angang Engineering Technology Group Co., Ltd.	146,627,077.45	183,423,813.04
Other payables	Benxi Xihu Metallurgical Furnace Charge Co., Ltd.	100,000.00	200,000.00
Other payables	Dalian Polaro Steel Pipe Co., Ltd.	20,000.00	20,000.00
Other payables	Pangang Group Engineering & Technology Consulting Co., Ltd.	463,291.39	1,001,991.58
Other payables	Angang Scrap Resources (Anshan) Co., Ltd.	-	500,000.00
Other payables	Ansteel Metal Structure Co., Ltd.	10,000.00	10,000.00
Other payables	Anshan Iron and Steel Metallurgical Furnace Material Technology Co., Ltd.	50,000.00	50,000.00
Other payables	Benxi Electrical Co., Ltd.	5,768,826.24	5,768,826.24
Other payables	Benxi Dongfenghu Steel Resource Utilization Co., Ltd.	210,000.00	210,000.00

(7) Centralized fund management

1. The key elements of the centralized capital management arrangements in which the Company participates and operates are as follows:

In December 2021, after negotiation with Anshan Iron & Steel Group Finance Company Limited (hereinafter referred to as Anshan Iron & Steel Finance Company), the “Financial Services Agreement (Years 2022-2024)” was entered into in order to agree on the terms of the relevant financial business and the upper limit of the amount of the relevant transactions between the Company and its subsidiaries and Anshan Iron & Steel Finance Company for the years 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 with Anshan Iron & Steel Finance Company will be RMB4.5 billion, the maximum credit limit of loans, bills

and other forms of credit will be RMB5.0 billion, and the maximum entrusted loan to be provided by Anshan Iron & Steel Finance Company to the Company will be RMB2.0 billion.

2. Funds pooled by the Company to the Group

Funds deposited directly into finance companies by the Company without being pooled into the accounts of the Group's parent company

Items	30 June 2024		31 December 2023	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Cash at bank and on hand	776,545,793.41		391,377,566.87	
Total	776,545,793.41		391,377,566.87	
include: funds restricted due to centralized management of funds				

11. Commitments and Contingencies

(1) Commitments

1. Significant commitments existing at the balance sheet date

(1) According to the "Land Use Right Leasing Contract" and subsequent supplementary agreements signed by the company and Benxi Steel (Group) on April 7, 1997, December 30, 2005, the Company leased land from Benxi Steel (Group). The monthly rent is 0.594 yuan per square meters, the leased land area is 7,669,068.17 square meters, and the annual rent is 54.665 million yuan.

(2) On August 14, 2019, the Company signed the "House Lease Agreement" with Benxi Steel (Group) and Beiyong Steel respectively, leasing the houses and auxiliary facilities occupied by 2300 and 1780 hot rolling mill production lines, and the lease term ends on December 31, 2038. The rental fee is based on the depreciation of the original rent value and the national additional tax, plus reasonable profit negotiation. The estimated annual

rent is not more than 20 million yuan and 18 million yuan respectively. The rental fee is settled and paid monthly. This related party transaction has been reviewed and approved at the fourth meeting of the eighth board of directors of the Company.

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

(4) As at 30 June, 2024, the amount of irrevocable letter of credit that was not fulfilled was 1.54 billion yuan.

(2) Contingencies

1. Significant contingencies existing at the balance sheet date

On July 20, 2024, the Company issued the "Progress Announcement of Bengang Steel Plates Co., Ltd. on Major Asset Replacement and Connected Transaction", in which the Company proposed to carry out asset replacement with its controlling shareholder, Benxi Iron & Steel (Group) Co. The assets to be transferred to the Company are 100% equity interest in Benxi Iron & Steel (Group) Mining Industry Limited Liability Company, and the assets to be transferred from the Company are all the assets and liabilities of the listed company except for the retained assets and liabilities, and the difference between the assets to be transferred to the Company and the assets to be transferred from the Company shall be made up by one party to the other party in cash. At present, the scope of the specific subject assets, transaction price and other elements have not been finalized, the parties to the transaction have not yet signed any agreement, the transaction program still needs to be further demonstration and communication and negotiation, and need to perform the necessary decision-making and approval procedures in accordance with the provisions of the relevant laws, regulations and the Articles of Association of the Company, the relevant matters are still subject to significant uncertainties.

12. Subsequent events

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

13. Other significant events

(1) Correction of previous accounting errors

1. Retrospective restatement

There were no corrections of prior period accounting errors using the retrospective restatement method during the reporting period.

2. Prospective application

There were no corrections of prior period accounting errors using the future application method in the current reporting period.

