



Bengang Steel Plates Co., Ltd.

Annual Report 2021

March, 2022

I. Important Notice, Table of Contents, and Definitions

The Board of Directors, the Supervisory Committee and the Directors, members of the Supervisory Committee and senior management of the Company guarantee that there are no misrepresentations or misleading statements, or material omission in this report, and individually and collectively accept full responsibility for the authenticity, accuracy and integrity of the information contained in this report.

Huo Gang, Legal representative, Wang Donghui, Chief financial officer, and Li Xiaowei, Chief accountant, (the person in charge of the accounting), make the pledge for the authenticity, accuracy and integrity of the attached financial statements.

All the members of the Board of Directors attended the board meeting on which this report was examined.

The prospective statements contained in this annual report do not constitute any substantial commitment to the investors. Investors should pay attention to the risks attached to investment decisions. This report is prepared in both of Chinese and English. The Chinese version shall prevail when there are any controversial statements in the two versions.

The company has described the existing risks and countermeasures in detail in this report. Please refer to Section 3-11 “Prospects for the Future Development of the Company”. “China Securities Journal”, “Securities Times”, “Hong Kong Commercial Daily” and Juchao Information Network (www.cninfo.com.cn) are the company's selected information disclosure media. All information of the company is based on the information published in the above-mentioned designated media. Investors are advised to pay attention to investment risks.

The company’s profit distribution plan is approved by the board of directors. Taking 4,108,191,379 shares as the base, a cash dividend of 6.0 yuan (tax included) will be distributed to all shareholders for every 10 shares, and stock dividend is 0 (tax included). The capital reserve will not be converted into share capital.

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Reference File Directory

1. Financial statements signed and sealed by Legal representative, Chief financial officer, Chief accountant, (the person in charge of the accounting.
2. The original audit report with the seal of the accounting firm and the signature and seal of the certified public accountant.
3. The originals of all company documents and announcements publicly disclosed during the reporting period.
4. Annual reports published in other securities markets.

Definition

Terms to be defined	Refers to	Definition
Bengang Bancal, Bengang Steel, the Company, the Listed Company	Refers to	Bengang Steel Plates Co., Ltd.
Ansteel Group	Refers to	Ansteel Group Co., Ltd.
Bengang Group	Refers to	Bengang Group Co., Ltd.
Benxi Steel & Iron CO., Bengang Co.	Refers to	Benxi Steel & Iron (Group) Co., Ltd.
Liaoning Provincial State-asset Administration	Refers to	Liaoning State-owned Asset Supervisory and Management Committee
SSE	Refers to	Shenzhen Stock Exchange
Bengang Puxiang	Refers to	Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.

II. Company Profile and Main Financial Index

I. Company Information

Stock abbreviation	Bengang Bancai, Bengangban B	Stock Code	000761, 200761
Stock exchange for listing	Shenzhen Stock Exchange		
Company name in Chinese	本钢板材股份有限公司		
Abbreviation of Company name in Chinese	本钢板材		
Company name in English (If any)	BENGANG STEEL PLATES CO., LTD.		
Abbreviation of Company name in English (If any)	BSP		
Legal representative	Huo Gang		
Registration Address	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province		
Post Code of registration Address	117000		
Changes in the company's registered address history	None		
Office address	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province		
Post Code of office address	117000		
Web Address	None		
Email	bgbcdm@163.com		

II. Contact Information

	Secretary of Board of Directors	Representative of Securities Affairs
Name	Gao Desheng	Chen Liwen
Address	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province	No.16, Renmin Road, Pingshan District, Benxi City, Liaoning Province
Tel	024-47827003	024-47828980
Fax	024-47827004	024-47827004
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III. Information Disclosure and Place for Consulting

Press media for information disclosure	China Securities Journal, Securities Times, Hong Kong Commercial Daily
Web address for the annual report as assigned by CSRC	http://www.cninfo.com.cn
Place for inquiry of the annual report	Secretary Office of the Board, Bengang Steel Plate Co., Ltd.

IV. Change of Business Registration

Organization Code	91210000242690243E
Changes of principal business activities since listing (if any)	No change
Changes of the controlling shareholder in the past (if any)	On August 20, 2021, the State-owned Assets Supervision and Administration Commission of the Liaoning Provincial People's Government which is the former actual controller of the company, signed the "Free Transfer Agreement on the State-owned Equity of Bengang Group Co., Ltd." with Ansteel Group Co., Ltd. Liaoning

	<p>State-owned Assets Supervision and Administration Commission transferred its 51% stake of Bengang Group Co., Ltd. to Ansteel Group for free.</p> <p>On October 12, 2021, the industrial and commercial registration of change was completed, and Ansteel Group Co., Ltd. became the indirect controlling shareholder of the company. The direct controlling shareholder of the company remains unchanged, which is still Benxi Iron and Steel (Group) Co., Ltd.</p>
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V. Other Information

Accountants' firm engaged by the Company:

Name of the accountants' firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Address of the accountants' firm	Address: 4/F 61 Nanjing Rd. East, Huangpu, Shanghai
Signing name of accountants	Li Yongjiang, Li Guiying

Sponsor engaged by the Company to conduct sustained supervision during the reporting period

Applicable Not applicable

Name of the sponsor institution	Address of the sponsor institution	Name of the sponsor representative	Sustained supervision period
Guotai Junan Securities Co., Ltd.	No. 768, Nanjing West Road, Jingan District, Shanghai	Yuan Ye Chen, Yang Keyi	August 5 th , 2020 to December 31 st , 2021

Financial consultancy institution engaged by the Company to conduct sustained supervision during the reporting period

Applicable Not applicable

VI. Main Accounting Data and Financial Index

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

Yes No

	2021	2020	Changes over last year	2019
Operating income (RMB)	77,912,144,981.46	48,684,792,685.58	60.03%	52,741,353,582.28
Net profit attributable to the shareholders of the listed company (RMB)	2,500,582,902.58	384,252,740.78	550.77%	555,646,971.40
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	2,517,758,656.14	381,469,784.99	560.02%	549,528,817.13
Net Cash flow generated by business operation (RMB)	413,473,454.04	-2,039,000,213.29	120.28%	6,977,824,041.16
Basic earnings per share (RMB/Share)	0.60	0.10	500.00%	0.143
Diluted earnings per share (RMB/Share)	0.50	0.10	400.00%	0.143
Weighted average net assets yield	11.88%	1.90%	9.98%	2.88%
	2021	2020	Changes over last year	2019
Gross assets (RMB)	55,147,123,275.30	65,007,470,749.20	-15.17%	60,731,425,193.90

Net assets attributable to shareholders of the listed company (RMB)	22,500,969,014.30	21,018,296,389.10	7.05%	19,487,665,261.17
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The lower of the company's net profit before and after deduction of non-recurring gains and losses in the most recent three fiscal years is negative, and the audit report of the most recent year shows that the company's ability to continue operations is uncertain

Yes No

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

Yes No

VII. Differences between Domestic and Foreign Accounting Standards

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

Applicable Not applicable

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

2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

Applicable Not applicable

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

VIII. Main Financial Index by Quarters

Unit: Yuan

	First quarter	Second quarter	Third quarter	Fourth quarter
Operation income	15,252,265,770.99	23,335,862,441.15	22,839,272,300.53	16,484,744,468.79
Net profit attributable to the shareholders of the listed company	686,599,759.65	1,522,198,408.26	1,568,670,728.28	-1,276,885,993.61
Net profit after deducting non-recurring gain/loss attributable to the shareholders of listed company	678,208,256.33	1,520,934,306.97	1,564,674,812.54	-1,246,058,719.70
Net cash flows generated by operating activities	-966,470,265.23	2,491,386,485.26	18,904,467.35	-1,130,347,233.34

Whether significant variances exist between the above financial index or the index with its sum and the financial index of the quarterly report as well as semi-annual report index disclosed by the Company

Yes No

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

Applicable Not applicable

Unit: Yuan

Item	2021	2020	2019	Notes
Gains and losses on disposal of non-current assets (including the write off part of the	-60,100,706.71	-92,695,525.95	-77,292,030.26	

provision for impairment)				
Government subsidy attributable to profit and loss of current period (except such government subsidy closely related to the company's normal business operation, meeting the regulation of national policy and enjoyed constantly in certain quota or quantity according to a certain standard)	66,345,976.64	81,193,591.56	83,914,522.47	
Profit or loss from investment or assets entrusted to others	2,436,869.33	0.00	605,795.19	
Gains and losses of debt restructuring		32,800.02	50,640.00	
Profits excluded effective hedging business related to the company's normal business operations, from holding transactional financial assets, derivative financial assets, transactional financial liabilities, fair value changes in derivative financial liabilities, and disposal of transactional financial assets and derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments	-37,205,991.34	13,500,000.00		
Other non-operating income and expenses other than above	5,176,371.41	1,592,660.62	779,757.58	
Other profit and loss items that meet the definition of non-recurring gains and losses			2,084.65	
Less: impact of income tax	-5,969,319.73	786,094.20	1,818,703.48	
impact of minority equity (after tax)	-202,407.38	54,476.26	123,911.88	
Total	-17,175,753.56	2,782,955.79	6,118,154.27	--

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

Applicable Not applicable

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

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

Applicable Not applicable

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

III. Management Discussion and Analysis

I. Industry situation of the company during the reporting period

The industry to which the company belongs is the steel industry. The steel industry is a significant basic industry of country's national economy, a significant support for building a modern and powerful country, and a significant field for realizing green and low-carbon development.

The national economy continued recovery in 2021, and provided a good environment for the development of the steel industry. With the continuous improvement of the new development pattern of "dual circulation" at domestic and abroad, the supply-side reform and demand-side management have formed a higher level of dynamic balance. The steel industry actively responds to changes in domestic and foreign demand situations, strives to overcome the impact of Various factors, such as a high price of raw materials and fuels, and a sharp rise in environmental protection costs. The industry is generally operating well and in line with policy guidance and market expectations. In the first half of the year, the steel industry worked hard to meet the strong demand for steel market brought about by the rapid growth of downstream industries, fully released production capacity, and formed a booming situation in both of production and sales. In the second half of the year, with the implementation of production restriction measures and the slowdown in demand growth in downstream industries, the steel industry timely controlled production capacity. Throughout the year, country's steel supply and demand were basically balanced and making outstanding contributions to meeting the steel demand of downstream industries and ensuring the sustained recovery of the national economy.

The year 2022 is a crucial year for the country to implement the "14th Five-Year Plan", and it is also a crucial year for the steel industry to achieve high-quality development. From the perspective of the overall external environment, at the end of 2021, the shock wave of the new coronavirus variant strain Omicron swept the world, adding more variables to the world economic situation. Under the background of the national "dual carbon" goal, the steel industry has entered a critical period of high-quality development. Green and low-carbon, intelligent manufacturing, etc. have brought more severe challenges and disruptive changes, and market uncertainty has further increased. At the same time, China's economy has a solid foundation and strong resilience, and will remain a long-term improvement fundamental in the future. The National Development and Reform Commission and the Ministry of Industry and Information Technology issued the "Implementation Plan on Reinvigorating the Operation of the Industrial Economy and Promoting the High-quality Development of the Industry", which proposed policies and measures such as "vigorously increasing the effective supply of the bulk raw material market", "tapping the demand potential and expanding the market space of the industrial economy", which is conducive to guiding Market expectations and create new opportunities for the development of iron and steel enterprises.

Currently, China has entered a critical stage of comprehensive and high-quality development. The country has clearly put forward the goal of striving to achieve carbon peaking by 2030 and carbon neutrality by 2060, which has put forward new requirements for the development of the iron and steel industry, and has also stimulated new momentum for the high-quality development of the steel industry. The steel industry is facing a series of changes in the domestic steel demand structure, steel product supply structure, steel production process structure, and steel production resource structure.

II. The main business of the company during the reporting period

1. Main business, main products and their uses

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

2. Business model

Procurement model: The company's procurement model includes domestic procurement and foreign procurement. Domestic material procurement is carried out through centralized procurement, unified bidding, price comparison,

and consultation. The procurement of foreign materials is carried out through long-term cooperative procurement, direct procurement, open and invitational bidding, inquiry and price comparison, competitive negotiation, negotiation procurement, etc., which mainly act by Bengang Steel Group International Economic and Trade Co., Ltd. Sales model: The company's sales are divided into domestic sales and export sales. Domestic sales mainly adopt the direct sales model. The company sells directly to large customers, and other small and medium customers sell to them through regional sales subsidiaries. Export sales mainly act through the strong marketing network accumulated in international trade by Bengang Steel Group International Economic and Trade Co., Ltd., which act as agent of the export sales and charge the agency fee.

3. Key drivers of performance

The company seized the favorable opportunity of the reorganization between Ansteel Group Co., Ltd. and Bengang steel Group Co., Ltd., deeply carried out the three-year action of state-owned enterprise reform and three system reforms, with the goal of achieving "five promotions and two reductions", and earnestly implemented the "5+1" work pattern and "1+4" important mission.

Implement the "General Plant System", continuously improve management efficiency and benefits, build a technological innovation system, create innovative platforms such as "Liaoning Bengang Iron and Steel Industry Industry-University-Research Alliance", and implement the "R&D personnel delisting system for scientific and technological projects" to achieve precise incentives. Continuing to carry out in-depth benchmarking exchanges, adhere to the direction of market-oriented reform, and continuously promote the high-quality development of diversified industries, various tasks have achieved relatively gratifying business performance.

During the reporting period, the company's main business and business model remained unchanged.

III. Analysis on Core Competitiveness

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

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

2. Equipment transformation and upgrading. In 2021, the company issued a fixed asset investment plan of 3.85 billion yuan. Implemented a new round of large-scale technological transformation and ultra-low emission transformation projects represented by key projects such as special steel electric furnace upgrading, special steel rolling mill renovation, CCPP power generation project, 220KVA substation project, Taizi River bridge renovation, 1700mm production line improvement, and coke oven flue gas desulfurization and denitrification. At present, the 1700mm production line has been improved, the CCPP power generation project and the 220KVA substation project will be put into operation one after another. The special steel electric furnace upgrade and transformation project will be commissioned and put a set of electric furnaces and supporting refining equipment, continuous casting equipment into production at the end of August 2022.

3. New product development capabilities. So far, 49 grades have been developed. Except for the pre-researched cold-rolled dual-phase steel DP1180, other new products have been sold in the market. Realized the full coverage of strength grade series of hot-rolled automobile structural steel represented by "automobile beam" and "steel for box body". Successfully developed dual-phase steel of 1180 strength level and hot-dip galvanized composite phase steel CR980T/700Y-MP, which are leading domestically. Developed hot-rolled anti-oxidation coating-free hot-formed steel CF-PHS1500 to achieve the world's first launch, reaching the international leading level.

4. Technological innovation ability. In terms of scientific and technological cooperation, to undertake meetings of the Expert Committee of the Metals, establish the strategic docking between Bengang group and China Iron and Steel Research Group, strengthen cooperation with Northeastern University and other universities and research institutes, and invite national academicians and authoritative experts to discuss the latest technological progress and industry development trends. To direct and to promote the high-quality development of Benxi Iron and Steel Group. In terms of scientific and technological achievements, it has won 4 metallurgical science and technology awards and 3 scientific and technological progress awards in Liaoning Province. Among them, "the research and development of hot stamping steel with the highest strength and extra-thick specifications and its serial development" won the first prize in the metallurgical industry. The industry's highest award. In terms of intellectual property rights, 3

national standards and 11 corporate standards were drafted; 211 patents were accepted by the National Bureau, a year-on-year increase of 21.2%; 108 patents were authorized by the National Bureau, including 16 inventions and 92 utility models. Bengang Steel Plate Co., Ltd. won the Quality Award from the Governor of Liaoning Province and was identified as "the first batch of high-value patent cultivation centers in Liaoning Province."

5. Green development capability. In combination with the steel industry and local ultra-low emission policy requirements, the company has the courage to assume social responsibilities, relying on professional planning and research institutions to prepare an environmental protection improvement plan and an annual implementation plan. A total of more than 40 ultra-low emission projects have been teased out, all of which have been included in the investment plan and are under construction or preliminary work. Through all-round green improvement such as cleaner production level, three waste management, environmental protection management, the company achieve community-based environmental quality, promote the integration of industry and city, strive to achieve ultra-low emission by the end of 2023, and build the company into an "ecological steel" that develops harmoniously with the city. At present, the two dust collectors of the second sintering product of the iron smelting plant have completed the transformation to meet the emission standards. The CCPP power generation project using surplus gas is expected to be completed and put into operation in the first quarter of 2022.

6. Intelligent manufacturing capabilities. The company has vigorously promoted the construction of intelligent manufacturing related projects such as informatization and intelligence. In 2021, investment has been made to carry out centralized control and intelligent manufacturing of iron, burning, coke, special steel processes, raw material management, energy management, etc. Carry out the improvement of the basic information platform, production and manufacturing management, intelligent equipment for cold rolling areas, and the upgrading and transformation of railway transportation dispatching and commanding information systems Intelligent transformation in other fields. Keep up with the pace of enterprise development in the era of big data, and achieve high-quality development.

IV. Management Discussion and Analysis

1. General

During the reporting period, the company has always adhered to the new development concept, promoted efficient development, and fully implemented the spirit of General Secretary Xi Jinping's instructions on Northeast Revitalization and Liaoning Revitalization. It has carried out a series of fruitful work with the core of "refining and strengthening listed companies, and promoting high-quality development", overcoming the influence of unfavorable factors such as market shocks, and achieving a high starting point for the "14th Five-Year Plan". The annual sales revenue was 77.912 billion yuan, a year-on-year increase of 60%; the profit was 3.435 billion yuan, a year-on-year increase of 724%; pig iron completed 9.838 million tons, a year-on-year decrease of 2.3%; crude steel completed 10.438 million tons, a year-on-year increase of 1.24%; Plates completed 13.217 million tons, an increase of 8.02% year-on-year; cold-rolled sheets completed 6.1078 million tons, an increase of 8.1% year-on-year; special steel products completed 622,000 tons, a year-on-year decrease of 13.7%. Reviewing the work of the year, it is mainly reflected in the following aspects:

1. Strengthen process linkage to make production operation more efficient

Among them, the steel plant has established a high-efficiency production model, and the monthly output has exceeded 1 million tons, which is the best level in history. The hot continuous rolling mill has continuously set new production records, and the production capacity has reached the level of 10 million tons. The cold rolling plant took multiple measures to break through the "bottleneck" of production. Each unit has set a record of 40 times of production capacity, and some units have exceeded the designed capacity by 120%. The steel rolling output of special steel mills has shown a good trend of increasing month by month, and the daily output has increased by 165 tons year-on-year. The scrap steel plant recovered 63,000 tons of non-production scrap, ensuring high production and consumption reduction.

2. Strict process control and more precise cost control

Established the management and control concept of "low cost to win high efficiency", and various cost reduction measures have achieved remarkable results. The financial system refines capital management and saves interest expenses; the production system strictly controls the port transportation consumption ratio to reduce the cost of raw material loss; the equipment system strengthens the repair of spare parts by outsourcing, and reduces the purchase cost of new products; the energy system increases the proportion of self-generated electricity and avoids peak production, direct purchase of electricity and other measures to effectively reduce electricity costs.

3. Implement the innovation-driven strategy, and achieve new results in the field of scientific and

technological research and development

Adhere to the concept of "strengthening the enterprise with science and technology", carry out scientific research and research and development of new products, make every effort to achieve technological leadership, promote varieties and create benefits, and effectively improve the enterprise's ability to resist risks. Throughout the year, 20 grades of cold series products, 15 grades of thermal series products and 14 grades of special steel products were developed. Successfully developed domestic leading 1180-strength dual-phase steel and high-performance 50BW470 high-efficiency silicon steel for Ningde Tebo, as well as ultra-deep-drawn electro-galvanized automotive outer panels for Iran's Saipa Automobile. For the first time, it cooperated with foreign R&D institutions - General Automobile Research Institute of North America and Northeastern University to develop "coating-free hot-formed steel", breaking through barriers to technical cooperation, breaking through patent monopoly, and completing industrialization tests. In the whole year, 100 scientific research projects were established, an increase of 69.5% year-on-year, and the planned implementation rate reached over 90%. Successfully jointly applied for the "13th Five-Year" National Key R&D Program "Genetic Engineering and Artificial Intelligence Design of Aviation Key Materials" and was approved. The linkage of "sales, research and production" was achieved, and 20 certification and delisting projects were completed throughout the year, with a total of 47 brands. Mercedes-Benz certification has made a breakthrough. Users of pickling products have completed stamping certification and assembly, and are conducting road tests in Germany and Turkey. At the same time, it has passed the Japanese JIS certification, which provides a strong guarantee for the consolidation of overseas markets.

4. Consolidate the construction of the management system, and the level of enterprise management has climbed to a new level

Based on the construction of six management systems of safety, quality, energy, environmental protection, integration of industrialization and informatization, and measurement, we constantly improve various management systems, so as to ensure that there is a basis for doing things, and there is evidence for investigations, so as to achieve closed-loop management. Adhere to safety first and build a "red line" awareness. Quickly implement the safety management requirements of "three managements and three musts", "five cleanups and five eliminations" and "four cannot be relaxed for a moment", and responsibilities are consolidated layer by layer. Vigorously promote consistent management and strengthen process compliance. Carry out research on energy conservation and consumption reduction, realize green and low-carbon operation, and make energy management more refined and professional. The investment in metering equipment was increased, and the integration and commissioning of the energy metering network was completed, laying the foundation for precise control of energy consumption. Continue to explore new paths for legal management of environmental protection work, establish and improve daily management and control and emergency management systems and measures, fully promote the construction of key low-carbon energy conservation projects, and promote green and low-carbon development of enterprises. Implement the new development concept and build a digital and intelligent enterprise. Taking solving practical production problems as the focus, sticking to the main direction of intelligence, taking the cold rolling production line with a high degree of automation as a pilot, vigorously promoting the application of innovative technologies such as unmanned driving and industrial robots, and effectively promoting the improvement of labor productivity.

5. Actively promote the deepening of reform, and make new progress in corporate governance

In accordance with the goal of "becoming better and stronger to promote the high-quality development of listed companies", the key reform work has been determined, which has pointed out the direction for deepening the reform of Bengang Bancai and solving the problems of enterprise development. Reshape the organizational structure, achieve lean and efficient management, establish an authorization system, improve decision-making efficiency, and control decision-making risks; strengthen performance management, and promote precise incentives. In accordance with the principle of "complete undertaking, comprehensive decomposition, step-by-step pressure, and differentiated design", the company's operator performance and organizational performance indicators will be decomposed and implemented step by step, giving full play to the motivational role of performance appraisal, realizing the company's benefits and employees' benefits. Promote management innovation, improve management efficiency, establish a management mechanism centered on efficiency and follow the principle of process compliance, and continue to improve management effectiveness and efficiency.

6. Highlight the leading role of party building, and show new achievements in group organization work Thoroughly study and implement the spirit of the 19th National Congress of the Communist Party of China and all previous plenary sessions of the 19th National Congress of the Communist Party of China, as well as the spirit of the National Party Building Work Conference of State-owned Enterprises, give

full play to the fighting fortress of the party organization and the vanguard and exemplary role of party members, strengthen cadre evaluation and echelon construction, and establish a leadership management and evaluation system, by adopting a multi-dimensional work performance evaluation method, and solidly carry out the selection and recruitment of leading cadres. Adhere to the tracking and training of young cadres, build a platform for talent growth in multiple directions, and create conditions for outstanding talents to stand out. Comprehensively and strictly manage the party to advance in depth, and create a clean and upright business environment; implement the study of the party's history and solve the people's worries, and actively do practical things and solve problems for the workers and the masses.

7. Multi-measures are taken at the same time and the organization is closely organized, and the epidemic prevention and control has become normalized

Strictly implement the various epidemic prevention policies of Bengang Group, comprehensively consolidate the foundation of epidemic prevention and control, and ensure that the thinking is not loose and the standards are not lowered. Adhere to daily information control and supervision of epidemic prevention measures, and do a solid job in the reception of foreign personnel and the management of personnel going out, as well as disinfection and personal protection in public places. Establish an emergency response liaison mechanism with the Municipal Health Commission and the hospital, implement measures such as consultation on vaccination matters, and rapid response to emergencies. At present, 9 batches of vaccines have been organized for centralized vaccination, and the vaccination ratio has reached 98%, which has built a strong anti-epidemic barrier.

2. Income and Cost

(1) Breakdown of Operating Income

Unit: Yuan

	2021		2020		Change over last year
	Amount	Proportion	Amount	Proportion	
Total operating income	77,912,144,981.46	100%	48,684,792,685.58	100%	60.03%
By industries					
Industry	77,912,144,981.46	100.00%	48,684,792,685.58	100.00%	60.03%
By products					
Steel plate	69,992,675,798.60	89.84%	45,321,849,577.55	93.09%	54.43%
Others	7,919,469,182.86	10.16%	3,362,943,108.03	6.91%	135.49%
By regions					
Northeast	31,503,298,043.72	40.43%	20,420,940,894.42	41.95%	54.27%
North China	3,199,355,088.45	4.11%	1,608,496,520.50	3.30%	98.90%
East China	33,516,981,788.40	43.02%	21,783,663,312.31	44.74%	53.86%
Northwest	68,888,026.23	0.09%	48,736,790.89	0.10%	41.35%
Southwest	135,459,678.97	0.17%	241,981,145.95	0.50%	-44.02%
Central south	3,152,641,431.89	4.05%	25,508,604.19	0.05%	12,259.13%
Export	6,335,520,923.80	8.13%	4,555,465,417.32	9.36%	39.08%
By sales model					
Sales in domestic market	71,576,624,057.66	91.87%	44,129,327,268.26	90.64%	1.23%
Sales in export market	6,335,520,923.80	8.13%	4,555,465,417.32	9.36%	-1.23%

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

Applicable Not applicable

Unit: Yuan

	Operating income	Operating costs	Gross	Operating	Operating costs	Gross margin
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			margin	income change over last year	change over last year	change over last year
By industries						
Industry	77,912,144,981.46	71,891,598,336.96	7.73%	60.03%	54.96%	3.02%
By products						
Steel plate	69,992,675,798.60	64,770,421,744.20	7.46%	54.43%	49.51%	3.05%
Others	7,919,469,182.86	7,121,176,592.76	10.08%	135.49%	131.98%	1.36%
By regions						
Northeast	31,503,298,043.72	28,935,779,253.16	8.15%	54.27%	49.04%	3.22%
North China	3,199,355,088.45	2,932,208,938.56	8.35%	98.90%	92.03%	3.28%
East China	33,516,981,788.40	31,078,317,077.55	7.28%	53.86%	49.47%	2.73%
Northwest	68,888,026.23	63,948,754.75	7.17%	41.35%	37.41%	2.66%
Southwest	135,459,678.97	126,180,690.96	6.85%	-44.02%	-45.55%	2.62%
Central south	3,152,641,431.89	2,884,036,381.89	8.52%	12,259.13%	11,820.00%	3.37%
Export	6,335,520,923.80	5,871,127,240.09	7.33%	39.08%	34.77%	2.96%
By sales model						
Sales in domestic market	71,576,624,057.66	66,020,471,096.87	7.76%	62.20%	57.06%	3.02%
Sales in export market	6,335,520,923.80	5,871,127,240.09	7.33%	39.08%	34.77%	2.96%

Operating data of recent one year according to adjusted statistics caliber at the year-end in the case that the Company's main business statistics caliber has changed during the reporting period

Applicable Not applicable

(3) Whether the Company's Physical Sales Income Exceeded Service Income

Yes No

Industry classification	Item	Unit	2021	20120	Change over last year
Steel rolling processing industry	Sales	ton	13,883,661.11	12,968,385.12	7.06%
	Production	ton	13,996,055.15	12,940,697.06	8.16%
	Inventory	ton	601,916.23	489,522.19	22.96%
	Sales				
	Production				
	Inventory				

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

Applicable Not applicable

(4) Performance of Significant Sales and Purchase Contract Signed-up in this Reporting Period

Applicable Not applicable

(5) Breakdown of Operating Cost

Industry classification

Unit: Yuan

Industry classification	Item	2021		2020		Change over last year
		Amount	Proportion	Amount	Proportion	

Steel rolling processing industry	Raw material	37,341,970,406.79	51.94%	23,138,475,447.81	49.88%	2.06%
Steel rolling processing industry	Supplementary materials	2,839,512,165.81	3.95%	2,089,395,547.62	4.50%	-0.55%
Steel rolling processing industry	Spare parts and tools	785,960,965.25	1.09%	737,780,144.94	1.59%	-0.50%
Steel rolling processing industry	Fuel	22,184,848,601.81	30.86%	12,727,140,058.39	27.43%	3.43%
Steel rolling processing industry	Energy	3,182,838,986.67	4.43%	2,687,362,561.57	5.79%	-1.36%
Steel rolling processing industry	Salary and benefits	2,582,531,198.03	3.59%	1,980,205,516.91	4.27%	-0.68%
Steel rolling processing industry	Depreciation	2,333,028,229.90	3.25%	2,191,070,638.31	4.72%	-1.47%
Steel rolling processing industry	Others	640,907,782.70	0.89%	840,750,647.04	1.81%	-0.92%
Steel rolling processing industry	Total	71,891,598,336.96	100.00%	46,392,180,562.59	100.00%	0.00%

Instruction:
None

(6) Whether Changes Occurred in Consolidation Scope in the Reporting Period

Yes No

In this period, the wholly-owned subsidiary Xiamen Bengang Iron & Steel Sales Co., Ltd. was cancelled.

(7) Relevant Information of Significant Changes or Adjustment of the Business, Product or Service in the Reporting Period

Applicable Not applicable

(8) Information of Main Customers and Main Suppliers

Information of the Company's main customers

Total sales amount of the top five customers (Yuan)	17,086,188,258.07
Total sales amount of the top five customers accounted for the proportion of total annual sales	21.93%
The proportion of the total sales of the related parties in the top five customers	7.17%

Information of the top 5 customers

No.	Name	Amount (Yuan)	Proportion
1	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	5,584,776,929.07	7.17%
2	Ouyeel Cloud Trade Co., Ltd.	3,913,604,189.08	5.02%
3	Shanghai Ouyeel Supply Chain Co., Ltd.	2,637,122,244.90	3.38%
4	Xiamen Jian Fa Metal Co., Ltd.	2,554,449,548.71	3.28%
5	Ningbo AUX Trade Co., Ltd.	2,396,235,346.31	3.08%
Total	--	17,086,188,258.07	21.93%

Other information of principal customers

Applicable Not applicable

Information of the Company's main suppliers

Total purchase amount of the top five suppliers (Yuan)	33,829,243,762.16
Total purchase amount of the top five suppliers accounted for the proportion of total purchase	47.06%
The proportion of the total purchase of the related parties in the top five suppliers	40.82%

Information of the top 5 suppliers

No.	Name	Amount (Yuan)	Proportion
1	Bengang Group International Economic and Trading Co., Ltd.	17,309,186,976.50	24.08%
2	Benxi Steel & Iron (Group) Mining Co., Ltd.	7,936,735,203.17	11.04%
3	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	4,095,327,573.23	5.70%
4	Heilongjiang Dragon Coal Group Co., Ltd.	2,294,033,830.68	3.19%
5	Liaoning Electric Power Co., Ltd. Benxi Electric Power Supply Company	2,193,960,178.58	3.05%
Total	--	33,829,243,762.16	47.06%

Other information of principal suppliers

Applicable Not applicable

3. Expenses

Unit: Yuan

	2021	2020	Change over last year	Notes to significant change
Selling and distribution expenses	141,394,565.57	97,279,280.21	45.35%	Increase in salary and import and export agency fees
General and administrative expenses	1,187,239,442.10	792,826,294.81	49.75%	Increase in salary, heating costs, etc.
Financial expenses	536,593,635.06	364,775,155.62	47.10%	Increase in foreign exchange losses
Research and development expenses	56,401,594.44	37,989,623.28	48.47%	Increase in R&D investment

4. Research and Development Input

Applicable Not applicable

Main R&D project name	Project purpose	Project Progress	intended goal	Expected impact on the future development of the company
Stable and improved quality of high-grade cold-rolled outer sheet	The pass rate of high-grade cold-rolled outer sheet in 2020 is 70.6%. The current main defects and proportions are: 12.78% roll printing, 6.79% inclusions, 2.27% oblique printing, 1.9% scratches, 1.72% rubber roll printing, rust 1.32%, other 2.66%. Special research is needed to reduce the downgrade rate and further improve product quality.	In the first half of the year, a total of 1,724.2 tons of mid-to-high-end cold-rolled automotive outer sheets were produced, with a pass rate of 73.8%, an increase of 6.9% over the same period in 2020. In April, it reached 95.1%, creating the best level in history and ensuring the stable supply of downstream users.	The mass production pass rate reaches 80%.	The annual profit is more than 1.5 million yuan.
Bengang Automotive Body-in-White Solution	In today's increasingly homogeneous products, the pursuit of differentiated competition is the key for enterprises to get out of low-level homogeneous	The project objectives have been completed.	Improve Bengang's auto steel material selection data system, and the database contains 100% of auto steel grades. All body-in-white body materials are Benxi Steel's automotive steel products, and high-	It made up for the blank of Bengang, and systematically combined EVI with database establishment and application technology testing for the first time, which led to the overall improvement of Bengang's

	competition. Therefore, it is necessary to carry out EVI work to enhance the influence of enterprises.		strength and ultra-high-strength automotive steels account for more than 65%.	application technology.
Research and Development of Steel FAS3420(R)H for 12-speed Transmission Gears of Heavy-Duty Vehicles	In 2020, the output of gearbox gear steel FAS3420(R)H is more than 1,000 tons (accounting for only 3% of gear steel), and the technical quality level is relatively low. The grades have been stably controlled, and the quality of steel has reached the domestic advanced level.	Using narrow hardenability belt control technology, non-metallic inclusion control technology in vulcanized steel, and band structure control technology in heat treatment state, the product quality basically meets the needs of users.	The end hardenability meets the technical requirements, the J9 value of the key control point is not less than 80% of the 4HC bandwidth; the oxygen content is not more than 18ppm, and the proportion below 12ppm is not more than 80%; Other indicators such as inclusions and low magnification structures meet the technical requirements.	The annual profit is more than 2 million yuan.
Research on Process Technology of Large Size High Carbon Chromium Bearing Steel GCr15	The size of the continuous casting billet in the converter process of Benxi Steel is 350×470mm, and it can only produce the national standard high carbon bearing steel with the specification $\leq \Phi 85$ mm. Specifications $> \Phi 85$ mm steel center porosity level is too high, and even shrinkage holes exist, which cannot be produced normally. At present, the bearing industry has a large demand for $\Phi 90 \sim \Phi 150$ mm national standard materials, so it is necessary to study large-scale bearing steel to meet the market demand.	The end project goal has been completed.	To achieve stable production of national standard materials below $\Phi 150$ mm, the central porosity level is less than or equal to 1.0, and the residual shrinkage hole level is 0. Ultrasonic flaw detection meets the requirements of GB/T 4162 standard B level.	The product grade of Bengang's bearing steel has been improved, and the specifications of the high-quality national standard material of Bengang's bearing steel have been further expanded.
Production technology integration of cold-rolled hot-dip galvanized automobile surface sheet	Due to the existence of defects such as zinc slag, zinc ash and roll printing, it cannot meet the requirements of automobile OEMs. Through the research on the key technology of hot-dip galvanized surface plate, the stable supply of medium and high-end automobile OEMs is realized.	Completed 2 user hot-dip galvanized outer plate certification.	To achieve stable supply, the pass rate is more than 70%.	The annual profit is more than 2.8 million yuan.

Information of research and development personnel by the company

	2021	2020	Change over last year
Number of Research and Development staff	1,798	1,732	3.81%
Proportion of number of Research and Development staff	9.53%	10.34%	-0.81%
Educational structure of research and development staff	—	—	—
Bachelor	1,233	1,208	2.07%

Master's degree	162	151	7.28%
Age composition of research and development staff	—	—	—
Under the age of 30	109	132	-17.40%
30 to 40 years old	586	487	20.30%

Information of research and development input by the company

	2021	2020	Change over last year
Amount of Research and Development Investment (In RMB)	2,343,822,000.00	1,541,651,000.00	52.03%
Proportion of Research and Development investment to operating income	3.01%	3.17%	-0.16%
Amount of capitalized Research and Development investment	0.00	0.00	0.00%
Proportion of capitalized Research and Development investment accounted to total Research and Development investment	0.00%	0.00%	0.00%

Illustrations of significant change in the composition of the company's Research and Development personnel

Applicable Not applicable

Illustrations of the prominent change in proportion of research and development input occupying the operating income over same period last year

Applicable Not applicable

Illustrations of significant change in the research and development input's capitalization rate and its reasonableness

Applicable Not applicable

5. Cash Flow

Unit: Yuan

Item	2021	2020	Change over last year
Subtotal of cash inflows from operating activities	56,328,587,878.30	40,062,379,161.40	40.60%
Subtotal of cash outflows from operating activities	55,915,114,424.26	42,101,379,374.69	32.81%
Net cash flows from operating activities	413,473,454.04	-2,039,000,213.29	120.28%
Subtotal of cash inflows from investing activities	11,402,720,358.72	14,037,738.77	81,129.04%
Subtotal of cash outflows from investing activities	7,504,976,365.56	6,213,928,829.62	20.78%
Net cash flows from investing activities	3,897,743,993.16	-6,199,891,090.85	162.87%
Subtotal of cash inflows from financing activities	8,162,945,228.08	22,997,390,314.56	-64.50%
Subtotal of cash outflows from financing activities	15,363,346,740.69	18,941,067,286.47	-18.89%
Net cash flows from financing activities	-7,200,401,512.61	4,056,323,028.09	-277.51%
Net increase in cash and cash equivalents	-2,930,318,531.64	-4,211,997,393.46	-30.43%

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

Applicable Not applicable

(1) The subtotal of cash inflows from operating activities increased by 40.6% over the previous period, which was mainly due to the increase in the sales price of steel products and the substantial increase in income.

(2) The net cash flow from operating activities increased by 120.28% over the previous period, which was mainly due to the increase in the sales price of steel and the substantial increase in income.

(3) The subtotal of cash inflows from investing activities increased by 81,129.04% over the previous period, which was mainly due to the maturity and recovery of large-denomination time deposits.

(4) The net cash flow from investing activities increased by 162.87% compared with the previous period, which was mainly due to the maturity and recovery of large term deposits.

(5) The subtotal of cash inflows from financing activities decreased by 64.5% compared with the previous period, which was mainly due to the decrease in borrowings in the current period.

(6) The net cash flow from financing activities decreased by 277.51% compared with the previous period, which was mainly due to the decrease in borrowings and the payment of dividends in the current period.

(7) The net increase in cash and cash equivalents decreased by 30.43% over the previous period, which was due to the decrease in borrowings and the payment of dividends in the current period.

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

Applicable Not applicable

V. Analysis of Non-core Business

Applicable Not applicable

Unit: yuan

	Amount	Proportion of total profit	Reason for formation	Whether it is sustainable or not
Investment income	-120,519,309.82	-3.51%	Due to investment income from disposal of financial assets held for trading	No
Asset impairment	-113,671,335.02	-3.31%	Due to the increase in the provision for inventory impairment	No
Non-operating income	7,783,225.80	0.23%	Due to the income from disposal of non-current assets	No
Operating expenses	64,272,629.43	1.87%	Due to the disposal of assets in the current period	No

VI. Assets and Liabilities

1. Significant Change of Assets Components

Unit: Yuan

	Ending balance of 2021		Beginning balance of 2021		Proportion change	Notes to significant change
	Amount	Proportion in the total assets (%)	Amount	Proportion in the total assets (%)		
Cash at bank and on hand	8,831,095,737.85	16.01%	13,126,666,915.26	20.58%	-4.57%	The company repays the loan
Accounts receivable	256,850,782.71	0.47%	245,217,182.66	0.38%	0.09%	
Inventories	10,190,166,138.98	18.48%	9,040,065,342.65	14.17%	4.31%	
Long-term equity investment	2,981,784.07	0.01%	2,742,064.73	0.00%	0.01%	
Fixed assets	25,480,674,048.94	46.20%	26,284,567,956.44	41.21%	4.99%	
Construction in process	2,434,182,101.13	4.41%	1,839,933,715.58	2.88%	1.53%	
Right-of-use assets	1,440,365,248.31	2.61%	1,500,739,782.73	2.35%	0.26%	
Short-term loans	4,053,088,140.00	7.35%	10,067,731,000.00	15.78%	-8.43%	The company repays the loan

Contract liabilities	4,708,188,093.78	8.54%	4,458,671,819.90	6.99%	1.55%	
Long-term loans	4,222,821,771.74	7.66%	3,502,934,427.65	5.49%	2.17%	
Lease liabilities	1,424,667,169.15	2.58%	1,463,444,635.94	2.29%	0.29%	

High proportion of abroad assets

Applicable Not applicable

2. Assets and Liabilities Measured at Fair Value

Applicable Not applicable

3. Restricted Assets by the End of the Period

Items	Ending balance	Reason
Cash at bank and on hand	2,531,996,674.37	Deposit for notes and letter of credit
Notes Receivable	1,133,932,188.36	Notes receivable that the company has endorsed and not yet matured on the balance sheet date were not derecognition at the end of period
Other equity instrument investments	1,037,735,849.00	Pledged for loans
Fixed assets	89,963,211.93	Mortgage for fund borrowing
Intangible assets	36,188,476.93	Mortgage for fund borrowing
Total	4,829,816,400.59	

VII. Investment

1. General

Applicable Not applicable

2. Acquiring Significant Equity Investment in the Reporting Period

Applicable Not applicable

3. Undergoing Significant Non-Equity Investment in the Reporting Period

Applicable Not applicable

4. Investment of Financial Assets

(1) Investment in Securities

Applicable Not applicable

There was no investment in securities during the reporting period.

(2) Investment in Derivatives

Applicable Not applicable

There was no investment in derivatives during the reporting period.

5. Use of Raised Funds

Applicable Not applicable

(1) Use of Raised Funds

√Applicable □ Not applicable

Unit: 10 thousand yuan

Year	Method of raising funds	Total amount of raised funds	Used amount of raised fund this period	The total used amount of funds raised	The total amount of funds raised for change of purpose during the reporting period	Cumulative total amount of funds raised for change of purpose	Cumulative proportion of total raised funds for changes of purposes	The total amount of funds raised not used	The purpose and destination of the raised funds not yet used	Amount of funds raised after being idle for more than two years
2018	Private placement to raise funds	3,965,799,988.19	64,473,992.52	3,342,063,034.97				623,736,953.22	Deposit	
2020	Issue of convertible bonds	6,759,200,000	1,147,724,418.83	3,610,684,085.61				3,148,515,914.39	Deposit	
Total	--	10,724,999,988.19	1,212,198,411.35	6,952,747,120.58	0	0	0.00%	3,772,252,867.61	--	0

Description of the overall use of raised funds

1. Status of use of funds for investment projects with raised funds

For the actual use of the company's raised funds in 2021, please refer to the attached table for the use of the raised funds and the commitment projects of the raised funds.

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

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

3. Status of preliminary investment and replacement of raised funds for investment projects

(1) Status of preliminary investment and replacement of funds raised from non-public offering of stocks

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

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

During the period from March 1, 2019 to May 31, 2021, the company paid RMB 62,608,242.01 for the construction of the project with self-raised funds, of which RMB 50,391,999.49 was invested in the cold-rolled high-strength steel reconstruction project, and the third cold-rolling plant was hot-dip galvanized. The zinc production line project is 12,216,242.52 yuan. The company has transferred the above amount from the fundraising account to the general deposit account in 2021.

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

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

Before the raised funds arrive in the account, the company has used self-raised funds to pre-invest in the raised investment projects according to the progress of the project. As of May 31, 2020, the pre-invested amount of self-raised funds replaced by raised funds

was 365,630,860.17 yuan, including 76,278,945.59 yuan for the No. 8 casting machine project of the steelmaking plant, 119,043,290.09 yuan for the No. 5 blast furnace capacity replacement project in the ironmaking plant, and special The steel electric furnace upgrade and reconstruction project is 59,948,807.90 yuan, the CCPP power generation project is 95,098,084.16 yuan, and the steel plant No. 4-6 converter environmental protection renovation project is 15,261,732.43 yuan. As of July 6, 2020, the above-mentioned issuance fee of RMB 550,00.00 paid by the company's own funds will be replaced with the raised funds.

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

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

During the reporting period, according to the construction progress of the company's raised funds investment projects and the use plan of the raised funds, part of the funds raised by the company's non-public offering was temporarily idle. In accordance with the provisions of the "Administrative Measures for the Raised Funds of Listed Companies in Shenzhen Stock Exchange" and other normative documents, in line with the principle of following the principle of maximizing the interests of shareholders, and on the premise of ensuring the capital needs of the raised funds investment projects and the normal progress of the raised funds investment projects, in order to improve the use efficiency of raised funds will further reduce the company's financial costs, reduce financial expenditures, and protect the interests of investors. The company plans to use idle raised funds to temporarily supplement working capital. The use period shall not exceed 12 months from the date of deliberation and approval by the board of directors. Liquidity will save the company financial expenses.

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

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

In 2018, the company used 530,000,000.00 yuan of idle raised funds to temporarily supplement working capital, and the period of use shall not exceed 12 months from the date of approval by the board of directors (March 13, 2018). As of March 11, 2019, the company has returned all the above-mentioned idle raised funds of RMB 530,000,000.00 used to temporarily supplement working capital to the company's special account for raised funds.

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

In 2019, the company used idle raised funds of RMB 742,000,000.00 to temporarily supplement working capital, and the period of use shall not exceed 12 months from the date of approval by the board of directors (March 21, 2019). As of March 23, 2020, the company has returned all the above-mentioned idle raised funds of RMB 742,000,000.00 used to temporarily supplement working capital to the company's special account for raised funds.

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

The company used idle raised funds of RMB666,000,000.00 (RMB370,000,000.00 for the cold-rolled high-strength steel reconstruction project, and RMB296,000,000.00 for the hot-dip galvanizing production line project of the third cold rolling plant) to temporarily supplement the working capital. It was reviewed and approved at the ninth meeting and the eighth meeting of the eighth supervisory committee. The independent directors of the company issued a clear agreement, and the replenishment of working capital should not exceed 12 months.

The sponsor of the company's non-public offering agreed to the company's use of idle raised funds to temporarily supplement working capital and issued "Guotai Junan Securities Co., Ltd.'s Verification Opinions on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital".

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

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

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

The sponsor of the company's non-public offering agreed to the company's use of idle raised funds to temporarily supplement working capital and issued "Guotai Junan Securities Co., Ltd.'s Verification Opinions on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital".