(2) Segment information

Since the Company's main product is steel, other products account have a small proportion of sales, the main production base is in Liaoning, and the disclosure of the segment report is not applicable.

14. Notes to the financial statements of parent company

1. Accounts receivable

(1) Accounts receivable disclosed by aging

Items	30 June 2024	31 December 2023
Within 1 year (inclusive)	1,306,341,076.93	719,865,861.39
1-2 years (inclusive)	95,955,967.70	561,695,759.42
2-3 years (inclusive)	137,105,707.40	647,190.77
3-4 years (inclusive)	561,144.95	845,982.97
4-5 years (inclusive)	748,799.87	503,056.19
Over 5 years	98,544,000.81	98,702,147.96
Sub-total	1,639,256,697.66	1,382,259,998.70
Less: Provision for bad debts	123,430,138.10	138,933,196.14
Total:	1,515,826,559.56	1,243,326,802.56

(2) Accounts receivable disclosed by category

Items	30 June 2024					31 December 2023				
	Gross carrying amount		Provision for bad debts			Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Bad debts ratio (%)	Book value	Amount	Percentage (%)	Amount	Bad debts ratio (%)	Book value
Individually significant and tested for impairment individually	48,196,244.68	2.94	48,196,244.68	100.00		48,196,244.68	3.49	48,196,244.68	100.00	
Accounts receivable tested for impairment by portfolio	1,591,060,452.98	97.06	75,233,893.42	4.73	1,515,826,559.56	1,334,063,754.02	96.51	90,736,951.46	6.80	1,243,326,802.56
Include:										
Aging	1,348,257,128.65	82.25	75,233,893.42	5.58	1,273,023,235.23	1,021,248,997.51	73.88	90,736,951.46	8.88	930,512,046.05
Related party within consolidation scope	242,803,324.33	14.81			242,803,324.33	312,814,756.51	22.63			312,814,756.51
Total	1,639,256,697.66	100.00	123,430,138.10		1,515,826,559.56	1,382,259,998.70	100.00	138,933,196.14		1,243,326,802.56

Significant receivables tested for impairment individually:

Items	30 June 2024			Reason	31 December 2023	
	Accounts receivable	Provision for bad debts	Bad debts ratio (%)		Accounts receivable	Provision for bad debts
Benxi Nanfen Xinhe Metallurgical Co., Ltd.	48,196,244.68	48,196,244.68	100.00	Benxi Nanfen Xinhe has ceased operation.	48,196,244.68	48,196,244.68
Total	48,196,244.68	48,196,244.68			48,196,244.68	48,196,244.68

Accounts receivable tested for impairment by portfolio:

Portfolio tested by aging

Items	30 June 2024		
	Gross carrying amount	Provision for bad debts	Bad debts ratio (%)
Within 1 year (inclusive)	1,190,253,138.45	11,902,531.39	1.00
1-2 years (inclusive)	95,955,967.70	9,595,596.77	10.00
2-3 years (inclusive)	10,390,321.55	2,078,064.31	20.00
3-4 years (inclusive)	561,144.95	561,144.95	100.00
4-5 years (inclusive)	748,799.87	748,799.87	100.00
Over 5 years	50,347,756.13	50,347,756.13	100.00
Total	1,348,257,128.65	75,233,893.42	

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

Items	31 December 2023	Increase/decrease				30 June 2024
		Current period provision	Reversal	write-back/write-off	Other changes	
Provision for bad debts	138,933,196.14	-15,503,058.04				123,430,138.10
Total	138,933,196.14	-15,503,058.04				123,430,138.10

(4) Top five debtors at the year-end

Company	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage (%)	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
Benxi Steel Group International Economic & Trade Co., Ltd.	871,987,094.87		871,987,094.87	53.19	8,719,870.95
Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.	119,995,203.37		119,995,203.37	7.32	1,199,952.03
Liaoning Northern Coal Chemical Industry (Group) Co., Ltd.	90,698,309.19		90,698,309.19	5.53	4,789,690.91
Benxi Steel Refractory Materials Co., Ltd.	48,417,907.79		48,417,907.79	2.95	4,085,640.54
Benxi Nanfen Xinhe Metallurgical Co., Ltd.	48,196,244.68		48,196,244.68	2.94	48,196,244.68
Total	1,179,294,759.90		1,179,294,759.90	71.94	66,991,399.11

2. Other receivables

Items	30 June 2024	31 December 2023
Interest receivables		
Dividend receivables	123,000,000.00	260,000,000.00
Other receivables	269,648,388.05	344,535,173.18
Total	392,648,388.05	604,535,173.18

1. Dividend receivables

(1) Detail of dividends receivable

Items	30 June 2024	31 December 2023
Shenyang Bengang Metallurgical Technology Co., Ltd.		30,000,000.00
Tianjin Bengang Steel Trade Co., Ltd.		47,000,000.00

Items	30 June 2024	31 December 2023
Shanghai Bengang Metallurgical Technology Co., Ltd.		15,000,000.00
Yantai Bengang Steel Sales Co., Ltd.		25,000,000.00
Changchun Bengang Steel Sales Co., Ltd.	43,000,000.00	43,000,000.00
Guangzhou Bengang Steel Trade Co., Ltd.	80,000,000.00	100,000,000.00
Sub-total	123,000,000.00	260,000,000.00
Less: Provision for bad debts		
Total	123,000,000.00	260,000,000.00

2. Other receivables

(1) Other receivables disclosed by aging

Items	30 June 2024	31 December 2023
Within 1 year (inclusive)	210,695,374.33	284,052,848.38
1-2 years (inclusive)	6,310,326.70	35,230,832.41
2-3 years (inclusive)	35,141,930.92	33,345,904.56
3-4 years (inclusive)	28,312,363.17	3,125,628.24
4-5 years (inclusive)	3,125,628.24	229,028.24
Over 5 years	60,182,062.60	60,748,068.66
Sub-total	343,767,685.96	416,732,310.49
Less: Provision for bad debts	74,119,297.91	72,197,137.31
Total:	269,648,388.05	344,535,173.18

(2) Other receivables disclosed by bad debt provision

Items	30 June 2024					31 December 2023				
	Gross carrying amount		Provision for bad debts		Book value	Gross carrying amount		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Bad debts ratio (%)		Amount	Percentage (%)	Amount	Bad debts ratio (%)	
Individually significant and tested for impairment individually	15,752,285.66	4.58	15,752,285.66	100.00		15,752,285.66	3.78	15,752,285.66	100.00	
Accounts receivable tested for impairment by portfolio	328,015,400.30	95.42	58,367,012.25	17.79	269,648,388.05	400,980,024.83	96.22	56,444,851.65	14.08	344,535,173.18
Include:										
Portfolio 1: Aging	300,748,271.62	87.49	58,367,012.25	19.41	242,381,259.37	373,617,582.97	89.65	56,444,851.65	15.11	317,172,731.32
Portfolio 2: Related party within consolidation scope	27,267,128.68	7.93			27,267,128.68	27,362,441.86	6.57			27,362,441.86
Total	343,767,685.96	100.00	74,119,297.91		269,648,388.05	416,732,310.49	100.00	72,197,137.31		344,535,173.18

Significant other receivables tested for impairment individually:

Items	30 June 2024				31 December 2023	
	Gross carrying amount	Provision for bad debts	Bad debts ratio (%)	Basis of accrual	Gross carrying amount	Provision for bad debts
Benxi Iron and Steel (Group) No. 3 Architectural Engineering Co., Ltd.	12,504,978.59	12,504,978.59	100.00	bankruptcy clearance	12,504,978.59	12,504,978.59
Benxi Iron and Steel (Group) No. 1 Architectural Engineering Co., Ltd.	3,247,307.07	3,247,307.07	100.00	bankruptcy clearance	3,247,307.07	3,247,307.07
Total	15,752,285.66	15,752,285.66			15,752,285.66	15,752,285.66

Accounts receivable tested for impairment by portfolio:

Portfolio tested by aging:

Items	30 June 2024		
	Gross carrying amount	Provision for bad debts	Bad debts ratio (%)
Within 1 year (inclusive)	210,695,374.33	2,106,953.74	70.06
1-2 years (inclusive)	6,310,326.70	631,032.67	2.10
2-3 years (inclusive)	35,141,930.92	7,028,386.17	11.68
3-4 years (inclusive)	400,236.49	400,236.49	0.13
4-5 years (inclusive)	3,125,628.24	3,125,628.24	1.04
Over 5 years	45,074,774.94	45,074,774.94	14.99
Total	300,748,271.62	58,367,012.25	

(3) Bad debt provision

Provision for bad debts	Stage one	Stage two	Stage three	Total
	12-month expected credit losses	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment occurred)	
Beginning balance	2,839,575.35	4,609,838.82	64,747,723.14	72,197,137.31