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

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

The company used idle raised funds of 604,000,000.00 yuan (320,000,000.00 yuan for the cold-rolled high-strength steel reconstruction project, and 284,000,000.00 yuan for the hot-dip galvanizing production line project of the third cold rolling plant) to

temporarily supplement the working capital. The 19th meeting and the 17th meeting of the 8th Supervisory Committee reviewed and approved, and the independent directors of the company have expressed their clear consent, and the replenishment of working capital shall not exceed 12 months.

The sponsor of the company's non-public offering agreed to the company's use of idle raised funds to temporarily supplement working capital and issued "Guotai Junan Securities Co., Ltd.'s Verification Opinions on the Company's Use of Idle Raised Funds to Temporarily Supplement Working Capital".

As of December 31, 2021, the company used the idle funds raised from non-public issuance of stocks to temporarily supplement the balance of working capital of RMB 604,000,000.00.

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

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

The company used idle raised funds of RMB4,180,000,000.00 (RMB1,010,000,000.00 yuan for the high-grade high magnetic induction non-oriented silicon steel project, RMB220,000,000.00 for the No. 8 casting machine project of the steelmaking plant, RMB800,000,000.00 for the production capacity replacement project of the No. 5 blast furnace in the ironmaking plant, and RMB1,300,000,000.00 for special steel electric furnace upgrade and reconstruction project, RMB700,000,000.00 for CCPP power generation project, RMB150,000,000.00 for steel plant No. 4-6 converter environmental protection renovation project) Temporarily supplementing working capital matters was approved on the 14th meeting of the 8th Board of Directors of the company held on July 28, 2020, It was reviewed and approved at the 12th meeting of the 8th Supervisory Committee, and the independent directors of the company have issued a clear agreement, and the replenishment of working capital shall not exceed 12 months.

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

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

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

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

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

As of December 31, 2021, the company used the idle funds raised from the public issuance of convertible corporate bonds to temporarily supplement the balance of working capital of RMB 3,030,000,000.00.

5. Cash management with idle raised funds

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

6. Use of surplus raised funds

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

7. Use of over-raised funds

The company does not use over-raised funds.

8. Purpose and whereabouts of unused raised funds

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

9. Other information on the use of raised funds

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

(2) Fundraising commitments

√Applicable □ Not applicable

Commitment to investment projects and over-raised funds	Whether the item has been changed (including some changes)	Total committed investment of raised funds	Adjusted total investment (1)	Amount invested during the reporting period	Cumulative investment amount by the end of the period (2)	Investment progress by the end of the period (3) = (2)/ (1)	Item reaches scheduled availability date	Benefits realized during the reporting period	Whether the expected benefit is achieved	Has the project feasibility changed significantly
Commitment to Investment Projects										
Cold-rolled high-strength steel renovation project	No	226,580	226,580	5,225.78	192,692.07	85.04%	December 31, 2017	55,318.42	No	No
Hot-dip galvanizing production line project of the third cold rolling plant	No	70,000	70,000	1,221.62	41,514.24	59.31%	December 31, 2018	18,241.1	Yes	No
Repay bank loan	No	100,000	100,000	0	100,000	Not applicable			Not applicable	No
High grade high magnetic induction non-oriented silicon steel engineering project	No	101,620	101,620	18	141	0.14%			Not applicable	No
Steel Plant No. 8 Casting Machine Project	No	33,500	33,500	6,483.67	16,348.11	48.80%	October 31, 2020	55,967.04	Yes	No
No. 5 blast furnace capacity replacement project in ironworks	No	96,000	96,000	63,370.81	76,693.55	79.89%	November 30, 2020	52,879.53	Yes	No
Special Steel Electric Furnace Upgrade and Reconstruction Project	No	141,600	141,600	30,018.62	41,721.96	29.46%			Not applicable	No
CCPP power generation project	No	83,300	83,300	11,870.16	21,440.31	25.74%			Not applicable	No
Environmental protection renovation project of converter No. 4-6 in steelmaking plant	No	19,900	19,900	3,011.18	4,723.48	23.74%	December 31, 2020		Not applicable	No
Repay bank loan	No	200,000	200,000	0	200,000	100.00%			Not applicable	No
Subtotal of Committed Investment Projects	--	1,072,500	1,072,500	121,219.84	695,274.72	--	--	182,406.09	--	--
Over-raised funds are invested in										
None									Not applicable	No
Total	--	1,072,500	1,072,500	121,219.84	695,274.72	--	--	182,406.09	--	--
Situations and reasons for not reaching the planned progress or expected benefits (by specific projects)	The market environment has undergone major changes. The cold-rolled high-strength steel reconstruction project and the hot-dip galvanizing production line project of the third cold rolling plant have basically reached their production capacity. During the reporting period, other projects did not meet the planned progress or expected income.									
Status of description of material changes in project feasibility	None									
Status of amount, purpose and progress of use of over-raised funds	Not applicable									

Status of changes in Implementation Locations of Raised Funds Investment Projects	Not applicable
A Status of adjustment of the Implementation Method of Raised Funds for Investment Projects	Not applicable
Status of preliminary investment and replacement of raised funds for investment projects	Applicable For details, please refer to the special report III. (3)
Status of temporary replenishment of working capital with idle raised funds	Applicable For details, please refer to the special report III. (4)
Reasons and amount for the balance of raised funds in project implementation	Applicable There was no balance of raised funds for project implementation this year.
Use and whereabouts of unused raised funds	For details, please refer to the special report III. (8)
Problems or other situations in the use and disclosure of raised funds	There is no problem or otherwise

(3) The situation for raised funds change project

Applicable Not applicable

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

VIII. Significant Assets and Equity Sold in Reporting Period

1. Significant Assets Sold

Applicable Not applicable

There was no significant asset sold during the reporting period.

2. Substantial Equity Sold

Applicable Not applicable

IX. Analysis on Main Subsidiaries and Share Participating Companies

Applicable Not applicable

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

Unit: Yuan

Company Name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net Profit
Bengang Puxiang Cool Rolling Steel Sheet Co., Ltd.	Subsidiary	Processing and sales of steel	1,920,000,000	4,104,855,060.02	2,167,667,196.95	11,529,193,715.01	296,055,419.59	143,131,193.39

Acquirement and disposal of subsidiaries during the reporting period

Applicable Not applicable

Illustration of main joint-stock companies

None

X. Structure Entities controlled by the Company

Applicable Not applicable

XI. Prospect for Future Development of the Company

(1) The development trend of the industry and the market competition pattern the company faces

The year 2022 is a crucial year for the country to implement the "14th Five-Year Plan", and it is also a crucial year for the steel industry to achieve high-quality development. From the perspective of the overall external environment, at the end of 2021, the shock wave of the new coronavirus variant strain Omicron swept the world, adding more variables to the world economic situation. Under the background of the national "dual carbon" goal, the steel industry has entered a critical period of high-quality development. Green and low-carbon, intelligent manufacturing, etc. have brought more severe challenges and disruptive changes, and market uncertainty has further increased. At the same time, China's economy has a solid foundation and strong resilience, and will remain a long-term improvement fundamental in the future. The National Development and Reform Commission and the Ministry of Industry and Information Technology issued the "Implementation Plan on Reinvigorating the Operation of the Industrial Economy and Promoting the High-quality Development of the Industry", which proposed policies and measures such as "vigorously increasing the effective supply of the bulk raw material market", "tapping the demand potential and expanding the market space of the industrial economy", which is conducive to guiding Market expectations and create new opportunities for the development of iron and steel enterprises.

(2) Company development strategy

The overall work idea for 2022: Guided by General Secretary Xi Jinping's new era of socialism with Chinese characteristics, study and implement the spirit of the 19th National Congress of the Communist Party of China and the previous 19th plenary sessions in-depth, adhere to the two "consistent" requirements, adhere to the focus on efficiency, committed to becoming a better and stronger listed company. On the basis of normalized epidemic prevention and control, we will make every effort to promote the key work of "1+2+3", lead development with reform, achieve the future with hard work, and make unremitting efforts to build a high-quality sheet metal base with high international competitiveness led by automobile sheets.

(3) Business plan

Production and operation goals in 2022: Strive to complete 10.71 million tons of pig iron, 11.47 million tons of crude steel, 14.78 million tons of hot-rolled sheets, 6.4 million tons of cold-rolled sheets, and 340,000 tons of special steel, and achieve "three zeros" in safety production.

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

1. Focus on efficiency and enhance the competitiveness of the industry
2. Strengthen safety management and realize energy-saving and green development
3. Deepen the linkage of "sales, research and production" and improve the ability of efficiency
4. Strengthen the leadership of the technical system and build a strong digital intelligent enterprise
5. Comprehensively deepen the reform and continuously improve the efficiency of governance
6. Strengthen the Communist Party's leadership over enterprises and provide a strong political guarantee

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

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

(5) Possible risks

1. Environmental risks

Risk: The state has continuously strengthened the supervision and enforcement of environmental pollution, and the pollutant discharge standards have been continuously improved. The public's awareness of environmental protection and the requirements of environmental protection for enterprises increase continuous. enterprises belong to Iron and steel industry are facing huge environmental protection pressure. Reduction of carbon is imperative for the steel industry, according to the goal of "emission peak" and "carbon neutrality" stated by The China Iron and Steel Association, and "14th Five-Year" Industrial Green Development Plan issued by Ministry of Industry and Information Technology.

Response measures: Adhere to support Xi Jinping's thought on ecological civilization, focus on improving the quality of the ecological environment, conscientiously implement the decisions and arrangements of the Party Central Committee and the State Council, adhere to the concept of "ecological priority and green development", make every effort to promote pollution control, focus on source control, and consolidate the environment Protect the basic work, continue to improve the environmental protection management system, and continuously improve the company's environmental protection performance level. At the same time, optimize the process structure route, further improve the recycling rate of various resources, and increase the proportion of scrap steel; pay attention to various national environmental protection policies, improve enterprise environmental protection standards to meet and appropriately exceed national standards; strengthen the company's self-discharge of various pollution sources Supervision and

inspection, strengthen the environmental protection awareness of all employees; accelerate the construction progress of the identified environmental protection projects to ensure that the national environmental protection requirements are met.

2. Energy Risk

Risk: At present, the contradiction between global energy supply and demand has intensified, and prices of overseas fossil energy have risen sharply. With the implementation of this round of "double control of energy consumption", various provinces have cut off electricity, limited production, and staggered labor. Affected by the dual control of energy consumption and the shortage of power supply, the capacity utilization rate continued to decline, and the output declined. Due to the characteristics of high load capacity and high emissions, the iron and steel industry is superior to other companies in its power cutoff. Companies need to solve energy security urgently, reduce energy risks, and ensure normal production operations.

Response measures: Continuously improve the production process, use off-peak electricity, reduce the energy consumption of main processes, improve production efficiency, and monitor key energy indicators in real time. Effectively use our own energy to improve the utilization rate of generator sets, and actively build a clean, low-carbon, safe and effective energy system, to help energy structure adjustment and high-quality development of carbon peak and carbon neutrality. Ensure energy security while further improving energy efficiency.

3. Market risk

Risks: Affected by the repeated changes in the epidemic, high inflation, and the withdrawal of the Fed's loose monetary policy, the global economic operation is facing greater uncertainty. Coupled with the tightening of domestic policies such as "housing, not speculating," and under the multiple influences of shrinking market consumer demand and supply shocks, the growth momentum of consumption and investment has weakened, the supply chain has been blocked, and the operating rates of downstream infrastructure and real estate have fallen across the board. Steel market demand slowed down slightly.

Response measures: The company will continue to consolidate the lean production system, focus on customers, adapt to and lead downstream demand, focus on product structure adjustment, focus on breaking through the production and sales of high-profitability and high-value-added steel varieties, and increase the proportion of strategic products and regional markets, Market segment pricing power to deal with the risk of industry homogeneous competition.

4. Foreign trade risk

Risks: Affected by the aftermath of the century-old blockage of the Suez Canal, all ports were severely congested, and the cost of sea transportation increased significantly; secondly, the operation of sea transportation was not smooth, and there was a gap in transportation capacity, especially the tension between supply and demand of sea transportation; thirdly, all ports across the country implemented epidemic prevention and control measures. Controlling the whole process of closed-loop management, under strict epidemic prevention requirements, the cost of port epidemic prevention has suddenly increased, and the operating cost has increased significantly. The company still needs to actively respond to ensure that the imported ore is stored in a timely manner to prevent normal production and operation from being affected, resulting in economic losses and adverse effects on the company.

Response measures: Continuously optimize the logistics system and management methods; at the same time optimize the raw material supply structure, strengthen resource utilization, comprehensively consider various factors affecting logistics costs, and make logistics route optimization decisions; build better cooperative relationships with upstream and downstream enterprises, Actively sign long-term transportation contracts with liner companies to ensure long-term and stable supply chain services.

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

Applicable Not applicable

During the reporting period, the Company did not receive any research, communication, interviews and other activities.

IV. Corporate Governance

I. Basic Situation of Corporate Governance

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

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

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

3. Supervisors and Board of Supervisors: The company's supervisors can earnestly perform their duties, independently and effectively perform supervision and inspection functions. The company's supervisors attend shareholders' meetings, attend board meetings as non-voting delegates, regularly inspect the company's legal operations and financial conditions, and issue opinions from the board of supervisors. Supervise the company's finances, the performance of the company's directors and senior management personnel, and the capital exchanges with related parties, so as to safeguard the legal rights and interests of the company and shareholders. The number and structure of the board of supervisors meet the requirements of laws and regulations, and its convening and convening are strictly implemented in accordance with the "Articles of Association" and "Rules of Procedure of the Board of Supervisors" to ensure that the board of supervisors effectively performs its duties.

4. Controlling shareholders and the company: The company has independent and complete business and independent management capabilities, and is independent of the controlling shareholders and actual controllers in terms of business, personnel, assets, institutions, and finances; The company's board of directors, board of supervisors and other internal institutions operate independently; The company's major decisions are made by the board of directors or the general meeting of shareholders in accordance with the law. Controlling shareholders and actual controllers can strictly regulate their own behavior. There is no direct or indirect intervention in the company's decision-making and

production and operation activities beyond the general meeting of shareholders, nor does it harm the interests of the company and other shareholders.

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

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

Whether there exists any difference in compliance with corporate governance, PRC Company Law and relevant provisions of CSRC

Yes No

There exists no difference in compliance with corporate governance, PRC Company Law and relevant provisions of CSRC.

II. Explanation on Structural Independence of the Company on Business, Personnel, Assets, Organization and Finance from the Controlling Shareholder and Actual Controller

The Company is separated from the controlling shareholder in aspects of business, personnel, assets, organization and finance, etc. and has its own independent and complete business operation.

(1) In business operation: The Company has its own production and business planning, financial affairs check and calculate, labor and personnel, raw material supplies and products selling business system independently and completely.

(2) In personnel: The Company and controlling shareholder are separate in such aspects as labor, personnel and salary management. Such senior executives as general manager, vice general manager, secretary of Board of Directors, etc. get salary from the Company, and none of them hold the important position other than a director in shareholder.

(3) In Asset: The Company is separated from the controlling shareholder's clearly in asset. The Company has its own independent purchase, production, and marketing system.

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

(5) In finance: The company has independent financial management department, the accounting and financial management system where are complete and operated independently, and has bank account and pay taxes independently.

III. Competition Situations of the Industry

Applicable Not applicable

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

IV. Annual General Meeting and Extraordinary Shareholders' Meetings in the Reporting Period

1. Annual General Meeting

Sessions	Type	Investor participation ratio	Meeting Date	Date of disclosure	Index of information disclosure
Annual Shareholders General Meeting of 2020	Annual General Meeting	80.56%	May 27, 2021	May 28, 2021	Announcement No.: 2020
First Extraordinary Shareholders General Meeting of 2021	Extraordinary General Meeting	66.31%	Sep 15, 2021	Sep 16, 2021	Announcement on Resolutions of First Extraordinary Shareholders General Meeting of 2021
Second Extraordinary Shareholders General Meeting of 2021	Extraordinary General Meeting	63.36%	Dec 07, 2021	Dec 08, 2021	Announcement on Resolutions of Second Extraordinary Shareholders General Meeting of 2021
Third Extraordinary Shareholders General Meeting of 2021	Extraordinary General Meeting	63.70%	Dec 24, 2021	Dec 25, 2021	Announcement on Resolutions of Third Extraordinary Shareholders General Meeting of 2021

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

Applicable Not applicable

V. Status of Directors, Supervisors, Senior Executives and Employees

1. Basic situation

Name	Position	Office	Sex	Age	Starting	Expiry	Shares	Shares	Shares	Other	Shares	Reasons
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		status			date of office term	date of office term	held at the year-begin	increased during the reporting period	decreased during the reporting period	increase / decrease	held at the period-end	for increase or decrease of shares
Huo Gang	Chairman	In office	Male	48	Dec 07, 2021	May 16, 2022						
Wang Shiyou	Director, Deputy General Manager	In office	Male	47	Nov 18, 2021	May 16, 2022						
Niu Li	Director	In office	Male	53	Dec 25, 2021	May 16, 2022						
Lin Dong	Director, Deputy General Manager	In office	Male	51	May 27, 2021	May 16, 2022						
Han Mei	Director	In office	Female	52	May 27, 2021	May 16, 2022						
Gao Desheng	Director, Secretary of the Board	In office	Male	47	Dec 07, 2021	May 16, 2022						
Zhang Suxun	Independent Director	In office	Female	66	May 16, 2019	May 16, 2022						
Yuan Zhizhu	Independent Director	In office	Male	40	May 20, 2020	May 16, 2022						
Zhong Tianli	Independent Director	In office	Female	65	May 27, 2021	May 16, 2022						
Cheng Bin	Chairman of Supervisory Committee	In office	Male	58	May 27, 2021	May 16, 2022						
Zhao Zhonghua	Supervisor	In office	Female	37	May 27, 2021	May 16, 2022						
Lu Weijun	Supervisor	In office	Male	46	Dec 07, 2021	May 16, 2022						
Zhang Yanlong	Supervisor	In office	Male	49	Jan 26, 2014	May 16, 2022						
Zhao Xingtao	Supervisor	In office	Male	44	Jun 26, 2019	May 16, 2022						
Yang Xiaofang	Deputy General Manager	In office	Male	57	Apr 16, 2021	May 16, 2022						
Wang Donghui	Chief accountant	In office	Male	52	Nov 18, 2021	May 16, 2022						
Jin Tao	Deputy General Manager	In office	Male	51	Nov 18, 2021	May 16, 2022						
Gao Lie	Chairman	Leave office	Male	54	Mar 14, 2019	Nov 18, 2021						
Jiang Guangwei	Deputy Chairman	Leave office	Male	56	May 27, 2021	Nov 18, 2021						
Cao Aimin	Deputy Chairman	Leave office	Male	54	Jun 03, 2010	May 27, 2021						
Shen Qiang	Director, General Manager	Leave office	Male	53	May 16, 2019	May 27, 2021						

Huang Xinghua	Director	Leave office	Male	58	May 24, 2018	May 28, 2021						
Zhao Xinan	Independent Director	Leave office	Male	61	May 21, 2015	May 27, 2021						
Li Lin	Supervisor	Leave office	Female	53	Feb 19, 2014	May 27, 2021						
Li Xiaowei	Supervisor	Leave office	Male	46	Mar 14, 2019	Sep 13, 2021						
Chen Xin	Deputy General Manager	Leave office	Male	51	Apr 26, 2021	Nov 18, 2021						
Bao Mingwei	Deputy General Manager	Leave office	Male	58	Dec 28, 2012	Apr 26, 2021						
Wang Fengmin	Deputy General Manager	Leave office	Male	56	Jan 26, 2014	Apr 26, 2021						
Cong Yajuan	Chief Financial Officer	Leave office	Female	51	Apr 26, 2021	Sep 13, 2021						

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

Yes No

Changes in directors, supervisors and senior management of the company

Applicable Not applicable

Name	Position	Office status	Date	Reason
Shen Qiang	Director	Leave office	Apr 26, 2021	Voluntary turnover
Bao Mingwei	Deputy General Manager	Leave office	Apr 26, 2021	Job change
Wang Fengmin	Deputy General Manager	Leave office	Apr 26, 2021	Job change
Zhao Xinan	Independent Director	Expiry of term	May 27, 2021	Leaving office after expiry of term
Cao Aimin	Deputy Chairman	Leave office	May 27, 2021	Voluntary turnover
Huang Xinghua	Director	Leave office	May 27, 2021	Voluntary turnover
Cong Yajuan	Chief Financial Officer	Leave office	Sep 13, 2021	Job change
Lin Dong	General Manager	Appoint and remove	Nov 18, 2021	Job change
Chen Xin	Deputy General Manager	Leave office	Nov 18, 2021	Job change
Han Mei	Deputy Chairman	Appoint and remove	Nov 18, 2021	Voluntary turnover
Gao Lie	Chairman	Leave office	Nov 18, 2021	Voluntary turnover
Jiang Guangwei	Deputy Chairman	Leave office	Nov 18, 2021	Voluntary turnover
Wang Donghui	Director	Appoint and remove	Nov 18, 2021	Voluntary turnover
Li Xiaowei	Director	Leave office	Sep 13, 2021	Voluntary turnover
Han Mei	Chairman of Supervisory Committee	Appoint and remove	Apr 26, 2021	Voluntary turnover
Li Lin	supervisor	Leave office	Apr 26, 2021	Voluntary turnover
Huo Gang	Deputy General Manager	Leave office	Apr 26, 2021	Job change

2. Posts holding

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

Huo Gang, male, 48 years old, Ph. D., professor-researcher-level senior engineer. He successively served as the director of the steel rolling branch of Benxi Iron and Steel Cold Rolling Plant; the

deputy director of the technology department of Benxi Iron and Steel No. 2 Cold Rolling Plant; the deputy director of the technology department and the director of the inspection laboratory, the director of the production department, the assistant to the general manager, the deputy general manager, General Manager; Secretary of the Party Committee and Executive Deputy Director and Director of the Third Cold Rolling Plant of Benxi Steel Plate Company; Deputy General Manager and Director of the Cold Rolling Plant of Bengang Steel Plate Co., Ltd.; Secretary of the Party Committee, Chairman and Chairman of the Labor Union of Benxi Iron and Steel International Trade Company. He is currently the Secretary of the Party Committee and Chairman of Bengang Steel Plate Co., Ltd., and Chairman of Bengang Posco Co., Ltd.

Wang Shiyou, male, 47 years old, master, senior engineer. He successively served as the director of the thermal workshop and the secretary of the party branch of the iron-making plant of Bengang Steel Plate Company, the deputy director of the new No. 1 blast furnace workshop, the director of the fifth blast furnace workshop and the secretary of the party branch, the chief of the production section, the chief of the planning section, and the deputy director; Benxi Steel Director of Standard Management of the Manufacturing Department of the Plate Company; Director of the Iron-making Plant of Benxi Iron and Steel Beiyong Company; Secretary of the Party Committee and Director of the Iron-making General Plant of Benxi Iron and Steel Plate Company. He is currently the deputy secretary of the party committee, director and deputy general manager of Bengang Steel Plate Co., Ltd. (temporarily responsible for overall production and operation).