	Stage one	Stage two	Stage three	
Provision for bad debts	12-month expected credit losses	Lifetime expected credit losses (no credit impairment)	Lifetime expected credit losses (credit impairment occurred)	Total
Beginning balance in current period	-631,032.67	230,796.18	400,236.49	
--Transfer to Stage two	-631,032.67	631,032.67		
--Transfer to Stage three		-400,236.49	400,236.49	
--Reversal to Stage two				
--Reversal to Stage one				
Current period provision	-101,588.94	2,818,783.84	-795,034.30	1,922,160.60
Current period reversal				
Current period write- back				
Current period write-off				
Other change				
Ending balance	1,475,921.07	7,890,215.02	64,753,161.82	74,119,297.91

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

Items	31 December 2023	Increase/decrease				30 June 2024
		Current period provision	Reversal	write- back/write- off	Other change	
Provision for bad debts	72,197,137.31	1,922,160.60				74,119,297.91
Total	72,197,137.31	1,922,160.60				74,119,297.91

(5) Other receivables disclosed by nature

Nature	30 June 2024	31 December 2023
Compensation for the “Living Showbelt” project	199,177,700.00	212,242,400.00
Receivable and payable	140,321,527.47	198,934,209.00
Other	4,268,458.49	5,555,701.49
Total	343,767,685.96	416,732,310.49

(6) Top five debtors at the year-end

Company	Nature or content	Amount	Aging	Percentage of total other receivables (%)	Provision for bad debts
Benxi Xihu District Government	Compensation for the “Living Showbelt” project	199,177,700.00	Within 1 year	57.94	1,991,777.00
Benxi Iron and Steel (Group) Third construction Engineering Co., Ltd	Receivable and payable	12,504,978.59	3-4 years, Over 5 years	3.64	12,504,978.59
Benxi Iron and Steel (Group) Co., Ltd.	Receivable and payable	5,476,979.64	Within 1 year, 1-2 years, Over 5 years	1.59	4,156,527.72
Liaoning Hengtai Heavy Machinery Co., Ltd.	Receivable and payable	3,510,967.39	1-2 years	1.02	351,096.74
Benxi Dongfenghu Steel Resource Utilization Co., Ltd.	Receivable and payable	3,478,250.07	2-3 years	1.01	695,650.01
Total		224,148,875.69		65.20	19,700,030.06

3. Long-term equity investment

Items	30 June 2024			31 December 2023		
	Gross carrying amount	Impairment	Book value	Gross carrying amount	Impairment	Book value
Subsidiaries	2,222,281,590.24		2,222,281,590.24	2,222,281,590.24		2,222,281,590.24
Joint ventures	46,910,346.41		46,910,346.41	46,910,346.41		46,910,346.41
Total	2,269,191,936.65		2,269,191,936.65	2,269,191,936.65		2,269,191,936.65

(1) Details of investment in subsidiaries

Name of entity	Beginning balance	Beginning balance of impairment	Increase/decrease				Ending balance	Ending balance of impairment
			Increase	Decrease	Impairment of current period	Others		
Shanghai Bengang Metallurgical Technology Co., Ltd.	229,936,718.57						229,936,718.57	
Benxi Beitai Steel Sales Co., Ltd.	30,000,000.00						30,000,000.00	
Benxi POSCO Cold Rolled Sheet Co., Ltd.	1,019,781,571.10						1,019,781,571.10	
Tianjin Bengang Steel Trade Co., Ltd.	230,318,095.80						230,318,095.80	
Changchun Bengang Steel Sales Co., Ltd.	28,144,875.36						28,144,875.36	
Yantai Bengang Steel Sales Co., Ltd.	219,100,329.41						219,100,329.41	
Guangzhou Bengang Steel Trade Co., Ltd.	200,000,000.00						200,000,000.00	
Dalian Benruitong Automotive Materials Technology Co., Ltd.	65,000,000.00						65,000,000.00	

Name of entity	Beginning balance	Beginning balance of impairment	Increase/decrease				Ending balance	Ending balance of impairment
			Increase	Decrease	Impairment of current period	Others		
Shenyang Bengang Metallurgical Technology Co., Ltd.	200,000,000.00						200,000,000.00	
Total	2,222,281,590.24						2,222,281,590.24	

(2) Details of investment in joint Venture and associated

Name of entity	Beginning balance	Beginning balance of impairment	Increase/decrease								Ending balance	Ending balance of impairment
			Addition of Investment	Reduction of Investment	Income or loss on investment recognized under the equity method	Other Comprehensive Income Adjustment	Other Equity Changes	Declaration of Cash Dividends or Profit	Provision	Others		
1. Joint Venture												