Niu Li, male, 54 years old, master, engineer. He successively served as the director of the office of Benxi Iron and Steel Group Corporation, the secretary of the Party Committee of the organization; the head of the Legal Affairs Department of Benxi Iron and Steel Group Corporation, the secretary of the Party Committee of the organization; the deputy secretary of the Disciplinary Committee of Benxi Iron and Steel Group Corporation, the director of the Supervision Department, the director of the Office of the Leading Group of the Party Committee Inspection Work, and the secretary of the Disciplinary Committee of Benxi Iron and Steel Company. He is currently the deputy secretary of the party committee, employee director, head of the preparatory team of the Disciplinary Committee and chairman of the labor union of Bengang Steel Plate Co., Ltd..

Lin Dong, male, 51 years old, doctoral student, professor-researcher-level senior engineer. He successively served as deputy director and chief engineer, factory director and deputy secretary of the party committee of the steelmaking plant of Benxi Iron and Steel Sheets Co., Ltd.; deputy head of the steelmaking material improvement group of Benxi Iron and Steel; manager of the extension project department of the industrial chain of Benxi Iron and Steel; Benxi Iron and Steel Plate Co., Ltd. Director of the company's technology center; director of the quality management center of Bengang Steel Plate Co., Ltd.; director, deputy secretary of the party committee, general manager and director of the manufacturing department of Bengang Steel Plate Co., Ltd. He is currently the director and deputy general manager of Bengang Steel Plate Co., Ltd.

Han Mei, female, 52 years old, Bachelor, senior accountant. She successively served as the deputy director of the finance department of Bengang Steel Plate Co., Ltd.; the deputy director of the audit department of Benxi Iron and Steel Group Co., Ltd. and the director of the supervisory board management department, the deputy chairman of the third board of supervisors, the supervisor of Benxi Iron and Steel Group Finance Company, and the auditor of Benxi Iron and Steel (Group) Co., Ltd. Director of the Department; Director of the Audit Department of Bengang Group Co., Ltd., Chairman and Vice Chairman of the Supervisory Committee of Bengang Steel Plate Co., Ltd. She is currently the Deputy Chief Accountant of Benxi Iron and Steel Group Corporation, General Manager of the Finance Department of Benxi Iron and Steel Group, and Director of Benxi Iron and Steel Plate Company.

Gao Desheng, male, 47 years old, master, senior economist. He successively served as the acting director of the Business Planning Division of the Operation Improvement Department of Benxi Iron and Steel Group Corporation, the director of the Property Rights Management Division of the Operation Improvement Department of Benxi Iron and Steel Group Corporation, a director of the Automobile Transportation Company, the vice chairman of the First Supervisory Committee, and the secretary of the board of directors of the Benxi Iron and Steel Plate Company. He is currently

the director and board secretary of Bengang Steel Plate Co., Ltd.

Zhang Suxun Female, 66 years old, bachelor degree, professor. She has served as a teacher at the Business School of Liaoning University; now she is retired.

Yuan Zhizhu, male, 40 years old, Ph.D., associate professor of accounting at Northeastern University, master tutor, non-practicing member of Chinese certified public accountants. He has served as a lecturer in the School of Business Administration of Northeastern University; he is currently the director of the Accounting Department of the School of Business Administration of Northeastern University, and serves as a director of the Liaoning Accounting and Abacus Mental Arithmetic Society and a director of the Liaoning Auditing Society.

Zhong Tianli, Female, born in 1965, professor (doctoral supervisor) of Northeastern University. She successively served as the deputy dean of the School of Business Administration of Northeastern University; the dean of the School of Basic Studies of Northeastern University and the director of the Institute of Financial Management of the Business School of Northeastern University; she is currently a professor of the Accounting Department of the School of Business Administration of Northeastern University.

Brief introduction of the members of the supervisory board:

Cheng Bin, male, 58 years old, university degree, senior engineer. He successively served as the director of the material supply department of Benxi Iron and Steel; the vice chairman of the board, the secretary of the party committee and the chairman of the labor union, the secretary of the Disciplinary Committee, and the deputy manager of Bengang International Trade Co., Ltd.; the director of the customer service department of the sales department of Bengang Steel Plate Co., Ltd.; Secretary of the Party Committee and Manager of the Center; Secretary of the Party Committee and Deputy Director of the Hot Rolling Plant of Bengang Steel Plate Co., Ltd., Ltd.; Director of the Audit Department of Bengang Group; currently Chief Auditor of Bengang Group Corporation and Chairman of the Supervisory Board of Bengang Steel Plate Co., Ltd.

Zhao Zhonghua, female, 37 years old, master, senior accountant. She successively served as the assistant to the director of the finance department of Bengang Group Co., Ltd.; the deputy manager of Bengang Group Finance Co., Ltd.; the director of the finance department of Bengang Steel Plate Co., Ltd.; and the deputy director of the finance department of Bengang Group Co., Ltd. She is currently the Supervisor and Deputy Manager of the Finance Department of Bengang Steel Plate Co., Ltd.

Lu Weijun, male, 46 years old, master, senior accountant. He successively served as the chief of the cost section of the finance department of Benxi Iron and Steel (Group) Construction Co., Ltd.; the chief business engineer of the audit department of Benxi Iron and Steel Sheet Co., Ltd.; the chief business engineer of the audit department of Benxi Iron and Steel Group Corporation. He is currently the Supervisor and Deputy Manager of the Finance Department of Bengang Steel Plate Co., Ltd.

Zhang Yanlong Male, 44 years old, university degree, senior engineer. He successively served as production director of steelmaking workshop of Bengang Steel Plate Co., Ltd. steelmaking plant; deputy section chief of technical quality section of Bengang Steel Plate Co., Ltd. steelmaking plant; director of steelmaking workshop of Bengang Steel Plate Co., Ltd. steelmaking plant; Bengang Steel Plate Co., Ltd. Chief of the production section of the company's steelmaking plant; assistant to the director of the steelmaking plant of Bengang Steel Plate Co., Ltd.; currently deputy director of the steelmaking plant of Bengang Steel Plate Co., Ltd.; supervisor of Bengang Steel Plate Co., Ltd.

Zhao Xingtao Male, 50 years old, university degree, master of engineering, senior engineer. He has successively served as Deputy Chief Engineer of Bengang Posco Company; Deputy General Manager of Bengang Posco Company; Deputy Director of Cold Rolling Plant of Bengang Steel Sheet Co., Ltd.; Secretary of Party Committee and Chairman of Labor Union of Bengang Steel Sheet Co., Ltd. Cold Rolling Plant; currently Bengang Steel Co., Ltd. Deputy Secretary of the Party

Committee of the Cold Rolling General Plant of Plate Co., Ltd., leader of the Disciplinary Committee Preparation Team, Chairman of the Labor Union, and Supervisor of Bengang Steel Plate Co., Ltd.

Profile of non-director senior management:

Yang Xiaofang, male, 58 years old, doctoral student, senior engineer. He successively served as deputy director of Bengang Cold Rolling Plant; deputy general manager of Bengang Posco Company; director of cold rolling plant of Bengang Steel Plate Co., Ltd.; manager of asset management company; chairman and manager of Liaoning Henderson asset management company; Executive Deputy Director of No. 3 Cold Rolling Plant of Plate Co., Ltd.; Deputy General Manager and Head of Equipment Department of Bengang Steel Plate Co., Ltd. He is currently the Deputy General Manager of Bengang Steel Plate Co., Ltd.

Wang Donghui, male, 52 years old, bachelor's degree, senior accountant. He successively served as the director of the general division of the finance department of Benxi Iron and Steel Group; the director and chief financial officer of the Mechanism Company of Benxi Iron and Steel Company; the deputy general manager of the finance company of Benxi Iron and Steel Group; the deputy director of the operation and management department of Benxi Iron and Steel Group; , Director of Operation Improvement Department; Vice Minister of Finance Department of Benxi Iron and Steel Group Corporation and Chief Accountant of Beiyong Company; Director of Finance Department of Benxi Iron and Steel Group Corporation; Director of Bengang Steel Plate Co., Ltd. He is currently the chief accountant of Bengang Steel Plate Co., Ltd. and director of Bengang Posco Company.

Jing Tao, male, 51 years old, master, senior engineer. He successively served as the director of the finishing workshop and the deputy secretary of the Party branch, the chief of the technical quality section and the secretary of the Party branch, the assistant to the factory manager, and the deputy director of the hot rolling mill of Benxi Steel Sheet Company; Deputy Director, Manager of Packaging Project Department, Manager of Packaging Company; Director of Hot Rolling Plant of Bengang Steel Plate Co., Ltd. Secretary of Party Committee and Chairman of Labor Union and Vice President of Bengang Plate Company Technology Research Institute; Minister of Science and Technology Innovation Department of Benxi Iron and Steel Group Company. He is currently the Deputy General Manager of Bengang Steel Plate Co., Ltd.

Positions in shareholder units

Applicable Not applicable

Names of the persons in office	Names of the shareholders	Titles engaged in the shareholders	Starting date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Han Mei	Bengang Group Co., Ltd	Deputy Chief Accountant, General Manager of Finance Department	Feb 01, 2021		Yes
Cheng Bin	Bengang Group Co., Ltd	Chief Auditor	Feb 01, 2021		Yes
Description of the position in the shareholder	None				

Posts holding in other companies

Applicable Not applicable

Names of the persons in office	Names of the other companies	Titles engaged in other companies	Starting date of office term	Expiry date of office term	Does he /she receive remuneration or allowance from the shareholder
Huo Gang	Bengang POSCO Cold-rolled Sheet Co., Ltd.	Chairman	Nov 01, 2021		No

Han Mei	Dongbei Special Steel Group Co., Ltd.	Chairman of the Supervisory Board	Feb 01, 2021		No
Description of the position in other companies	None				

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

Applicable Not applicable

3. Remuneration to Directors, Supervisors and Senior Executives

Decision-making procedures, basis of recognition and actual payment of the remuneration to Directors, Supervisors and Senior Executives

Decision making procedures

1. The Remuneration and Assessment Committee will produce a plan or proposal, which will be implemented upon approval of the Board or the Shareholders' Meeting;
2. According to performance assessment criteria and procedures, the Remuneration and Assessment Committee undertakes assessment on the Directors and Senior Executives;
3. Remuneration amounts and ways of rewards will be proposed according to the assessment and remuneration policies for Directors, Supervisors and Senior Executives, and adopted by voting;
4. To be implemented upon approval of the Board.

Basis of recognition

Remuneration scheme for a particular position is recognized basing on the range of responsibilities, duties. Remunerations are distributed based on the assessment results and remuneration policies.

Actual payment of the remuneration

Remuneration is paid on monthly basis according to the remuneration allocation policies.

Remuneration of Directors, Supervisors and Senior Executives during the reporting period

Unit: in the thousand yuan

Name	Position	Sex	Age	Office status	Total remuneration received from the shareholder	Whether receive remuneration in the Company's related parties
Huo Gang	Chairman	Male	48	In office	18.45	Yes
Wang Shiyou	Director, Deputy General Manager	Male	47	In office	40.2	No
Niu Li	Director	Male	53	In office	0.82	Yes
Lin Dong	Director, Deputy General Manager	Male	51	In office	36.96	No
Han Mei	Director	Female	52	In office		Yes
Gao Desheng	Director, Secretary of the Board	Male	47	In office	30.12	Yes
Zhang Suxun	Independent Director	Female	66	In office	5	No
Yuan Zhizhu	Independent Director	Male	40	In office	5	No
Zhong Tianli	Independent Director	Female	65	In office		No
Cheng Bin	Chairman of Supervisory Committee	Male	58	In office		Yes
Zhao Zhonghua	Supervisor	Female	37	In office		Yes
Lu Weijun	Supervisor	Male	46	In office		Yes
Zhang Yanlong	Supervisor	Male	49	In office	34.92	No
Zhao Xingtao	Supervisor	Male	44	In office	33	No
Yang Xiaofang	Deputy General Manager	Male	57	In office	27.18	Yes
Wang Donghui	Chief accountant	Male	52	In office	6.16	Yes
Jin Tao	Deputy General Manager	Male	51	In office	6.18	Yes
Gao Lie	Chairman	Male	54	Leaving office		Yes
Jiang Guangwei	Deputy Chairman	Male	56	Leaving office		Yes
Cao Aimin	Deputy Chairman	Male	54	Leaving office		Yes

Shen Qiang	Director, General Manager	Male	53	Leaving office	5.8	Yes
Huang Xinghua	Director	Male	58	Leaving office		Yes
Zhao Xinan	Independent Director	Male	61	Leaving office	5	No
Li Lin	Supervisor	Female	53	Leaving office	12	No
Li Xiaowei	Supervisor	Male	46	Leaving office		Yes
Chen Xin	Deputy General Manager	Male	51	Leaving office	29.1	Yes
Bao Mingwei	Deputy General Manager	Male	58	Leaving office	2.32	Yes
Wang Fengmin	Deputy General Manager	Male	56	Leaving office	2.04	Yes
Cong Yajuan	Chief Financial Officer	Female	51	Leaving office	21.84	Yes
Total	--	--	--	--	322.09	--

VI. Duty fulfillment of directors during the reporting period

1. The situation of Board of Directors during the Reporting Period

Sessions	Meeting Date	Date of disclosure	Index of information disclosure
17th Eighth plenary session	April 26, 2021	April 28, 2021	Announcement on Resolutions of 17th Eighth plenary session
18th Eighth plenary session	May 27, 2021	May 28, 2021	Announcement on Resolutions of 18th Eighth plenary session
19th Eighth plenary session	July 28, 2021	July 29, 2021	Announcement on Resolutions of 19th Eighth plenary session
20th Eighth plenary session	August 25, 2021	August 26, 2021	Announcement on Resolutions of 20th Eighth plenary session
21st Eighth plenary session	September 13, 2021	September 14, 2021	Announcement on Resolutions of 21st Eighth plenary session
22nd Eighth plenary session	October 22, 2021	October 23, 2021	Announcement on Resolutions of 22nd Eighth plenary session
23rd Eighth plenary session	November 18, 2021	November 19, 2021	Announcement on Resolutions of 23rd Eighth plenary session
24th Eighth plenary session	December 7, 2021	December 7, 2021	Announcement on Resolutions of 24th Eighth plenary session

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

Attendance of Directors at Board of Directors and General Meetings of Shareholders							
Director name	Number of Board meetings necessary to be attended during the reporting period	Number of spot attendances	Number of meetings attended by Communication	Number of attendances by representative	Number of absences	Failure to personally attend board meetings successively twice (Yes/No)	Number of general meetings to be attended
Huo Gang	1	1	0	0	0	No	2
Wang Shiyou	1	1	0	0	0	No	2
Niu Li	0	0	0	0	0	No	0
Lin Dong	7	2	5	0	0	No	4
Han Mei	7	2	5	0	0	No	4
Gao Desheng	1	1	0	0	0	No	2

Zhang Suxun	8	3	5	0	0	No	4
Yuan Zhizhu	8	3	5	0	0	No	4
Zhong Tianli	7	2	5	0	0	No	4
Gao Lie	7	2	5	0	0	No	2
Jiang Guangwei	6	1	5	0	0	No	2
Cao Aimin	1	1	0	0	0	No	0
Shen Qiang	1	1	0	0	0	No	0
Huang Xinghua	1	1	0	0	0	No	0
Zhao Xinan	1	1	0	0	0	No	1
Wang Donghui	6	1	5	0	0	No	2

Explanation of two consecutive absences from attending the board of directors in person

3. Objection of Directors on Relevant Issues

Objection of independent directors on some relevant issues

Yes No

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

4. Other Notes to Duty Fulfillment of Directors

Whether any director's advice to the company was accepted

Yes No

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

Directors have not made recommendations during the reporting period.

VII. Duty Fulfillment of the Special Committees under the Board during the reporting period

Committees	Membership	Number of meetings held	Meeting date	Meeting content	Important comments and suggestions raised	Other performance of duties	Specific circumstances of the objection (if any)
Audit Committee	Zhang Suxun, Yuan Zhizhu, Cao Aimin	1	April 16, 2021	1. 2020 annual report and summary; 2. 2020 final financial report; 3. 2020 profit distribution plan; 4. 2021 first quarter report; 5. Proposal on the proposed re-appointment of accounting firms; 6. Proposal on the prediction of daily transactions of related parts in 2021; 7. Proposal on re-signing the financial service agreement; 8. Risk disposal plan on handling deposit and loan business in Bengang Group Finance Co., Ltd.; 9. The proposal of framework agreement about financial leasing cooperation with Liaoning Hengyi Financial Leasing Co., Ltd. 10. The proposal on revising the raw material	Agree	Fully communicate with auditors	No

				and service supply agreement; 11. The company's internal control evaluation report in 2020; 12. The proposal on the provision for asset impairment; 13. Proposal on the use of self-owned short-term idle funds for entrusted financial management; 14. Risk assessment report of Bengang Group Finance Co., Ltd.; 15. Special report on the deposit and use of raised funds in 2020			
Audit Committee	Zhang Suxun, Yuan Zhizhu, Han Mei	4	July 21, 2021	Proposal on using idle raised funds as working capital temporarily	Agree	Not applicable	No
			August 16, 2021	1. 2021 semi-annual report; 2. Risk Assessment Report of Bengang Group Finance Co., Ltd.; 3. Special report on the Deposit and Use of Raised Funds in the Semi-annual 2021	Agree	Not applicable	No
			October 15, 2021	2021 third quarter report	Agree	Not applicable	No
			December 01, 2021	1. Proposal on the new routine related party transaction; 2. Proposal on signing a financial service agreement with Ansteel Finance Co., Ltd.; 3. Proposal on signing a supply chain financial service framework agreement with Ansteel Group Capital Holdings Co., Ltd.	Agree	Not applicable	No
Nomination Committee	Yuan Zhizhu, Zhang Suxun, Gao Lie	3	April 16, 2021	1. Proposal on the nomination of candidates for directors; 2. Proposal on the nomination of candidates for independent directors; 3. Proposal on the appointment of Mr. Lin Dong as the general manager of the company; 4. Proposal on the appointment of senior management personnel of the company	Agree	Not applicable	No
			September 08, 2021	Proposal on the appointment Chief Financial Officer of company	Agree	Not applicable	No
			November 12, 2021	1. Proposal on the appointment senior manager of the company; 2. Proposal on the nomination of director	Agree	Not applicable	No

				candidates			
Strategy Committee	Gao Lie, Shen Qiang, Zhao Xinan	1	April 16, 2021	1. 2020 annual report of the board of directors; 2. 2021 investment framework plan proposal	Agree	Not applicable	No

VIII. Duty Fulfillment of the Supervisory Committee

Whether the supervisory board made any objection against the supervision issue during the reporting period

Yes No

The Supervisory Board made no objection against the supervision issue during the reporting period.

IX. Staff Condition

1. Staff Population, Professional Structure and Education Level

Population of in-service staff in parent company	18,232
Population of in-service staff in main subsidiaries	626
Total population of in-service staff	18,858
Total population of staff receiving remuneration in the current period	18,858
Population of retired staff whose expense was borne by parent company and major subsidiary companies	23,608
Professional Composition	
Type of Professional Composition	Population
Production Staff	15,083
Sales Staff	181
Technician Staff	1,480
Financial Staff	148
Administrative Staff	1,966
Total	18,858
Educational Degree	
Type of Educational Degree	Population
PhD.	13
Postgraduate	351
Undergraduate	4,238
Junior College	6,668
Technical secondary school	460
High School and Technical School	3,743
Middle School and others	3,385
Total	18,858

2. Remuneration Policies

In 2021, the company establish a complete performance management system which based on the determined annual production and operation guidelines, policies and overall management goals. The company evaluate the operation indicators and work tasks of various functional departments, factories and mines, set key performance evaluation indicators, and implement monthly evaluations. Salary based on position, ability and performance. Salary is determined by post, and salary is changed by post, guide employees to improve their abilities, establish a salary distribution mechanism that relies on competition and income by contribution, and highlights the assessment of key performance indicators, so as to truly realize that income can be increased or decreased. Continue to promote the total salary contract, guide all units to rationally allocate human resources, optimize the allocation mechanism and improve labor productivity, and give full play to the role of salary incentives and constraints.

3. Training Plan

In 2021, the company aims to deeply implement the talent-first development strategy, significantly enhance the ability of talent training, take the overall improvement of the overall quality of employees as the ultimate goal, focus on meeting training needs, and focus on updating training concepts, innovating training methods, and improving training quality. The focus is to adhere to the principle of "controlling the total amount, optimizing the structure, and focusing on practical results", and while closely focusing on the production and operation center, comprehensively carry out systematic, modular, and precise education and training. Promote the development of training products that combine long and short, high and low matching, and parallel sizes, and strive to create characteristic high-quality training programs, effectively release training effectiveness, and further improve the overall quality of the workforce, laying a solid foundation for the high-quality development of the steel sheet.

In 2021, the company completed 80 training projects throughout the year, training 14,474 person-times, the training rate of all employees reached 70%, and the implementation rate of the annual training plan will reach 85%. Achieving training objectives in full.

4. Outsourcing

Applicable Not applicable

X. Profit Distribution or Capital Reserve Conversion

Formulation, implementation and adjustment of profit distribution policy of common shares especially cash dividend policy during the reporting period

Applicable Not applicable

Interim profit distribution in 2021: Based on the total share capital of 3,885,060,605 shares at the end of June 2021, a cash dividend of RMB 5 (tax included) will be distributed to all shareholders for every 10 shares, with a total cash dividend of RMB 1,942,530,302.5. No capital reserve will be converted into share capital for this distribution. The company has completed the implementation on October 13, 2021.

Profit distribution in 2021: As audited by BDO China Shu Lun Pan Certified Public Accountants LLP., the company's net profit attributable to the parent company in 2021 is RMB 2,500,582,902.58, plus the undistributed profit at the beginning of the year of RMB 2,692,018,405.40, and deducting the actual dividend of RMB 1,981,284,017.82 from the previous year and the statutory surplus reserve of RMB 234,010,992.52, and the undistributed profit at the end of the year is RMB 2,977,306,297.64. Profits distribution plan of 2021: based on the company's existing share capital of 4,108,191,379 shares, a cash dividend of 6.0 yuan (including tax) will be distributed to all shareholders for every 10 shares. The proposed distribution of ordinary share dividends is RMB 2,464,914,827.40, and the remaining RMB 512,391,470.24 will be carried forward to the next year's undistributed profits.

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

If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	Yes
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Both the Company's profit and the parent company's retained earnings are positive however no proposal of cash dividend distribution was proposed during the reporting period

Applicable Not applicable

Profit Distribution or Capital Reserve Conversion Proposal in the Reporting Period

Applicable Not applicable

Number of bonus shares for every 10 shares (shares)	0
Dividend per 10 shares (yuan) (tax included)	6.00
The base of the share capital of the distribution plan (shares)	4,108,191,379.00
Cash dividend amount (yuan) (tax included)	2,464,914,827.40
Cash dividend amount in other ways (such as share repurchase) (yuan)	0.00
Total cash dividends (including other methods) (yuan)	2,464,914,827.40
Distributable profit (yuan)	2,977,306,297.64
The ratio of total cash dividends (including other methods) to total profit distribution	82.79%
Cash dividend of the current period	
If the company's development stage is in the growth period and has major capital expenditure arrangements, when the profit distribution is carried out, the proportion of cash dividends in this profit distribution should be at least 20%.	
Notes to the profit distribution or capital reserve transfer plan	
The profit distribution plan or proposal and the plan or proposal of conversion of the capital reserve into share capital in recent three years (including the reporting period)	
<p>1. Profit distribution proposal of 2021</p> <p>As audited by BDO China Shu Lun Pan Certified Public Accountants LLP., the company's net profit attributable to the parent company in 2021 is RMB 2,500,582,902.58, plus the undistributed profit at the beginning of the year of RMB 2,692,018,405.40, and deducting the actual dividend of RMB 1,981,284,017.82 from the previous year and the statutory surplus reserve of RMB 234,010,992.52, and the undistributed profit at the end of the year is RMB 2,977,306,297.64.</p> <p>Profits distribution plan of 2021: based on the company's existing share capital of 4,108,191,379 shares, a cash dividend of 6.0 yuan (including tax) will be distributed to all shareholders for every 10 shares. The proposed distribution of ordinary share dividends is RMB 2,464,914,827.40, and the remaining RMB 512,391,470.24 will be carried forward to the next year's undistributed profits.</p>	
<p>2. The company's 2021 interim profit distribution plan</p> <p>Based on the total share capital of 3,885,060,605 shares at the end of June 2021, a cash dividend of RMB 5 (tax included) will be distributed to all shareholders for every 10 shares, with a total cash dividend of RMB 1,942,530,302.5. No capital reserve will be converted into share capital for this distribution.</p>	
<p>3. Profit distribution proposal of 2020</p> <p>As audited by BDO China Shu Lun Pan Certified Public Accountants LLP., the company's net profit attributable to the parent company in 2020 is RMB 384,252,740.78, plus the undistributed profit at the beginning of the year of RMB 2,307,765,664.62, and the undistributed profit at the end of the year is RMB 2,692,018,405.40.</p> <p>Profits distribution plan of 2020: based on the company's existing share capital of 3,875,371,532 shares, a cash dividend of 0.1 yuan (including tax) will be distributed to all shareholders for every 10</p>	

shares. The proposed distribution of ordinary share dividends is RMB 38,753,715.32, and the remaining RMB 2,653,264,690.08 will be carried forward to the next year's undistributed profits.

4. Profit distribution proposal of 2019

As audited by BDO China Shu Lun Pan Certified Public Accountants LLP., the net profit attributable to the parent company of the year 2019 was RMB 555,646,971.40. After adding the retained profit of RMB 1,945,887,269.82 at the beginning of the year, and deducting the actual dividend of RMB 193,768,576.6 from the previous year, the balance of undistributed profit was RMB 2,307,765,664.62. Profits distribution plan of 2019: Considering the uncertainty of the Coronavirus on the economy, the company did not make profit distribution or convert the provident fund into capital in 2019.

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

Applicable Not applicable

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

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

1. Construction and implementation of internal control system

In order to further improve the internal management level of the enterprise, standardize the internal control and the orderly operation of various business activities of the enterprise's production and operation, and strengthen the construction of the risk prevention and control mechanism, the company has carried out the construction of internal control in an all-round way. The business process and other aspects have been further sorted out and established and improved the relevant systems of internal control, and a relatively complete internal control system has been constructed. On the basis of daily supervision and special supervision of internal control, the soundness and effectiveness of the construction and supervision of the company's internal control system Evaluate.

2. Significant defects of the internal control found in the internal control self-assessment report in the reporting period

Yes No

XIII. The company's management and control of subsidiaries during the reporting period

Name	Integration plan	Integration progress	Problems encountered in integration	Solutions implemented	Solutions progress	follow-up resolution plan
Xiamen Bengang Steel & Iron Sales Co., Ltd.	Deregistration	Has been cancelled	Not applicable	Not applicable	Not applicable	Not applicable

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

1. Self-Evaluation Report on Internal Control

Disclosing date of internal control auditing report full text	March 24, 2022
Index of the internal control auditing report full text	http://www.cninfo.com.cn
Proportion of total assets of subsidiaries belong to the scope of self-evaluation	97.07%

report in the total assets of the Company's consolidated financial statements		
Proportion of operation income of subsidiaries belong to the scope of self-evaluation report in the operation income of the Company's consolidated financial statements	89.49%	
Standards of Defects Evaluation		
Category	Financial Report	Non-financial Report
Qualitative criteria	<p>1. Material deficiencies: fraud of directors, supervisors and senior management; the company corrects its published financial statements; there is a material misstatement in the financial statements, and the internal control fails to detect the misstatement during the operation; the corporate audit committee and the internal audit institution have no effect on the supervision of internal control.</p> <p>2. Significant deficiencies: the seriousness and economic consequences of accounting policies, accounting and financial reporting are lower than material deficiencies, but there are still internal control defects that may cause the company to deviate from the control objectives.</p> <p>3. General deficiencies: other than material and significant deficiencies, other internal control deficiencies in financial reporting.</p>	<p>1. The company's daily operation internal control defect identification standards:</p> <p>1) Material deficiencies: have a material impact on the normal operation of the company: affect most of the main business types/main functional areas of the company; have a significant impact on the overall operation of the company and are difficult to recover in the long run.</p> <p>2) Significant deficiencies: have a greater impact on the normal operation of the company: affect some of the company's main business types/main functional areas; have a greater impact on the company's overall operations, and require a greater price to recover in a long period of time.</p> <p>3) General deficiencies: Moderate or below impact on the normal operation of the company: Affects a certain main business type/main functional area or general business type/general functional area of the company; Moderate or below impact on the overall operation of the company, requiring a certain amount of effort within a certain period of time cost recovery.</p> <p>2. The company's business objectives to achieve internal control defects identification standards:</p> <p>1) Material deficiencies: have a significant impact on the company's business objectives: have a significant impact on any type of budget indicators of the</p>

		<p>company; affect most of the company's important management objectives; have a significant impact on liquidity (0.8 times \leq current asset turnover rate < 1 time); have a significant impact on any type of budget indicators of the company (profit \geq 800 million yuan).</p> <p>2) Significant deficiencies: have a greater impact on the company's business objectives: have a greater impact on any type of budget indicators of the company; affect some important management objectives of the company; have a greater impact on the working capital (0.5 times \leq current asset turnover rate < 0.8 times); have a greater impact on any type of budget indicators of the company (400 million yuan \leq profit < 800 million yuan).</p> <p>3) General deficiencies: Moderate or below impact on the company's business objectives: Moderate or below impact on any type of budget indicators of the company; Affects one important management target or some general management targets of the company; Moderate impact on working capital and below (current asset turnover rate < 0.5 times); moderate or below impact on any type of budget indicators of the company (profit < 400 million yuan).</p> <p>3. The company's safety internal control defect identification standards:</p> <p>1) Material deficiencies: affecting a certain number of employees/public health/safety, especially major accidents.</p> <p>2) Significant</p>
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		<p>deficiencies: affecting some employees/public health/safety, major accidents.</p> <p>3) General deficiencies: affecting a small number of employees/public health/safety, major accidents.</p> <p>4. The company's environmental protection internal control defects identification standards:</p> <p>1) Material deficiencies: serious environmental damage, occurrence of major environmental incidents (national level II) or above environmental protection accidents.</p> <p>2) Significant deficiencies: large environmental damage and large environmental incidents (national level III).</p> <p>3) General deficiencies: moderate and below environmental impact, general environmental incidents (national level IV).</p>
Quantitative criteria	<p>1. Material deficiencies: 1) misstatement $\geq 5\%$ of the total profits; 2) misstatement $\geq 3\%$ of the total assets; 3) misstatement $\geq 1\%$ of the total operating income; 4) misstatement $\geq 1\%$ of the total amount of the owner's equity. 2. Significant deficiencies: 1) 3% of the total profits \leq misstatement $< 5\%$ of the total profits; 2) 0.5% of the total assets \leq misstatement $< 3\%$ of the total assets; 3) 0.5% of the total operating income \leq misstatement $< 1\%$ of the total operating income; 4) 0.5% of the total amount of the owner's equity \leq misstatement $< 1\%$ of the total amount of the owner's equity. 3. General deficiencies: 1) misstatement $< 3\%$ of the total profits; 2) misstatement $< 0.5\%$ of the total assets; 3) misstatement $< 0.5\%$ of the total operating income; 4) misstatement $< 0.5\%$ of the total amount of the owner's equity.</p>	None
Number of material deficiencies in financial reporting(a)		0
Number of material deficiencies in non-financial reporting (a)		0
Number of significant deficiencies in financial reporting(a)		0
Number of significant deficiencies in non-financial reporting(a)		0

2. Internal Control Audit Report

Applicable Not applicable

Opinion in the internal control audit report	
We acknowledge that internal control of Bengang Bancai is effective in all material respects and is compliance with 'Fundamental Rules of Enterprise Internal Control' up to December 31, 2021.	
Internal Control Audit Report Status	Disclosure
Disclosure date of audit report of internal control (full-text)	March 31, 2022
Index of audit report of internal control (full-text)	http://www.cninfo.com.cn
Internal audit report's opinion	Standard unqualified opinion
Whether there is significant defect in non-financial report	No

Whether the accountants' firm issued a qualified opinion on report of internal control audit

Yes No

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

Yes No

XV. Self-examination and rectification of listed company governance special actions

During the reporting period, the company actively implemented the directive spirit of the "Opinions of the State Council on Further Improving the Quality of Listed Companies". According to the requirements of China Securities Regulatory Commission [2020] No. 69 "Announcement on Carrying out Special Actions on Corporate Governance of Listed Companies", the principle of self-examination and self-correction of listed companies' governance has been carried out, and the "Special Self-examination List of Listed Company Governance" has been compiled, which truly, accurately and completely reflects the legal problems of listed companies and the rectification of relevant norms. Drive, improve the corporate governance system and rules, build a good corporate governance ecology, etc., further improve the listed company governance structure in which each performs its own duties and responsibilities, coordinates operations, and effectively checks and balances, consolidates the foundation for the high-quality development of listed companies, and improves the governance level of listed companies.

V. Environmental and Social Responsibility

I. Major environmental issues

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

Yes No

Company or subsidiary name	Names of major pollutants and characteristic pollutants	Emission method	Number of discharge outlets	Distribution of discharge outlets	Emission concentration	Implemented pollutant discharge standards	Total emissions	Total approved emissions	Excessive emissions
Bengang Steel Plates Co.,Ltd.	COD	Continuous	1	Energy General Plant Sewage Treatment Plant	25.3	50	228.11	Not approved by the government	None
Bengang Steel Plates Co.,Ltd.	Ammonia nitrogen	Continuous	1	Energy General Plant Sewage Treatment Plant	0.96	8	3.16	Not approved by the government	None
Bengang Steel Plates Co.,Ltd.	Particulate matter	Continuous and intermittent	183	Raw material dumper, transfer station, receiving tank, pre-batching; iron-making casting yard, furnace roof, fuel, solvent, granulation, ore coke tank, sintering head dust removal, desulfurization, machine tail dust removal; iron and steel water pretreatment, north-south pouring station, tundish, primary dust removal, secondary	Raw material 14-23; sintering 8-40; iron making 7-35; steel making 20-50; special steel 7-15; coking 5-50; power generation 3-30; cold rolling 4-18; hot rolling 6-15.	Raw material 25; sintering 50-30; iron making 25; steel making 20-50; special steel 20; coking 10-50; power generation 5-30; cold rolling 20-30; hot rolling 20-30.	Particulate matter : 13569	Not approved by the government	None

				dust removal, refining dust removal; special steel electric furnace, refining furnace; coking coal addition, coke pushing, dry quenching, chimney desulfurization and denitrification; power boiler dust removal, desulfurization and denitrification; cold rolling acid regeneration, pickling, straightening, welding, leveling, annealing, roasting; hot rolling furnace.					
Bengang Steel Plates Co.,Ltd.	Sulphur dioxide	Continuous and intermittent	64	Sintering head; coke oven chimney; power generation boiler desulfurization; cold rolling roasting and annealing; hot rolling heating furnace.	Sintering head 12-40; coke oven 30-100; power generation 5-70; cold rolling 25-98; hot rolling 48-128.	Sintering head 200; coke oven 30-100; power generation 35-200 cold rolling 100; hot rolling 150.	4720	Not approved by the government	None
Bengang Steel Plates Co.,Ltd.	Nitrogen oxides	Continuous and intermittent	57	Sintering head; coking chimney; power generation boiler; cold rolling roasting, annealing; hot rolling heating furnace.	Sintering head 100-230; coking chimney 150-268; power generation 30-140; cold rolling 60-170; hot rolling 83.5-124.	Sintering head 300; coking chimney 150-500; power generation 50-200; cold rolling 200; hot rolling 300.	12242	Not approved by the government	None

Construction and operation of pollution prevention facilities

Bengang Banca has a total of 202 sets of environmental pollution prevention and control facilities, and each process

is equipped with dust removal, desulfurization and denitrification, and online facilities in accordance with pollutant discharge standards. Wet desulfurization of sintering machine head, dry desulfurization and denitrification of coke oven chimney, wet desulfurization and SCR denitration of power generation, etc. The 2300mm production line of the hot rolling plant is designed for use in the production of stainless steel, and the environmental protection facilities are normally put into use.

Environmental impact assessment of construction projects and other environmental protection administrative licenses

In 2021, the EIA registration and filing work of 18 projects including the coke oven flue gas desulfurization and denitrification transformation project of the iron smelting plant will be completed; 7 EIA report forms including the 220KV substation project will be submitted for approval. The environmental protection acceptance work of 8 projects including the No. 7 coke oven desulfurization and denitrification project and the No. 5 blast furnace capacity replacement project of the iron smelting plant was carried out.

In 2021, the company completed the renewal of pollutant discharge licenses for 9 units of the company.

Emergency plan for environmental emergencies

The company and its 14 subordinate units strictly follow the "Emergency Response Law of the People's Republic of China", the "Notice on Printing and Distributing the "Guidelines for Risk Assessment of Environmental Emergencies for Enterprises (Trial)", and "Enterprise and Institutional Emergency Response Plans for Environmental Emergencies." Management Measures (for Trial Implementation)" and other existing laws and regulations to carry out environmental emergency management work. In 2021, entrust a third-party unit to revise the emergency plan for environmental emergencies, carry out risk assessment and emergency resource investigation again, and conduct assessments according to the management requirements of the Municipal Bureau., for the record. At the same time, each unit of the company formulates a drill plan according to the pre-plan and carries out the corresponding pre-plan drill work.

Environmental Self-Monitoring Program

The 2021 self-monitoring plan is carried out in accordance with the requirements of the discharge permit. Pollution source monitoring points: 185 flue gas monitoring points, 10 wastewater monitoring points, 13 boundary noise points, 27 atmospheric dust reduction points, and 71 unorganized monitoring points. Monitoring is carried out on a quarterly, semi-annual and annual frequency. There are 27 atmospheric dust fall points distributed in the factory area, and 162 monitoring data have been obtained; the routine monitoring tasks of flue gas and atmospheric unorganized monitoring have been completed, and a total of 1286 monitoring data have been obtained throughout the year; the noise monitoring points at the factory boundary 13 monitoring data, 208 monitoring data; 10 wastewater monitoring points, 1983 monitoring data. There are 541 temporary monitoring data, and the monitoring station reports a total of 4180 monitoring data, forming monthly reports, quarterly reports and separate monitoring reports for each factory and mine.

Administrative penalties for environmental issues during the reporting period

Company or subsidiary name	Reason for punishment	Violations	Penalty result	Influence on the production and operation of listed companies	The company's rectification measures
None	None	None	None	None	None

Other environmental information that should be disclosed

In 2021, according to the list of key pollutant discharging enterprises issued by the Municipal Environmental Protection Bureau, the environmental information disclosure of 12 units of the company will be completed. The contents of the announcement include basic information, pollution discharge information, construction and operation of pollution prevention and control facilities, environmental impact assessment of construction projects and other environmental protection administrative licenses, emergency plans for environmental emergencies, environmental self-monitoring plans, and other environmental information that should be disclosed.

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

Applicable Not applicable

In 2021, the company will invest 44.18 million yuan to implement 6 energy-saving and carbon-reducing projects, including the transformation of high-energy-consuming motors in the coking branch of the iron smelting plant, and the nitrogen production increase of the pre-cooling system of the No. 8 oxygen generator in the energy management and control center. The 2021 carbon emission accounting is expected to be completed in June 2022, and the carbon emission reduction amount has not yet been determined.

Other environmental protection related information

None.

II. Social responsibility situation

The company actively fulfills its social responsibilities, and has publicly disclosed the 2021 Corporate Social Responsibility Report of Bengang Steel Plates Co., Ltd. For the full text of the report, please refer to <http://www.cninfo.com.cn> on March 26, 2022.

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

The company has selected 8 outstanding cadres to participate in the rural revitalization work, and there are still 4 people who serve as the first secretary in the village. During the special period of normal epidemic prevention and control, the cadres in the village did not forget their original aspirations, kept their mission in mind, strengthened their confidence, and worked tenaciously. The company provides growth points for the rural collective economy through direct investment in the construction of mushroom greenhouses, employee welfare procurement of agricultural and sideline products in rural areas, etc., effectively increasing per capita income, and completing poverty alleviation work for more than 800 people. The company has been rated as "Advanced Unit for Fixed-point Poverty Alleviation in Liaoning Province" for many consecutive years.

VI. Important Events

I. Performance of Committed Issues

1. The fulfilled commitments during the reporting period and under-fulfillment commitments by the end of the period made by actual controller, acquirer, director, supervisor, senior management personnel and other related parties.

Commitments	Commitment party	Type of commitment	Contents	Commitment time	Commitment period	Performance
Commitment of shares reform						
Commitment made in the acquisition report or the equity change report	Ansteel Group Co., Ltd.	Other commitment	In order to maintain the independence of Bengang Steel, Ansteel Group undertakes the following: 1. Ansteel Group guarantees to keep separate from Bengang Steel in terms of assets, personnel, finance, organization and business, and strictly abides by the China Securities Regulatory Commission's regulations on the independence of listed companies It does not use its controlling position to interfere with the standard operation of Bengang Steel, interfere with Bengang Steel's business decisions, or damage the legitimate rights and interests of Bengang Steel and other shareholders. Ansteel Group and other subsidiaries controlled by it promise not to illegally occupy the funds of Bengang Plate and its controlled subsidiaries in any way. 2. The above commitments will continue to be effective during the period when Ansteel Group has control over Bengang Steel Sheets. If Ansteel Group fails to fulfill the above-mentioned commitments and causes losses to Bengang Steel Sheets, Ansteel Group	August 20,2021	Long term	Under normal fulfillment

			will bear the corresponding liability for compensation.			
	Ansteel Group Co., Ltd.	Other commitment	In order to avoid horizontal competition matters, Ansteel Group undertakes the following: (1) In view of the overlapping business between Ansteel Group and Bengang Steel after the completion of the acquisition, according to the requirements of existing laws, regulations and relevant policies, Ansteel Group will issue a letter of commitment from this letter of commitment. Within 5 years from the date of issue, and strive to use a shorter time, in accordance with the requirements of the relevant securities regulatory authorities, under the premise of complying with the applicable laws and regulations and relevant regulatory rules at that time, in order to facilitate the development of Bengang Steel Sheets and safeguard the interests of shareholders, especially It is the principle of the interests of small and medium shareholders, and comprehensively uses various methods such as asset restructuring, business adjustment, and entrusted management to steadily promote the integration of relevant businesses to solve the problem of horizontal competition. The aforesaid solutions include but are not limited to: 1) Asset reorganization: purchase assets, asset replacement, asset transfer or other feasible reorganization methods in different ways permitted by relevant laws and regulations, such as cash consideration or issue share consideration, and gradually reorganize Anshan Iron and Steel	August 20,2021	Long term	Under normal fulfillment

			<p>Group and Benxi Iron and Steel Group. Sort out and reorganize the assets of the overlapping parts of the business of the sheet metal to eliminate the overlapping of some businesses; 2) Business adjustment: Sort out the business boundaries and try our best to achieve differentiated operations, such as through asset transactions, business division and other different methods. Business distinction, including but not limited to business composition, product grade, application field and customer groups, etc.; 3) Entrusted management: by signing an entrustment agreement, one party will make decisions related to the operation of some related assets with overlapping businesses 4) Other feasible solutions within the scope permitted by laws, regulations and relevant policies. The implementation of the above-mentioned solutions is premised on performing the necessary deliberation procedures for listed companies and the approval procedures of securities regulatory authorities and relevant competent authorities in accordance with relevant laws and regulations. (2) Anshan Iron and Steel Group has not yet formulated a specific implementation plan and time arrangement for solving the problem of partial business overlap between Anshan Iron and Steel Group and Bengang Steel. (3) In addition to the above circumstances, when Ansteel Group or other subsidiaries obtain business opportunities that may compete with the business of Bengang Steel, Ansteel Group will do its best to give Bengang Steel the</p>			
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			<p>priority to develop such opportunities and The right of first refusal to purchase the project makes the price of the relevant transaction fair and reasonable, and will be based on the business practices followed in normal commercial transactions with independent third parties; (4) Ansteel Group guarantees that it will strictly abide by laws, regulations and According to the Articles of Association of Bengang Plate Co., Ltd. and its relevant management system, the company shall not use its position as an indirect controlling shareholder of Bengang Plate to seek illegitimate interests, thereby impairing the rights and interests of other shareholders of Bengang Plate; During the period of control over the steel sheet, the above commitments made by Ansteel Group are all valid. In the event of violation of the above commitments, resulting in damage to the rights and interests of Bengang Steel, Ansteel Group is willing to assume the corresponding liability for damages.</p>			
	Ansteel Group Co., Ltd.	Other commitment	<p>In order to standardize and reduce the related transactions between Ansteel Group and listed companies, Ansteel Group has made commitments: 1. Ansteel Group will ensure that Bengang Steel's business is independent, its assets are complete, and it has independent and complete production, supply, sales and other auxiliary facilities. system. 2. Ansteel Group and other enterprises controlled by Ansteel Group will not take advantage of the control over Bengang Steel Sheets to seek preferential transactions with Bengang Steel</p>	August 20,2021	Long term	Under normal fulfillment

			<p>Sheets and its subordinate enterprises. 3. Ansteel Group and other enterprises controlled by Ansteel Group will avoid and reduce unnecessary transactions with Bengang Steel Sheets and its subordinate enterprises. If there is a truly necessary and unavoidable transaction, Ansteel Group and other enterprises controlled by Ansteel Group will sign an agreement with Bengang Steel Sheets and its subordinate enterprises in accordance with the principles of fairness, fairness, and compensation for equal value, perform legal procedures, and will comply with the law. According to the requirements of relevant laws, regulations and normative documents and the "Articles of Association of Bengang Plate Co., Ltd.", perform information disclosure obligations and perform relevant internal decision-making and approval procedures in accordance with the law, and ensure that no price is unfair compared with market prices. conditions and conduct transactions with Bengang Steel and its subordinate enterprises, and do not use such transactions to engage in any behavior that damages the legitimate rights and interests of Bengang Steel and other shareholders of Bengang Steel. 4. In the event of violation of the above commitments, resulting in damage to the legitimate rights and interests of Bengang Steel, Ansteel Group will compensate for the losses caused to Bengang according to law.</p>			
Commitment made during asset restructuring						