Name of entity	Beginning balance	Beginning balance of impairment	Increase/decrease								Ending balance	Ending balance of impairment
			Addition of Investment	Reduction of Investment	Income or loss on investment recognized under the equity method	Other Comprehensive Income Adjustment	Other Equity Changes	Declaration of Cash Dividends or Profit	Provision	Others		
2. Associated Enterprise												
Bensteel Baojin (Shenyang) New Automotive Materials Technology Co., Ltd	46,910,346.41											46,910,346.41
Subtotal	46,910,346.41											46,910,346.41
Total	46,910,346.41											46,910,346.41

4. Operating Income and Operating Cost

(1) Operating income and operating cost

Items	Current period		Previous period	
	Revenue	Cost	Revenue	Cost
Principal business	28,086,225,442.07	29,148,262,789.55	29,752,956,987.48	30,143,666,528.21
Other business	673,924,129.88	685,977,515.04	598,633,897.79	582,130,402.92
Total	28,760,149,571.95	29,834,240,304.59	30,351,590,885.27	30,725,796,931.13

(2) Breakdown of operating income and operating cost

Items	Principal Business	Principal Business	Other Business	Other Business
	income	cost	income	cost
Classified by business area				
Including: Domestic	23,542,489,047.60	24,541,067,315.72	673,924,129.88	685,977,515.04
Abroad	4,543,736,394.47	4,607,195,473.83	-	-
Total	28,086,225,442.07	29,148,262,789.55	673,924,129.88	685,977,515.04
Classified by the time of commodity transfer				
Including: recognize at a certain point in time	28,086,225,442.07	29,148,262,789.55	673,253,327.88	685,977,515.04
recognize over a certain period of time			670,802.00	
Total	28,086,225,442.07	29,148,262,789.55	673,924,129.88	685,977,515.04

5. Income on investment

Items	Current period	Previous period
Income from long-term equity investment (equity method)		-439,659.58
Investment income from disposal of financial assets held for trading		-2,502,067.50
Investment income from debt restructuring		694,683.35
Others	-31,605,308.28	
Total	-31,605,308.28	-2,247,043.73

15. Supplementary information

(1) Details of non-recurring profit and loss

Items	Amount	Notes
Gains and losses on disposal of non-current assets, including elimination of provision for impairment of assets	-13,712,227.48	
Government grants recognized in profit or loss for the current period, except for those government grants that are closely related to the Company's normal business operations, in line with national policies and in accordance with defined criteria, and that have a sustained impact on the Company's profit or loss	84,071,493.95	
Gains and losses from changes in the fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging operations related to the Company's normal business operations		
Occupancy fees charged to non-financial corporations included in profit or loss for the period		
Gains and losses on entrusted investments or management of assets		
Gains and losses on external entrusted loans		
Loss of assets due to force majeure factors, such as natural disasters		
Reversal of provision for impairment of receivables individually tested for impairment		
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value		

Items	Amount	Notes
of the investee's identifiable net assets at the time of investment acquisition		
Net profit or loss for the period from the beginning of the period to the date of consolidation of subsidiaries resulting from a business combination under the same control		
Gains and losses on exchange of non-monetary assets		
Debt restructuring gains and losses		
One-time costs incurred by the enterprise due to the fact that the relevant business activities are no longer continuing, such as expenses for relocating employees		
Profit and loss affected due to the adjustments of requirements of taxation, accounting and other laws and regulations		
One-time share-based payment expense recognized for cancellation and modification of equity incentive plans		
For cash-settled share-based payments, gains and losses arising from changes in the fair value of employee compensation payable after the date of exercise of options		
Gains and losses arising from changes in the fair value of investment properties subsequently measured using the fair value model		
Gains arising from transactions at significantly unfair prices		
Gains and losses arising from contingencies unrelated to the Company's normal business operations		

Items	Amount	Notes
Trustee income from trust operations		
Other non-operating revenue and expenditure other than above items	5,115,874.05	
Other non-recurring profit and loss		
Subtotal	75,475,140.52	
Impact of income tax	4,003,960.33	
Impact of minority interests (after tax)	768,711.98	
Total	70,702,468.21	

(2) Net asset yield and earnings per share

Profit in the Reporting Period	Weighted average net assets yield (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	-9.55	-0.3775	-0.3775
Net profit attributable to ordinary shareholders after deducting non-recurring profit and loss	-10.01	-0.3947	-0.3947

Note: Assuming that the company's convertible bonds are converted into common shares, the number of common shares outstanding during the period will increase by 1,425,573,949.37 shares, and the net profit will increase by RMB 114,512,878.34, thereby increasing earnings per share by RMB 0.08 per share, indicating that the potential common shares are not dilutive but anti-dilutive, so they are not taken into account in calculating diluted earnings per share. Diluted earnings per share are determined based on basic earnings per share.

Bengang Steel Plates Co., Ltd.

27 August 2024