<p>Commitment made during initial public offering or refinancing</p>	<p>Company directors, senior management</p>	<p>Other commitment</p>	<p>According to the relevant regulations of the China Securities Regulatory Commission, all directors and senior management of the Company have made the following commitments to the Company's fulfillment of the diluted immediate return measures: 1. I promise to perform my duties faithfully and diligently, and safeguard the legitimate rights and interests of the Company and all shareholders. 2. I promise not to deliver benefits to other units or individuals without compensation or under unfair conditions, nor to use other means to damage the Company's interests. 3. I promise to restrict the position-related consumption behavior of company directors and senior management personnel. 4. I promise not to use the Company's assets to do investment and consumption activities that are not related to the performance of my duties. 5. Within the scope of my responsibilities and authority, I promise to make every effort to promote the company's board of directors or the remuneration system established by the remuneration and appraisal committee to be linked to the implementation of the company's compensation measures, and vote in favor of the relevant proposals reviewed by the company's board of directors and general meeting (If I have voting rights). 6. If the company intends to implement equity incentives, I promise to, within my own responsibilities and jurisdiction, make every effort to promote the Company's proposed equity incentive exercise conditions to be linked to</p>	<p>May 22, 2019</p>	<p>Long term</p>	<p>Under normal fulfillment</p>
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			<p>the Company's implementation of the return measures, and to review the Company's board of directors and shareholders' general meetings and vote in favor of the relevant proposals reviewed by the company's board of directors and general meeting (If I have voting rights). 7. If the future issuance of this commitment and the implementation of the Company's public issuance of convertible corporate bonds are completed, if the China Securities Regulatory Commission makes other new regulatory provisions on the measures for filling returns and their commitments, and the above commitments cannot meet the requirements of the China Securities Regulatory Commission When other regulations are stipulated, a commitment will be issued in accordance with the latest regulations of the China Securities Regulatory Commission. The company's controlling shareholder, Benxi Iron and Steel (Group) Co., Ltd., promised not to interfere with the company's operation and management activities beyond its authority and not to infringe on the Company's interests.</p>			
	Benxi Steel & Iron (Group) Co., Ltd. and Bengang Group Co., Ltd.	Other Commitment	<p>The sales companies of Bengang International Trade Co., Ltd. and Bengang Steel plates in the same region guarantee independent personnel, independent business, independent finance, and independent assets, and are guaranteed not to be in the same registration place or in the same office; The filing of foreign economic and trade operators, taking into account the need to</p>	July 24,2019	Long term	Under normal fulfillment

			<p>gradually improve the qualification certification of raw material suppliers, customs import and export qualification certification, etc. In the short term, the actual conditions and capabilities for independent import and export business are still lacking. In order to ensure the normal business development of Benxi Steel Plate, the Group agrees that within the period of not more than 5 years from the date of issuance of this commitment, the main import and export business of Benxi Steel Plate will still be represented by Bengang International Trade until Bengang Steel Plates can be independently developed Import and export business, and during this period, Bengang International Trade will provide the necessary support for the establishment and improvement of Bengang's import and export business. In addition, the sales company under Bengang International Trade is only responsible for selling the products of Beiyong Iron and Steel Group, and never sells third-party steel products. 3. The three sales companies under the Group, Shanghai Bengang Iron and Steel Sales Co., Ltd., Shanghai Bengang Iron and Steel Materials Co., Ltd., and Guangzhou Free Trade Zone Bengang Sales Co., Ltd., are currently no longer actually engaged in any business activities, as follows: (1) Shanghai Bengang Iron & Steel Sales Co., Ltd. filed for bankruptcy in 2014, and the Shanghai Changning District People's Court issued an announcement to appoint Guohao Lawyer (Shanghai) Office as the</p>			
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			<p>bankruptcy administrator. After communication with the bankruptcy administrator, it is expected that the bankruptcy and liquidation of Shanghai Bengang Iron and Steel Sales Co., Ltd. will be completed by the end of 2020. Upon completion of the aforementioned bankruptcy liquidation procedures, the relevant procedures for cancellation of Shanghai Bengang Iron and Steel Sales Co., Ltd. will be handled immediately. (2) Shanghai Bengang Iron & Steel Materials Co., Ltd. is a holding subsidiary of Shanghai Bengang Iron & Steel Sales Co., Ltd., and its business license has been revoked. As the shareholder Shanghai Bengang Iron & Steel Sales Co., Ltd. is in the process of bankruptcy and liquidation, Shanghai Bengang Iron & Steel Materials Co., Ltd. was unable to convene a shareholders' meeting to cancel the company and establish a liquidation group according to law. Therefore, the cancellation has not yet been completed. After the aforementioned bankruptcy and liquidation procedures of Shanghai Bengang Iron & Steel Sales Co., Ltd. are completed, the relevant procedures for cancellation of Shanghai Bengang Iron & Steel Materials Co., Ltd. will be processed immediately. (3) Guangzhou Free Trade Zone Bengang Sales Co., Ltd. has a contract arrears dispute with Jiedong County Trading Corporation. According to the Civil Judgment ((1999) Ben Jing No. 116), Guangzhou Free Trade Zone Bengang Sales Co., Ltd. applied to the court to seal 62</p>			
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			<p>properties under the name of Jiedong County Trading Corporation. However, due to serious local protection, property rights and other factors, the content of the judgment has not been enforceable. Later, after applying again from Guangzhou Free Trade Zone Bengang Sales Co., Ltd., the Intermediate People's Court of Benxi City, Liaoning Province issued an execution ruling again, and 62 properties of Jiedong County Trading Corporation were re-sealed. As of February 4, 2022. Except for participating in the litigation activities for the purpose of realizing creditor's rights, Guangzhou Free Trade Zone Bengang Sales Co., Ltd has not carried out other business activities. After the litigation is completed, the relevant procedures for the cancellation of Guangzhou Free Trade Zone Bengang Sales Co., Ltd. will be handled immediately.</p>			
	<p>Bengang Group Co., Ltd. & Benxi Steel & Iron (Group) Co., Ltd.</p>	<p>Other Commitment</p>	<p>The Group's horizontal competition with Benxi Steel Plates and the measures and commitments to avoid inter-industry competition 1. During the period when the Group is the controlling shareholder of Bengang Steel Plates, in addition to the matters listed in Article 1 of this Commitment Letter, the Group and other enterprises controlled by the Group other than Bengang Steel Plates no longer produce or develop any products that compete or may compete with the products produced by Bengang Steel Plates and its subsidiaries at home and abroad, and do not directly or indirectly operate any business that competes with Bengang</p>	<p>July 24,2019</p>	<p>Normal execution</p>	<p>Under normal fulfillment</p>

			<p>Steel Plates and its subsidiaries. Businesses that may constitute competition, nor are they involved in investing in any other enterprise that competes with or may compete with products or businesses produced by Bengang Steel Plates and its subsidiaries. 2. If Bengang Steel Plates and its subsidiaries further expand their business scope, the Group and other enterprises controlled by the Group will not compete with the expanded business of Bengang Steel Plates and its subsidiaries; they may compete with Bengang Steel Plates and its subsidiaries. If the company's expanded business produces competition, it will withdraw from the competition with Bengang Steel Plates as follows: (1) Stop business that may or may compete with Bengang Steel Plates and its subsidiaries; (2) Will compete The business is incorporated into Bengang Steel Plates and its subsidiaries in a legal and compliant manner; (3) Competitive business is transferred to unrelated third parties. 3. If the Group has any business opportunities to engage in or participate in the competition with Bengang Steel Plates' operations, the Group shall immediately notify Bengang Steel Plates of the above commercial opportunities. Within a reasonable period specified in the notice, Bengang Steel Plates If an affirmative answer is made to take advantage of the business opportunity, the Group will endeavor to give the business opportunity to Bengang Steel Plates on terms not less than that provided to any independent third party. 4. If the above commitments are</p>			
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			<p>violated, the Group is willing to bear all the responsibilities arising therefrom, and fully compensate or compensate for all direct or indirect losses caused to Bengang Steel Plates.</p> <p>5. This letter of commitment continues to be effective during the period of the Group as the controlling shareholder of Bengang Steel Plates and cannot be changed or withdrawn</p>			
	<p>Benxi Steel & Iron (Group) Co., Ltd. and Bengang Group Co., Ltd.</p>	<p>Other Commitment</p>	<p>In order to regulate and reduce the Company ' s transactions with controlling shareholders and other related parties, and to protect the interests of the Company and small and medium shareholders, Benxi Iron and Steel (Group) Co., Ltd. and Bengang Group Co., Ltd. have issued the following commitments: "Benxi Iron and Steel (Group) Co., Ltd. and Bengang Group Co., Ltd. (hereinafter collectively referred to as the "Group"), as a direct controlling shareholder and an indirect controlling shareholder of Bengang Steel Plates Co., Ltd. (hereinafter referred to as "Bengang Steel Plates"), in order to protect the interests of Bengang Steel Plates and other shareholders of Bengang Steel Plates, regulate The Group's related transaction with Bengang Steel Plates hereby promises: 1. The Group will fully respect the independent legal person status of Bengang Steel Plates, ensure the independent operation and independent decision-making of Bengang Steel Plates, ensure the independence of Bengang Steel Plates' business, asset integrity and personnel Independence and financial independence to avoid and reduce unnecessary related</p>	<p>July 24,2019</p>	<p>Long term</p>	<p>Under normal fulfillment</p>

			<p>transactions; the Group will strictly control related transactions with Bengang Steel Plates and its subsidiaries. 2. The Group and other controlled companies promise not to use loans or occupy or misappropriate the funds of Bengang Steel Plates and its subsidiaries to repay debts, substitute funds or otherwise, nor We ask Bengang Steel Plates and its subsidiaries to provide illegal guarantees for the Group and other companies under its control. 3. The Group and other controlled companies and Bengang Steel Plates will minimize related transactions. It is indeed necessary and unavoidable to carry out in the related party transactions, strictly implement the decision-making authority, decision-making procedures, avoidance system and other contents stipulated in Bengang's "Articles of Association" and related party transaction decision-making system, give full play to the role of the board of supervisors and independent directors, and earnestly fulfill the obligation of information disclosure To ensure that transactions are conducted in accordance with the open, fair, and fair principles of market transactions and normal commercial terms, the Group and other companies under control will not require or accept Bengang Steel Sheets to give preferential treatment to third parties in any fair market transaction Conditions to protect other shareholders of Benxi Steel Plates and the interests of Benxi Steel Plates from damage. 4. The Group guarantees</p>			
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			that the above commitments are continuously effective and irrevocable as long as Bengang Steel Plates is listed on the domestic stock exchange and the Group acts as its direct and indirect controlling shareholder. If any violation of the above commitments occurs, the Group therefore bear all the losses caused to Bengang Steel Plates.			
Stock option incentive commitment						
Other commitments to the company's minority shareholders						
Whether Commitment fulfilled on time or not	No					

2. The Company made illustrations that there are assets or projects which meet the original profit forecast and the reasons when there are assets or projects profit forecast of the Company and the reporting period is still in the forecast period

Applicable Not applicable

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

Applicable Not applicable

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

III. Non-compliance with external guarantees

Applicable Not applicable

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

IV. Note by the Board of Directors on the latest "Non-Standard Audit Report"

Applicable Not applicable

V. Notes by the Board of Directors, the Supervisory Committee and the Independent Directors (if any) on the "non-standard audit report" of the accounting firm for the current reporting period

Applicable Not applicable

VI. Illustrations of Changes in the Accounting Policy, Accounting Estimate and Measurement Methods as Compared with the Financial Report of Last Year

Applicable Not applicable

(1) Implementation of CAS 21 - Leases (revised in 2018)

The Ministry of Finance revised AS 21 - Leases (the "New Lease Standard") in fiscal 2018. The Company implemented the New Lease Standard effective January 1, 2021. Under the revised standard, the Company has elected not to reassess whether a contract that existed prior to the date of first-time implementation is a lease or contains a lease at the date of first-time implementation.

(2) Implementation of ASBE Interpretation No. 14

On 2 February 2021, the Ministry of Finance issued Interpretation No. 14 of Accounting Standards for Business Enterprises (Caihui [2021] No. 1, hereinafter referred to as "Interpretation No. 14"), which is effective from the date of its issuance. relevant operations added from 1 January 2021 to the date of implementation are adjusted in accordance with Interpretation No. 14.

(3) Implementation of the Circular on Adjustment of the Scope of Application of the Regulations on Accounting for Rent Concessions Related to the New Crown Pneumonia Epidemic

The Ministry of Finance issued the "Regulations on Accounting for Rent Concessions Related to the New Crown Pneumonia Epidemic" (Caihui [2020] No. 10) on 19 June 2020, under which enterprises may choose to adopt the simplified method of accounting for rent concessions such as rent reductions and deferred rent payments that meet the conditions directly arising from the New Crown Pneumonia Epidemic.

VII. Illustrations of Changes of the Consolidation Scope as Compared with the Financial Report of Last Year

Applicable Not applicable

Xiamen Bengang Steel & Iron Sales Co., Ltd. was written off during the reporting period.

VIII. Appointment and Dismiss of Certified Accountant's Firm

Accountant's firm currently appointed

Name of the domestic accountant's firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Payment to the domestic accountant's firm (in 10 thousand yuan)	280
Service life of domestic accountant's firm providing audit service	14
Name of CPAs from the domestic accountant's firm	Li Yongjiang, Li Guiying
Service life of domestic accountants' providing audit service	0
Name of the overseas accountant's firm (if any)	None
Payment to overseas accountant's firm (in 10 thousand yuan) (if any)	0
Service life of overseas accountant's firm providing audit service (if any)	None
Name of CPAs from the overseas accountant's firm (if any)	None

Whether the accountant's firm was changed during the reporting period

Yes No

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

Applicable Not applicable

The Company appointed BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of internal control auditing at RMB 600,000.

IX. Risk of Suspension or Termination of Listing after the Disclosure of Annual Report

Applicable Not applicable

X. Bankrupt and Reforming Events

Applicable Not applicable

There was no bankrupt and reforming event during the reporting period.

XI. Significant Lawsuits and Arbitrations

Applicable Not applicable

There was no significant lawsuit or arbitrations during the reporting period.

XII. Punishment and Rectification

Applicable Not applicable

There was no punishment or rectification during the reporting period.

XIII. Credit Status of the Company and its Controlling Shareholders and Actual Controllers

Applicable Not applicable

XIV. Major Related Party Transactions

1. Related party transactions relevant to daily operations

Applicable Not applicable

Related parties	Relationship	Type of related party transactions	Content of related party transactions	Pricing principle of related party transactions	Price of related party transactions	Amount of related party transactions (in 10 thousand)	Proportion of similar transactions	The approved trading limit of transactions (in 10 thousand)	Whether exceed the approved limited (Y/N)	Means of payment of related party transactions	Available market price of similar transactions	Date of disclosure	Index of disclosure
Benxi Iron and Steel (Group) Co.	parent company	Purchasing goods / receiving labor services	repair cost	on agreement	Related agreement price	30,456.09	0.00%	40,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Co.	parent company	Purchasing goods / receiving labor services	Raw and auxiliary materials	on agreement	Related agreement price	18.13			No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Stainless Steel Cold Rolled Dandong Co.	same controller	Purchasing goods / receiving labor services	Stock goods	on agreement	Related agreement price	83.1		30	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group)	same controller	Purchasing goods / receiving	Labor cost	on agreement	Related agreement price	3,882.38	0.00%	900,000	No	Execute according to the	Yes	2021/4/28	

Mining Co.		g labor services								agreement			
Benxi Iron and Steel (Group) Mining Co.	same controller	Purchasing goods / receiving labor services	Raw and auxiliary materials	on agreement	Related agreement price	789,791.14	0.11%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Mining Co.	same controller	Purchasing goods / receiving labor services	freight	on agreement	Related agreement price				No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Metallurgical Slag Co.	same controller	Purchasing goods / receiving labor services	Raw and auxiliary materials	on agreement	Related agreement price	48,914.81	0.01%	40,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Steel Processing and Distribution Co.	same controller	Purchasing goods / receiving labor services	process cost	on agreement	Related agreement price	9.75		70	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Machinery Manufacturing Co.	same controller	Purchasing goods / receiving labor services	spare part	on agreement	Related agreement price	7,430.24	0.00%	10,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Machinery Manufacturing Co.	same controller	Purchasing goods / receiving labor services	Repair labor	on agreement	Related agreement price	7,183.49	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Construction Co.	same controller	Purchasing goods / receiving labor services	spare part	on agreement	Related agreement price	2,177.72	0.00%	50,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Construction Co.	same controller	Purchasing goods / receiving labor services	Engineering cost	on agreement	Related agreement price	34,708.5	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Construction Co.	same controller	Purchasing goods / receiving labor services	Repair labor	on agreement	Related agreement price	27,810.4	0.00%		No	Execute according to the agreement	Yes	2021/4/28	

Benxi Iron and Steel (Group) Construction Co.	same controller	Purchasing goods / receiving labor services	Raw and auxiliary materials	on agreement	Related agreement price	1,609.79	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Construction Co.	same controller	Purchasing goods / receiving labor services	freight	on agreement	Related agreement price	414.09	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Industrial Development Co.	same controller	Purchasing goods / receiving labor services	Raw and auxiliary materials	on agreement	Related agreement price	19,531.75	0.00%	30,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Industrial Development Co.	same controller	Purchasing goods / receiving labor services	Repair labor	on agreement	Related agreement price	1,489.9	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Industrial Development Co.	same controller	Purchasing goods / receiving labor services	freight	on agreement	Related agreement price	118.49			No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Industrial Development Co.	same controller	Purchasing goods / receiving labor services	engineering funds	on agreement	Related agreement price	141.29			No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Construction Co.	same controller	Purchasing goods / receiving labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	314.15		20,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Construction Co.	same controller	Purchasing goods / receiving labor services	Engineering cost	on agreement	Related agreement price	1,222.33	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Construction Co.	same controller	Purchasing goods / receiving labor services	repair cost	on agreement	Related agreement price	17,249.62	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Electric Limited Liability Company	Associates of the parent company	Purchasing goods / receiving labor	Raw and auxiliary materials	on agreement	Related agreement price	14,466.12	0.00%	20,000	No	Execute according to the agreement	Yes	2021/4/28	

		services								nt			
Bensteel Electric Co.	Associates of the parent company	Purchasing goods / receiving labor services	Repair labor	on agreement	Related agreement price	3,076.64	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi High-tech Drilling Tools Manufacturing Co.	It belongs to Benxi Iron and steel group	Purchasing goods / receiving labor services	spare part	on agreement	Related agreement price	35.5		50	No	Execute according to the agreement	Yes	2021/4/28	
Benxi New Business Development Co.	same controller	Purchasing goods / receiving labor services	Repair labor	on agreement	Related agreement price	22.74		21,500	No	Execute according to the agreement	Yes	2021/4/28	
Benxi New Business Development Co.	same controller	Purchasing goods / receiving labor services	Raw and auxiliary materials and meals	on agreement	Related agreement price	599.56	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Liaoning Metallurgical Technician College	same controller	Purchasing goods / receiving labor services	spare part	on agreement	Related agreement price	0.32		1,000	No	Execute according to the agreement	Yes	2021/4/28	
Liaoning Metallurgical Vocational and Technical College	same controller	Purchasing goods / receiving labor services	engineering funds	on agreement	Related agreement price			700	No	Execute according to the agreement	Yes	2021/4/28	
Liaoning Metallurgical Vocational and Technical College	same controller	Purchasing goods / receiving labor services	Repair labor	on agreement	Related agreement price	2,084.82	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Group International Economic and Trade Co.	It belongs to Benxi Iron and steel group	Purchasing goods / receiving labor services	Raw and auxiliary materials	on agreement	Related agreement price	1,683,663.51	0.23%	1,750,000	No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Group International Economic and Trade Co.	It belongs to Benxi Iron and steel group	Purchasing goods / receiving labor services	Agency fee	on agreement	Related agreement price	7,140.12	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Group International	It belongs to Benxi Iron and	Purchasing goods / receiving	Port miscellaneous charges	on agreement	Related agreement price	40,115.06	0.01%		No	Execute according to the	Yes	2021/4/28	

Economic and Trade Co.	steel group	g labor services								agreement			
Benxi Iron and Steel (Group) Information Automation Co.	same controller	Purchasing goods / receiving labor services	spare part	on agreement	Related agreement price	238.24		4,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Information Automation Co.	same controller	Purchasing goods / receiving labor services	Engineering cost	on agreement	Related agreement price	773.19	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Information Automation Co.	same controller	Purchasing goods / receiving labor services	Repair labor	on agreement	Related agreement price	5,828.89	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Thermal Development Co.	same controller	Purchasing goods / receiving labor services	Heating cost	on agreement	Related agreement price	193.57		200	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Thermal Development Co.	same controller	Purchasing goods / receiving labor services	Raw and auxiliary materials	on agreement	Related agreement price	431.58	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Design and Research Institute	same controller	Purchasing goods / receiving labor services	Design fee	on agreement	Related agreement price	37.08		200	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Beiping Iron and Steel (Group) Co.	same controller	Purchasing goods / receiving labor services	Raw and auxiliary materials	on agreement	Related agreement price	341,396.62	0.05%	350,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Beiping Iron and Steel (Group) Co.	same controller	Purchasing goods / receiving labor services	Energy power	on agreement	Related agreement price	57,415.98	0.01%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Beiping Iron and	same controller	Purchasing goods /	freight	on agreement	Related agreement price	503.57	0.00%		No	Execute according to	Yes	2021/4/28	

Steel (Group) Co.		receiving labor services								the agreement			
Benxi Beiyang Iron and Steel (Group) Co.	same controller	Purchasing goods / receiving labor services	Labor cost	on agreement	Related agreement price	8,366.92	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Beiyang Iron and Steel (Group) Co.	same controller	Purchasing goods / receiving labor services	spare part	on agreement	Related agreement price	1,609.04	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Beiyang Iron and Steel (Group) Co.	same controller	Purchasing goods / receiving labor services	Agency fee	on agreement	Related agreement price	240.64			No	Execute according to the agreement	Yes	2021/4/28	
Liaoning Hengtong Metallurgical Equipment Manufacturing Co.	same controller	Purchasing goods / receiving labor services	Raw materials and spare parts	on agreement	Related agreement price	6,772.47	0.00%	10,000	No	Execute according to the agreement	Yes	2021/4/28	
Liaoning Hengtong Metallurgical Equipment Manufacturing Co.	same controller	Purchasing goods / receiving labor services	Repair and labor	on agreement	Related agreement price	921.44	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Liaoning Hengtai Heavy Machinery Co.	same controller	Purchasing goods / receiving labor services	Raw materials and spare parts	on agreement	Related agreement price	177.97		1,000	No	Execute according to the agreement	Yes	2021/4/28	
Liaoning Hengtai Heavy Machinery Co.	same controller	Purchasing goods / receiving labor services	Repair and labor	on agreement	Related agreement price	2,565.27	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Group Co.	Controller	Purchasing goods / receiving labor services	Property management fee	on agreement	Related agreement price			20,000	No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Group Co.	Controller	Purchasing goods / receiving labor services	Labor cost	on agreement	Related agreement price	10,326.61	0.14%		No	Execute according to the agreement	Yes	2021/4/28	
Anshan Steel	It belongs	Purchasing	Repair labor	on agreement	Related agreement	109			No	Execute accordi	Yes	2021/4/28	

Electric Co.	to Angang Group	goods / receiving labor services		nt	nt price					ng to the agreement			
Anshan Iron and Steel Scrap Resources (Anshan) Co.	It belongs to Angang Group	Purchasing goods / receiving labor services	Raw and auxiliary materials	on agreement	Related agreement price	1,066.43	0.00%	0	No	Execute according to the agreement	Yes	2021/4/28	
Anshan Iron and Steel Scrap Resources (Anshan) Co Ltd Chaoyang Branch	It belongs to Angang Group	Purchasing goods / receiving labor services	Raw and auxiliary materials	on agreement	Related agreement price	605.2	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Anshan Steel Rope Co.	It belongs to Angang Group	Purchasing goods / receiving labor services	Raw and auxiliary materials	on agreement	Related agreement price	1.64			No	Execute according to the agreement	Yes	2021/4/28	
Anshan Iron and Steel Group Engineering and Technology Co.	It belongs to Angang Group	Purchasing goods / receiving labor services	Engineering cost	on agreement	Related agreement price	415.65	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Anshan Iron and Steel Group International Economic and Trade Co.	It belongs to Angang Group	Purchasing goods / receiving labor services	Raw and auxiliary materials	on agreement	Related agreement price	15,892.03	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Anshan Steel Construction Group Co.	It belongs to Angang Group	Purchasing goods / receiving labor services	Engineering cost	on agreement	Related agreement price	138			No	Execute according to the agreement	Yes	2021/4/28	
Anshan Steel Industrial Group Metallurgical Machinery Co.	It belongs to Angang Group	Purchasing goods / receiving labor services	Repair labor	on agreement	Related agreement price	62.12			No	Execute according to the agreement	Yes	2021/4/28	
Anshan Steel Steel Processing and Distribution	It belongs to Angang Group	Purchasing goods / receiving labor services	Labor cost	on agreement	Related agreement price	1.23			No	Execute according to the agreement	Yes	2021/4/28	

(Dalian) Co.													
Anshan Iron and Steel Group Engineering and Technology Development Co.	It belongs to Angang Group	Purchasing goods / receiving labor services	Engineering cost	on agreement	Related agreement price	6.64			No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Electric Limited Liability Company	Associates of the parent company	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	94.22		100	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Beiyong Iron and Steel (Group) Co.	same controller	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	536,149.62	0.07%	240,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Beiping Iron and Steel (Group) Co.	same controller	Selling goods / providing labor services	commodity	on agreement	Related agreement price	3,228.67	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Beiyong Iron and Steel (Group) Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	19,099.4	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Real Estate Development Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	3.68		10	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Steel Processing and Distribution Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	0.46		30	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Machinery Manufacturing Co.	same controller	Selling goods / providing labor services	commodity	on agreement	Related agreement price	2,699.73	0.03%	5,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel	same controller	Selling goods / providing	Energy power	on agreement	Related agreement price	2,213	0.00%		No	Execute according to	Yes	2021/4/28	

(Group) Machinery Manufacturing Co.		g labor services								the agreement			
Benxi Iron and Steel (Group) Machinery Manufacturing Co.	same controller	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	112.95			No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Construction Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	783.21	0.00%	8,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Construction Co.	same controller	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	16,451.31	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Mining Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	71,376.36	0.01%	100,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Mining Co.	same controller	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	11,481.75	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Mining Co.	same controller	Selling goods / providing labor services	Freight income	on agreement	Related agreement price	963.5	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Mining Co.	same controller	Selling goods / providing labor services	commodity	on agreement	Related agreement price	955.33	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Thermal Development Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	4,649.93	0.00%	5,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Thermal Development Co.	same controller	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	3,595.84	0.00%		No	Execute according to the agreement	Yes	2021/4/28	

Benxi Iron and Steel (Group) Industrial Development Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	972.98	0.00%	3,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Industrial Development Co.	same controller	Selling goods / providing labor services	commodity	on agreement	Related agreement price	2,506.43	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Industrial Development Co.	same controller	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	1,206.92	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Information Automation Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	12.73		20	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Construction Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	123.95		500	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Construction Co.	same controller	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	346.39			No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Metallurgical Slag Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	565.72	0.00%	30,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Metallurgical Slag Co.	same controller	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	48,920.96	0.01%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Metallurgical Slag Limited Liability Company	same controller	Selling goods / providing labor services	commodity	on agreement	Related agreement price	3,047.73	0.00%		No	Execute according to the agreement	Yes	2021/4/28	

Benxi Iron and Steel (Group) Limited Liability Company	parent company	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	241.94		2,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Limited Liability Company	parent company	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	599.48	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Benxi New Business Development Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	22.43		50	No	Execute according to the agreement	Yes	2021/4/28	
Dalian Polole Steel Pipe Co.	It belongs to Benxi Iron and Steel Group Co., Ltd	Selling goods / providing labor services	commodity	on agreement	Related agreement price	1,381.92	0.00%	2,000	No	Execute according to the agreement	Yes	2021/4/28	
Benxi Iron and Steel (Group) Zhengtai Building Materials Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price			10	No	Execute according to the agreement	Yes	2021/4/28	
Liaoning Hengtong Metallurgical Equipment Manufacturing Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	0.03		2,000	No	Execute according to the agreement	Yes	2021/4/28	
Liaoning Hengtong Metallurgical Equipment Manufacturing Co.	same controller	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	302.02			No	Execute according to the agreement	Yes	2021/4/28	
Liaoning Hengtong Metallurgical Equipment Manufacturing Co.	same controller	Selling goods / providing labor services	commodity	on agreement	Related agreement price	2,591.91	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Stainless Steel Cold Rolled	same controller	Selling goods / providing labor services	commodity	on agreement	Related agreement price	295.41		3,000	No	Execute according to the agreement	Yes	2021/4/28	

Dandong Co.										nt			
Suzhou Bensteel Industrial Co.	Joint stock company	Selling goods / providing labor services	commodity	on agreement	Related agreement price	66,835.91	0.01%	55,000	No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Group Finance Co.	It belongs to Benxi Iron and steel group	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	1.39		2	No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Group Co.	Controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price	12.45		2,000	No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Group Co.	Controller	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	1,282.08	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Group Co.	Controller	Selling goods / providing labor services	Labor cost	on agreement	Related agreement price	7,542.32	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Group Co.	Controller	Selling goods / providing labor services	commodity	on agreement	Related agreement price	12,781.64	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Liaoning Hengtai Heavy Machinery Co.	same controller	Selling goods / providing labor services	Energy power	on agreement	Related agreement price			50	No	Execute according to the agreement	Yes	2021/4/28	
Liaoning Hengtai Heavy Machinery Co.	same controller	Selling goods / providing labor services	commodity	on agreement	Related agreement price	38.97			No	Execute according to the agreement	Yes	2021/4/28	
Ansteel Chemical Technology Co.	It belongs to Angang Group	Selling goods / providing labor services	commodity	on agreement	Related agreement price	1,032.8	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Ansteel Energy Technology Co.	It belongs to Angang Group	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	79.62		15,000	No	Execute according to the agreement	Yes	2021/4/28	
Ansteel	It	Selling	Energy	on	Related	0.01			No	Execute	Yes	2021/4/	

Electric Co.	belongs to Angang Group	goods / providing labor services	power	agreement	agreement price					according to the agreement		28	
Panzhong Yihong Metal Products (Chongqing) Co.	It belongs to Angang Group	Selling goods / providing labor services	commodity	on agreement	Related agreement price	806.99	0.00%		No	Execute according to the agreement	Yes	2021/4/28	
Deyin Landport Supply Chain Services Co.	It belongs to Angang Group	Selling goods / providing labor services	commodity	on agreement	Related agreement price	9,987.26	0.00		No	Execute according to the agreement	Yes	2021/4/28	
Bensteel Bidding Co.	It belongs to Benxi Iron and Steel Group Co., Ltd	Selling goods / providing labor services	Raw and auxiliary materials and spare parts	on agreement	Related agreement price	10.8			No	Execute according to the agreement	Yes	2021/4/28	
Total				--	--	4,039,268.72	--	3,741,522	--	--	--	--	--
Details of any sales return of a large amount				No applicable									
Give the actual situation during the reporting period where a forecast had been made for the total amounts of routine related-party transactions, by type to occur in the current period(if any)				No applicable									
Reason for any significant difference between the transaction price and the Market price for reference (if applicable)				No applicable									

2. Related transactions relevant to asset acquisition or sold

Applicable Not applicable

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

3. Related transactions relevant to joint investments

Applicable Not applicable

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

4. Credits and liabilities with related parties

Applicable Not applicable

Whether there are non-operating related creditor's rights and debts

5. Transactions with related financial companies

Applicable Not applicable

Deposit business

Related party	Connection relation	Maximum daily deposit limit (10 thousand yuan)	deposit rate range	Beginning balance (10 thousand yuan)	Amount for this period		Closing balance (ten thousand yuan)
					Total deposit amount for the current period (10 thousand yuan)	The total amount withdrawn in the current period (10 thousand yuan)	
Ansteel Group Finance Co., Ltd.	Both belong to Ansteel Group	450,000	1.725%	0	467,965.63	25,000	442,965.63
Bengang Group Finance Co., Ltd.	Both belong to Bengang Group	1,100,000	3.0%~3.5%	1,332,199.78	20,900,552.77	22,232,752.56	0

Loan business

Related party	Connection relation	Loan Amount (10 thousand yuan)	Loan Interest Rate Range	Beginning balance (10 thousand yuan)	Amount for this period		Closing balance (10 thousand yuan)
					Total loan amount for the current period (10 thousand yuan)	Total repayment amount for the current period (10 thousand yuan)	

Credit or other financial business

Related party	Connection relation	Business type	Total (ten thousand yuan)	Actual amount (ten thousand yuan)
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6. Other significant related transactions

Applicable Not applicable

There is no deposit, loan, credit or other financial business between the financial company controlled by the company and its related parties.

7. Transactions between financial companies controlled by the company and related parties

Applicable Not applicable

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

XV. Major Contracts and Their Performance**1. Trusteeship, contracting and lease****(1) Trusteeship**

Applicable Not applicable

There was no trusteeship during the reporting period.

(2) Contracting

Applicable Not applicable

There was no contracting during the reporting period.

(3) Lease

Applicable Not applicable

Description of lease

Company as the lessor

Currency unit: Yuan

Lessee	Lease capital category	Lease income of 2021	Lease income of 2020
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Warehouse and ancillary facilities		500,000.00
Benxi Iron and Steel Tendering Co., Ltd.	Plants and ancillary facilities	480,000.00	

Company as the lessee

Currency unit: Yuan

Lessor	Lease capital category	Rent paid			
		Rental expense for short-term leases and leases of low-value assets and variable lease payments not included in the measurement of lease liabilities	Increased right-of-use assets of 2021	Assume interest expense on lease liability of 2021	Confirmed rental fee of 2020
Benxi Steel & Iron (Group) Co., Ltd	Land use right 7,669,068.17 square meter. Land use right 42,920.00 square meter		1,060,272,624.21	39,600,209.28	57,383,355.31
Benxi Steel & Iron (Group) Co., Ltd	2300 Hot rolling product line, related real estate		208,155,611.73	7,982,648.96	16,711,424.34
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	1780 Hot rolling product line, related real estate		160,309,755.83	6,147,787.68	15,578,677.65
Bengang Group Co., Ltd.	Land use right 728,282.30 square meter.		72,001,790.96	2,666,923.92	9,945,423.08

Notes:

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

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

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

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

Applicable Not applicable

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

2. Guarantee

Applicable Not applicable

There was no guarantee during the reporting period.

3. Entrusting Others for Managing Cash Asset

(1) Entrusted Finance

Applicable Not applicable

Overview of entrusted wealth management during the reporting period

Unit: In ten thousand yuan

Specific type	The source of funds for entrusted wealth management	Amount of entrusted wealth management	Outstanding balance	Amount not collected after the due date	Overdue but uncollected amount has been accrued for impairment
Bank financial products	self - owned	95,000			
Bank financial products	self - owned	85,000			
Bank financial products	self - owned	430,000			
Bank financial products	self - owned	10,000			
Total		620,000			

Specific circumstances of high-risk entrusted wealth management with a single large amount or low security and low liquidity

Applicable Not applicable

Entrusted wealth management is expected to be unable to recover the principal or there are other circumstances that may lead to impairment

Applicable Not applicable

(2) Entrusted Loans

Applicable Not applicable

There was no entrusted loan during the reporting period.

4. Other Major Contracts

Applicable Not applicable

There was no other major contract during the reporting period.

XVI. Description of other major events

Applicable Not applicable

On April 15, 2021, the company received the notice from the indirect controlling shareholder Benxi Iron and Steel Group Co., Ltd. and known that Angang Group Co., Ltd. was planning to restructure Benxi Iron and Steel Group, which may lead to the change of control of the company. The reorganization is still in the planning stage, and the plan needs to be approved by relevant departments after being determined. For details, see the suggestive

announcement on the strategic restructuring of indirect controlling shareholder Benxi Iron and Steel Group Co., Ltd. published on the designated information disclosure media on April 15, 2021.

On July 15, 2021, Benxi Steel Group Co., Ltd., the indirect controlling shareholder of the company, signed the agreement on free transfer of trust beneficial rights with Liaoning Engineering Consulting Group Co., Ltd., Liaoning urban and Rural Construction Group Co., Ltd. and Liaoning Rongda Investment Co., Ltd. respectively. The provincial engineering consulting group, Liaoning urban and rural construction group and Liaoning Rongda transferred their relevant trust beneficial rights to Benxi Steel Group free of charge. For details, please refer to the prompt announcement of Benxi steel plate Co., Ltd. on the change of shareholders' equity (2021-039), the simplified report on the change of shareholders' equity of Benxi steel plate Co., Ltd. and the legal opinion on the exemption from the offer of Benxi Steel Group Co., Ltd. for the increase of shares of Benxi steel plate Co., Ltd. published on the designated information disclosure media on July 17, 2021.

On July 30, 2021, the state-owned assets supervision and Administration Commission of Liaoning Provincial People's government agreed that Liaoning Communications Investment Co., Ltd. would transfer its 182842883 shares of the company to Benxi Iron and Steel Group for free. For details, please refer to the prompt announcement of Benxi steel plate Co., Ltd. on the free transfer of some state-owned equity and the change of shareholders' equity (2021-044), the report on the change of simplified equity of Benxi steel plate Co., Ltd. and the legal opinion on the exemption of Benxi Steel Group Co., Ltd. from issuing an offer for the increase of shares of Benxi steel plate Co., Ltd. published on the designated information disclosure media on July 31, 2021.

On August 18, 2021, the State-owned Assets Supervision and Administration Commission of the State Council and the people's Government of Liaoning Province jointly issued a notice agreeing that Anshan Iron and Steel Group Co., Ltd. would restructure Benxi Iron and Steel Group Co., Ltd. and the Liaoning SASAC would transfer 51% of the equity of Benxi Iron and Steel Group to Anshan Iron and Steel Group free of charge. Due to necessary procedures need to be performed for this transfer have not been completed, there is still uncertainty whether it can obtain relevant approval and whether the transfer can be implemented smoothly. For details, please refer to the Company's publication on 19 August 2021 in the designated information disclosure media” Announcement on the Gratis-free Transfer of 51% Equity Interest in Bensteel Group, the Indirect Controlling Shareholder, Approved by the State-owned Assets Supervision and Administration Commission of the State Council and the People's Government of Liaoning Province”.

On August 20, 2021, the State-owned Assets Supervision and Administration Commission of Liaoning Provincial People's government, the actual controller of the company, and Anshan Iron and Steel Group Co., Ltd. signed the free transfer agreement between the State-owned Assets Supervision and Administration Commission of Liaoning Provincial People's government and Anshan Iron and Steel Group Co., Ltd. on the state-owned equity of Benxi Iron and Steel Group Co., Ltd. According to the free transfer agreement, “Liaoning SASAC will transfer its 51% equity of Benxi Iron and Steel Group Co., Ltd. to Angang Group free of charge.” After the completion of this transfer, Angang Group will hold 51% equity of Benxi Iron and Steel Group, and Benxi Iron and Steel Group will become a holding subsidiary of Angang Group. Angang Group indirectly controls 81.07% of the shares of the company through Benxi Iron and Steel Group, Benxi Iron and steel (Group) Co., Ltd. and Angang Group Capital Holding Co., Ltd. The direct controlling shareholder of the company remains unchanged and remains Benxi Iron and steel (Group) Co., Ltd. The actual controller of the company is changed to SASAC of the State Council. For details, please refer to the suggestive announcement on the free transfer of 51% equity of Benxi Iron and Steel Group Co., Ltd. by the state owned assets supervision and Administration Commission of Liaoning Provincial People's government to

Anshan Iron and Steel Group Co., Ltd. and Anshan Iron and Steel Group Co., Ltd. becoming the indirect controlling shareholder of the company published on the designated information disclosure media on August 21 and August 24, 2021, as well as the short form equity change statement and acquisition report.

On October 12, 2021, the industrial and commercial change registration procedures for free equity transfer were completed. For details, please refer to “the announcement on the free transfer of 51% equity of Benxi Iron and Steel Group Co., Ltd. by the state-owned assets supervision and Administration Commission of Liaoning Provincial People's government to Anshan Iron and Steel Group Co., Ltd. and the industrial and commercial change registration and change of indirect controlling shareholder” published on the designated information disclosure media on October 13, 2021.

XVII. Major events of subsidiaries of the company

Applicable Not applicable

VII. Status of Share Capital Changes and Shareholders

I. Share Capital Changes

1. Share capital changes

	Unit: Share								
	Before the change		Increase/decrease(+, -)					After the Change	
	Quantity	Percentage	Issuing of new share	Bonus shares	Capitalization of common reserve fund	Others	Subtotal	Quantity	Percentage
I. Restricted Shares									
1. State shareholdings									
2. State-own Legal-person Shareholding									
3. Other domestic shareholdings									
Including: Domestic legal person holding									
Domestic person holding									
3. Foreign shareholding									
Including: Foreign legal person									
Foreign nature person									
II. Non-restricted Shares	3,875,371,532	100.00%				232,819,847	232,819,847	4,108,191,379	100.00%
1. Common shares in RMB	3,475,371,532	89.68%				232,819,847	232,819,847	3,708,191,379	90.26%
2. Foreign shares in domestic market	400,000,000	10.32%						400,000,000	9.74%
3. Foreign shares in foreign market									
4. Other									
III. Total shares	3,875,371,532	100.00%				232,819,847	232,819,847	4,108,191,379	100.00%

Causation of share capital changes

Applicable Not applicable

During the reporting period, 11,688,554 convertible corporate bonds issued by the company were converted into

shares, and the total share capital of the company increased by 232,819,847 shares.

Status of approval of share capital changes

Applicable Not applicable

Status of registration process of transferred shares

Applicable Not applicable

Influences of share capital changes on financial indices such as basic earnings per share, diluted earnings per share, and net asset per share attributed to common shareholders in the most recent year and the most recent period

Applicable Not applicable

Other information that the Company deems necessary to be disclosed or required by the authority

Applicable Not applicable

2. Changes of Restricted Shares

Applicable Not applicable

II. Securities Issuance and Listing

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

Applicable Not applicable

2. Status of total Share and Shareholder Change and Asset and Liability Structure Change

Applicable Not applicable

3. Status of existing internal employee shares

Applicable Not applicable

III. Shareholders and actual controllers

1. Status of number of shareholders and shareholding of the company

Unit: shares

Name of the shareholder	Nature of shareholder	Holding Percentage (%)	Number of shares held at period-end	Changes in reporting period	Restricted shares held	Un-restricted shares held	Number of pledged or frozen shares	
							Status	Number
Total number of common shareholders at the end of the reporting period	69,162	Total shareholders at the end of the previous month from the date of disclosing the annual report	67,655	The total number of preferred shareholders voting rights restored at the end of the reporting period (if any) (refer to Notes 8)	0	Total preferred shareholders at the end of the previous month from the date of disclosing the annual report (refer to Notes 8)	0	
Shareholding of shareholders holding more than 5% or top 10 shareholders								
Benxi Steel & Iron (Group) Co., Ltd.	State-owned legal person	58.65%	2,409,628,094			2,409,628,094	Pledged	360,000,000
							Frozen	108,326,179
Bengang steel Group Co., Ltd.	State-owned legal person	17.95%	737,371,532	737,371,532		737,371,532		
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	0.78%	32,029,801	32,029,801		32,029,801		
Lyv Ruijun	Domestic natural person	0.48%	19,832,700	14,823,100		19,832,700		

Zhang Wenyong	Domestic natural person	0.47%	19,149,967	19,149,967		19,149,967		
MORGAN STANLEY & CO. INTERNATIONAL PLC	Foreign legal person	0.30%	12,136,919	12,136,919		12,136,919		
Huatai Securities CO., LTD	State-owned legal person	0.21%	8,805,038	8,805,038		8,805,038		
Zhou Wei	Domestic natural person	0.19%	7,632,931	7,632,931		7,632,931		
Guosen Securities Co., Ltd.	State-owned legal person	0.18%	7,500,000	7,500,000		7,500,000		
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LTD	Foreign legal person	0.17%	6,999,972	6,999,972		6,999,972		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if any) (See Notes 3)	None							
Explanation of relationship or 'action in concert' among the top 10 shareholders.	Benxi Iron and Steel (Group) Co., Ltd. has an associated relationship with Benxi Iron and Steel Group Co., Ltd., and is a person acting in concert as stipulated in the "Administrative Measures for the Acquisition of Listed Companies". The company is not aware of whether there is an associated relationship between other shareholders or whether they are persons acting in concert as stipulated in the "Administrative Measures for the Acquisition of Listed Companies".							
Explanation of the above-mentioned shareholders involving entrusted/entrusted voting rights and abstention from voting rights	The above shareholders do not involve entrustment, entrusted voting rights or abstention from voting rights.							
Shareholding of top 10 unrestricted shareholders								
Name of the shareholder	Un-restricted shares held at the end of the reporting period	Category of shares						
		Category of shares	Quantity					
Benxi Steel & Iron (Group) Co., Ltd.	2,409,628,094	Common shares in RMB	2,409,628,094					
Bengang steel Group Co., Ltd.	737,371,532	Common shares in RMB	737,371,532					
Hong Kong Securities Clearing Company Ltd.	32,029,801	Common shares in RMB	32,029,801					
Lyv Ruijun	19,832,700	Common shares in RMB	14,022,700					
		Domestic listed foreign shares	5,810,000					
Zhang Wenyong	19,149,967	Common shares in RMB	19,149,967					
MORGAN STANLEY & CO. INTERNATIONAL PLC	12,136,919	Domestic listed foreign shares	12,136,919					
Huatai Securities CO., LTD	8,805,038	Common shares in RMB	8,805,038					
Zhou Wei	7,632,931	Common shares in RMB	7,632,931					
Guosen Securities Co., Ltd.	7,500,000	Common shares in RMB	7,500,000					
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LTD	6,999,972	Domestic listed foreign shares	6,999,972					
Notes to relationship or 'action in concert' among the top 10 non-restricted shareholders, and among the top 10 non-restricted shareholders and top 10 shareholders	Benxi Steel & Iron (Group) Co., Ltd. has an associated relationship with Bengang steel Group Co., Ltd., and is a person acting in concert as stipulated in the "Administrative Measures for the Acquisition of Listed Companies". The company is not aware of whether there is an associated relationship among the remaining shareholders or whether they are parties acting in concert as prescribed in the Measures for the Administration of Acquisitions of Listed Companies.							
Shareholders among the top 10 participating in securities margin trading (if any) (see Note 4)	Benxi Steel & Iron (Group) Co., Ltd. Holds 182,842,833 shares of the Company's stock through security account and holds 554,528,649 shares of the Company's stock through the asset management plan, totaling 737,371,532 shares. Lyv Ruijun holds 5,832,900							

	shares of the company's stock through security account and holds 13,999,800 shares through investor credit securities account. Zhang Wenyou holds 19,149,967 shares through investor credit securities account. Zhou Wei holds 7,632,931 shares through investor credit securities account.
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Whether top 10 common shareholders and top 10 un-restricted common shareholders have a buy-back agreement dealing in reporting period

Yes No

Top 10 common shareholders and top 10 un-restricted common shareholders had no buy-back agreement dealing in reporting period.

2. Controlling Shareholder

Nature of Controlling Shareholders: Central state-owned holdings

Type of Controlling Shareholders: Legal person

Name of the Controlling shareholder	Legal representative / person in charge	Date of incorporation	Organization Code	Principal business activities
Benxi Steel & Iron (Group) Co., Ltd.	Zhai Hongwei	July 10, 1996	91210500119726263U	Business scope: steel smelt, mine exploitation, panel rolling, oxygen manufacturing, pipe manufacturing, power generating, coal industry, special steel material manufacturing, heating, supply of the water, electricity, wind and gas, metal processing, electro mechanics builds, device manufacturing, architecture installation, railway, highway transportation, import and export trade, traveling industry, construction material, refractory material, measuring device instrument, goods and materials supply and marketing, development of real estate, scientific research, design, information service, property management, telecommunication, processing of waste iron, property leasing, exchange of steel material, and recycling of waste oils (to the extent of licensed to the subsidiary companies), property management; publishing of Bengang Daily; designing and making of presswork and advertisement, releasing, producing of TV advertisements in the country and abroad.
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	None			

Changes of controlling shareholders during the reporting period

Applicable Not applicable

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

3. Actual Controller

Actual controller nature: Central State-owned Assets Management Agency

Actual controller type: Legal person

Name of the controlling shareholder	Legal representative / Person in charge	Date of incorporation	Organization Code	Principal business activities
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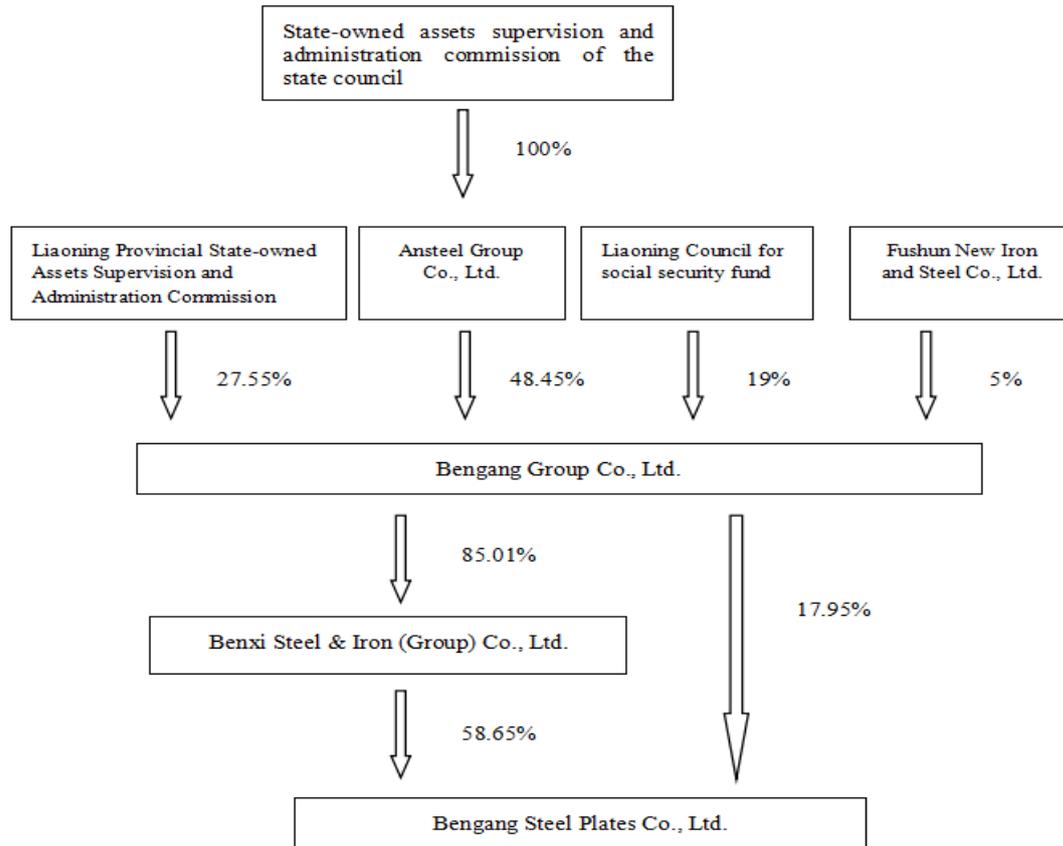
Ansteel Group Co., Ltd.	Tan Chengxu	July 28, 2010	91210000558190456G	Steel, iron, vanadium, titanium, stainless steel, special steel production and manufacturing, non-ferrous metal production and manufacturing, steel rolling processing, iron, vanadium, titanium and other non-ferrous metal, non-metallic mining and comprehensive utilization, mining auxiliary industry, cleaning Energy power generation, sales of coal and products, chemical products and gases (excluding hazardous chemicals), production and sales of refractory materials, industrial and mining engineering, metallurgical engineering construction, engineering and technical services, equipment manufacturing, Internet of Things information services, energy conservation, environmental protection technical services , R&D of new materials, development of renewable resources, mechanical processing, technology development, transfer and services, transportation services, real estate development, urban energy supply, software and information technology services, intelligent manufacturing and services, domestic and foreign trade, financial management, bidding Services, medical and health care services, vocational skills training, economic information consulting services, enterprise management, hotel catering services, operating other state-owned assets and investments within the scope authorized by the State-owned Assets Supervision and Administration Commission of the State Council; branch operations are limited to the following: newspaper distribution, publication printing, Packaging decoration and other print printing. (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments)
Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period	During the reporting period, Ansteel Group Co., Ltd. indirectly held 53.33% of the shares of Ansteel and indirectly held 58.68% of the shares of Pansteel Vanadium and Titanium.			

Change of actual controller during the reporting period

√ Applicable □ Not applicable

Name of the original actual controller:	Liaoning Provincial State-owned Assets Supervision and Administration Commission
Name of the new actual controller	Ansteel Group Co., Ltd.
Change date	October 12, 2021
Query index in Specify the website	Announcement number:2021-063
Disclosure date in Specify the website	October 13, 2021

Block diagram of the ownership and control relations between the Company and the actual controller



Whether the actual controller is controlling the Company through trusteeship or other asset management service
 Applicable Not applicable

4. The company's controlling shareholder or the largest shareholder and its concerted action person's cumulative pledged shares account for 80% of the company's shares held by them

Applicable Not applicable

5. Shareholders holding More than 10% of the Shares

Applicable Not applicable

6. Status of Share Reduction Limitation of Controlling Shareholders, Actual Controller, Restructuring Party and Other Commitment Subjects

Applicable Not applicable

IV. The specific implementation of share repurchase during the reporting period

Implementation progress of share repurchase

Applicable Not applicable

Implementation progress of reducing share repurchased by centralized bidding

Applicable Not applicable

VIII. Status of Preferred Shares

Applicable Not applicable

There was no preferred stock in the company during the reporting period.

IX. Status of Convertible Corporate Bonds

Applicable Not applicable

I. corporate bonds

Applicable Not applicable

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

II. company bonds

Applicable Not applicable

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

III. Non-financial corporate debt financing instruments

Applicable Not applicable

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

IV. Convertible corporate bonds

Applicable Not applicable

1. Previous adjustment of conversion price

- (1) The initial conversion price of "Bengang Convertible Bonds" is RMB 5.03 per share.
- (2) Due to the company's implementation of the 2020 equity distribution plan, the conversion price of "Bengang Convertible Bonds" will be adjusted to 5.02 yuan per share on July 19, 2021.
- (3) Due to the company's implementation of the 2021 mid-term equity distribution plan, the conversion price of "Bengang Convertible Bonds" will be adjusted to 4.55 yuan per share on October 13, 2021.

2. Status of cumulative share transfer

Applicable Not applicable

Convertible bond abbreviation	Conversion starts and end date	Total amount issued (bonds)	Total amount issued	Cumulative share conversion amount (RMB)	Cumulative number of shares converted (shares)	Proportion of the number of converted shares to the total issued shares before conversion	Amount not yet converted (RMB)	Proportion of unconverted amount to total issued amount
Bengang Convertible Bonds	2021-01-04	68,000,000	6,800,000,000.00	1,168,855,400.00	232,819,847	6.01%	5,631,144,600.00	82.81%

3. Top ten holders of convertible bonds

Unit: shares

No.	Convertible bond holders	Nature of convertible bond holders	Number of convertible bonds held at the end of the reporting period (bonds)	Amount of convertible bonds held at the end of the reporting period (yuan)	Percentage of convertible bonds held at the end of the reporting period
1	China CITIC Group Corporation Limited Enterprise Annuity Plan - China CITIC Bank Corporation Limited	Other	2,330,006	233,000,600.00	4.14%
2	UBS AG	Foreign legal person	1,738,753	173,875,300.00	3.09%
3	Industrial Bank Co., Ltd. - Tianhong Yongli Bond Securities Investment Fund	Other	1,399,381	139,938,100.00	2.49%
4	China Construction Bank Corporation - China Merchants Stable Profit Increase Bond Securities Investment Fund	Other	1,352,501	135,250,100.00	2.40%
5	China Huaneng Group Corporation Enterprise Annuity Plan - Industrial and Commercial Bank of China Limited	Other	1,244,595	124,459,500.00	2.21%
6	China Construction Bank Corporation - Huashang Credit Enhanced Bond Securities Investment Fund	Other	1,076,193	107,619,300.00	1.91%
7	China AMC Yannian Yishou No. 9 Fixed Income Pension Product - China Merchants Bank Co., Ltd.	Other	995,917	99,591,700.00	1.77%
8	Shanghai Pudong Development Bank Co., Ltd. - E Fund Yuxiang Return Bond Securities Investment Fund	Other	991,760	99,176,000.00	1.76%
9	Basic Pension Insurance Fund 107 Portfolio	Other	963,240	96,324,000.00	1.71%
10	Industrial and Commercial Bank of China Limited - Huashang Convertible Bond Securities Investment Fund	Other	903,820	90,382,000.00	1.61%

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

□ Applicable ✓ Not applicable

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

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

V. The loss in the consolidated statement during the reporting period exceeded 10% of the net assets at the end of the previous year

Applicable Not applicable

VI. Overdue Interest-bearing debts except bonds at the end of the reporting period

Applicable Not applicable

VII. Status of violation of rules and regulations during the period reporting period

Yes No

VIII. The main accounting data and financial indicators of the company in the past two years at the end of the reporting period

Item	At the end of this period	At the end of last period	Change
Current ratio	113.99%	104.00%	9.61%
Liabilities to Assets Ratio	58.17%	66.85%	-8.68%
Quick ratio	66.12%	77.00%	-14.13%
	At the end of this period	At the end of last period	Change
Net profit after deducting non-recurring gains and losses (RMB)	2,517,758,656.14	381,469,784.99	560.02%
EBITDA total liabilities ratio	19.23%	7.00%	12.23%
Interest coverage ratio	4.37	1.4	212.14%
Cash interest coverage ratio	2.35	-0.96	-344.42%
EBITDA interest coverage ratio	6.12	7.91	-22.63%
Loan repayment rate	100.00%	100.00%	0.00%
Interest repayment rate	100.00%	100.00%	0.00%

X. Financial Report

Opinion of audit report	Unqualified audit opinion
Date of audit report	24th March 2022
Name of CPA Firm	BDO China Shu Lun Pan CPAs LLP
Audit report number	Xin Kuai Shi Bao Zi [2022] No. ZB10094
Name of CPA	Li Yongjiang; Li Guiying

Auditor's Report (English Translation for Reference Only)

Xin Kuai Shi Bao Zi [2022] No. ZB10094

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

Auditor's Opinion

We have audited the accompanying financial statements of Bengang Steel Plates Co., Ltd. (hereinafter referred to as “the Company” or “Bengang Steel Plates”) which comprise the consolidated and company’s statements of financial position as at 31 December 2021, the consolidated and company’s statements of comprehensive income, the consolidated and company’s statements of cash flows, and the consolidated and company’s statements of changes in shareholders’ equity, for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company’s financial position as at 31 December 2021, and the consolidated and company’s financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing (“CSAs”). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants (“CICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

We identified the following key audit matters in our audit.

Key Audit Matters	Audit Procedure
<p>1. Revenue recognition</p> <p>Refer to Note (24) Revenue under “3. Significant accounting policies and accounting estimates” and Note (37) Operating income and operating cost under “5. Notes to consolidated financial statements”.</p> <p>For the year ended 31 December 2021, the Company and its subsidiaries generated revenue totaling RMB 77,912,144,981.46, with an increase of 60.03% compared with that of 2020.</p> <p>We identified revenue recognition as a key audit matter because revenue is the key performance indicator for the Company, and there may exist risk of material misstatement in revenue recognition.</p>	<p>Our audit procedures to evaluate revenue recognition included the following:</p> <ol style="list-style-type: none"> 1. Understanding and evaluating the design and operating effectiveness of key internal controls related to revenue recognition. 2. Checking sales contracts, on sample basis, to identify terms and conditions related to transfer of control of goods, and evaluating whether the Company's revenue recognition policy is in compliance with the relevant requirements of the Accounting Standards for Business Enterprises. 3. Selecting revenues from sales details recorded during the year, on sample basis, to check corresponding sales contracts, invoices, goods delivery notice, acceptance notice, customs declaration, ocean bills of lading and other supporting documents, in order to evaluate whether the relevant revenue was recognized in accordance with the Company's accounting policies on revenue recognition. 4. Performing analytical procedures on revenue in terms of gross profit in main products by comparing with that in previous year and within industry, and performing fluctuation analysis, so as to

	<p>identify any unusual trend.</p> <p>5. Confirming revenue recognized in current year by including revenue amount in confirmations sent to selected customers with balance of accounts receivable.</p> <p>6. Checking sales to related parties to evaluate whether the transactions were conducted at arm's length.</p> <p>7. Selecting revenue transactions recorded before and after the balance sheet date, inspecting supporting documents related to revenue recognition, and evaluating whether the relevant revenue was recorded in proper accounting period.</p> <p>8. Checking presentation of operating income in the financial statements for a proper disclosure.</p>
2. Inventory provision	
<p>Refer to Note (11) Inventory under “3. Significant accounting policies and accounting estimates” and (7) Inventory under “5. Notes to consolidated financial statements” .</p> <p>As at 31 December 2021, the Company and its subsidiaries had a balance of inventory of RMB 10,275,974,432.07 (before provision) with a provision for decline in value of inventory of RMB 85,808,293.09, so that the balance of inventory was RMB 10,190,166,138.98 after provision. Inventory is measured at the lower of cost and net realizable value. The financial</p>	<p>Our audit procedures to evaluate impairment of inventory include:</p> <ol style="list-style-type: none"> 1. Evaluating the design and operation of internal control related to provision for decline in the value of inventories; 2. Observing inventory count by checking the quantity and status of inventories, especially the long-aging ones; 3. Obtaining the calculation of provision for decline in the value of inventories to check whether the calculation is in

<p>statements would be greatly impacted if inventory provision was not sufficiently provided.</p> <p>The net realizable value of inventories is calculated by estimated sale price of inventories less estimated sale expense and relevant taxes.</p> <p>Management determines the estimated selling price of the inventories based on their status, which involved significant judgement.</p> <p>We identified inventory provision as a key audit matter because balance of inventory was significant as at 31 December 2021, which involves estimate for net realizable value.</p>	<p>accordance with the related accounting policies of the Company, and to check changes during current year regarding inventory provision made in prior years so as to analyze whether the provision is sufficient;</p> <p>4. For inventories with selling price in active market, inquiring the price information independently and comparing that with estimated selling price applied in the calculation of inventory provision. For those without selling price in active market, comparing the estimated selling price with the latest actual selling price or selling price after the reporting period.</p> <p>5. Comparing the estimated sales expenses and related taxes and fees with historical data of similar products and with the actual costs incurred after the balance sheet date.</p>
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Other Information

Management of the Company (“Management”) is responsible for the other information. The other information comprises all of the information included in the 2021 annual report of the Company, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understand of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Bengang Steel Plate's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Bengang Steel Plates to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, and whether the financial statements represent the underlying transactions

and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Bengang Steel Plates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO CHINA SHU LUN PAN CERTIFIED
PUBLIC ACCOUNTANTS LLP

Certified Public Accountants of China
(Engagement Partner)

Certified Public Accountants of China

Shanghai, the People's Republic of China

24 March 2022

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
(Expressed in Renminbi unless otherwise indicated)
(English Translation for Reference Only)

Assets	Notes 5	31 Dec, 2021	31 Dec, 2020
Current assets			
Cash at bank and on hand	(1)	8,831,095,737.85	13,126,666,915.26
Settlement provisions			
Capital lent			
Financial assets held for trading			
Derivative financial assets			
Notes receivable	(2)	1,540,482,182.07	
Accounts receivable	(3)	256,850,782.71	245,217,182.66
Accounts receivable financing	(4)	1,530,735,647.38	4,189,977,871.92
Prepayments	(5)	994,370,345.64	2,108,044,777.65
Premium receivable			
Reinsurance accounts receivable			
Receivable deposit for reinsurance contract			
Other receivables	(6)	165,937,280.41	142,101,351.27
Redemptory financial assets for sale			
Inventories	(7)	10,190,166,138.98	9,040,065,342.65
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	(8)	754,948,193.56	5,523,646,836.01
Total current assets		24,264,586,308.60	34,375,720,277.42
Non-current assets			
Loan and advances issued			
Debt Investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	(9)	2,981,784.07	2,742,064.73
Other equity instrument investments	(10)	1,042,024,829.00	1,042,024,829.00
Other non-current financial assets			
Investment property			
Fixed assets	(11)	25,480,674,048.94	26,284,567,956.44
Construction in progress	(12)	2,434,182,101.13	1,839,933,715.58
Productive biological assets			
Oil and gas assets			
Right-of-use assets	(13)	1,440,365,248.31	
Intangible assets	(14)	297,921,548.81	264,932,652.54
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	(15)	153,756,548.31	201,708,932.84
Other non-current assets	(16)	30,630,858.13	995,840,320.65
Total non-current assets		30,882,536,966.70	30,631,750,471.78
Total assets		55,147,123,275.30	65,007,470,749.20

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2021
(Expressed in Renminbi unless otherwise indicated)
(English Translation for Reference Only)

Liabilities and equities	Notes 5	31 Dec, 2021	31 Dec, 2020
Current Liabilities			
Short-term loans	(17)	4,053,088,140.00	10,067,731,000.00
Loan from central bank			
Loan from other banks			
Financial liability held for trading			
Derivative financial liabilities			
Notes payable	(18)	4,635,083,376.48	9,814,149,348.42
Accounts payable	(19)	5,352,272,685.89	5,914,228,256.82
Advance from customers			
Contract liabilities	(20)	4,708,188,093.78	4,458,671,819.90
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receipt from vicariously traded securities			
Receipt from vicariously underwriting securities			
Employee benefits payable	(21)	152,095,376.49	25,749,485.25
Taxes payable	(22)	114,267,988.70	55,302,080.96
Other payables	(23)	1,348,025,731.98	709,448,301.92
Handling charges and commission payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	(24)	310,780,518.14	1,308,030,361.43
Other current liabilities	(25)	612,064,452.20	579,627,336.58
Total current liabilities		21,285,866,363.66	32,932,937,991.28
Non-current liabilities			
Provision for insurance contract			
Long-term loans	(26)	4,222,821,771.74	3,502,934,427.65
Bonds payable	(27)	5,054,251,668.83	5,752,229,339.52
Including: Preferred stock			
Perpetual bond			
Leasing liabilities	(28)	1,424,667,169.15	
Long-term payables	(29)		1,114,232,362.74
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	(30)	93,106,285.89	154,451,833.23
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		10,794,846,895.61	10,523,847,963.14
Total liabilities		32,080,713,259.27	43,456,785,954.42
Shareholders' equity:			
Share capital	(31)	4,108,191,379.00	3,875,371,532.00
Other equity instruments	(32)	947,882,663.63	1,146,290,662.42
Including: Preferred stock			
Perpetual bond			
Capital reserves	(33)	13,272,134,173.09	12,343,209,847.29
Less: treasury shares			
Other comprehensive income			
Special reserves	(34)	337,978.57	300,412.14
Surplus reserves	(35)	1,195,116,522.37	961,105,529.85
General risk reserve			
Undistributed profits	(36)	2,977,306,297.64	2,692,018,405.40
Total equity attributable to equity holders of the parent company		22,500,969,014.30	21,018,296,389.10
Non-controlling interests		565,441,001.73	532,388,405.68
Total shareholder's equity		23,066,410,016.03	21,550,684,794.78
Total of liabilities and owners' equity		55,147,123,275.30	65,007,470,749.20

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.
COMPANY'S STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
(Expressed in Renminbi unless otherwise indicated)
(English Translation for Reference Only)

Assets	Notes 14	31 Dec, 2021	31 Dec, 2020
Current assets			
Cash at bank and on hand		7,580,872,007.38	11,808,618,300.87
Financial assets held for trading			
Derivative financial assets			
Notes receivable	(1)	1,514,416,395.80	
Accounts receivable	(2)	353,631,563.42	289,865,462.20
Accounts receivable financing	(3)	1,504,640,362.79	4,143,431,412.08
Prepayments		1,004,241,075.82	2,117,204,935.75
Other receivables	(4)	268,606,048.52	228,180,190.02
Inventories		8,289,784,141.78	7,420,499,172.20
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		670,787,069.41	5,437,282,088.94
Total current assets		21,186,978,664.92	31,445,081,562.06
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	(5)	2,015,186,190.50	2,016,281,902.16
Other equity instrument investments		1,041,624,829.00	1,041,624,829.00
Other non-current financial assets			
Investment property			
Fixed assets		24,110,222,815.60	24,755,665,765.30
Construction in progress		2,401,120,232.45	1,798,639,941.58
Productive biological assets			
Oil and gas assets			
Right-of-use assets		1,440,365,248.31	
Intangible assets		178,414,033.19	142,163,903.40
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		124,046,003.13	98,480,706.23
Other non-current assets		22,010,941.60	988,475,426.53
Total non-current assets		31,332,990,293.78	30,841,332,474.20
Total assets		52,519,968,958.70	62,286,414,036.26

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.
COMPANY'S STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2021
(Expressed in Renminbi unless otherwise indicated)
(English Translation for Reference Only)

Liabilities and shareholders' equities	Notes 14	31 Dec, 2021	31 Dec, 2020
Current liabilities			
Short-term loans		3,353,088,140.00	9,107,731,000.00
Financial liability held for trading			
Derivative financial liabilities			
Notes payable		4,650,517,420.18	8,348,607,405.21
Accounts payable		5,674,841,169.66	6,280,468,684.34
Advance from customers			
Contract liabilities		4,660,051,055.89	5,324,357,761.83
Employee benefits payable		151,595,453.62	23,981,010.53
Taxes payable		40,949,825.13	42,514,891.31
Other payables		683,141,570.83	368,374,954.61
Liabilities held for sale			
Non-current liabilities due within one year		310,780,518.14	1,308,030,361.43
Other current liabilities		605,806,637.27	692,166,509.04
Total current liabilities		20,130,771,790.72	31,496,232,578.30
Non-current liabilities			
Long term loans		4,222,821,771.74	3,502,934,427.65
Bonds payable		5,054,251,668.83	5,752,229,339.52
Including: Preferred stock			
Perpetual bond			
Lease liabilities		1,424,667,169.15	
Long-term payables			1,108,412,163.50
Long-term employee benefits payable			
Estimated liabilities			
Deferred income		93,106,285.89	154,451,833.23
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		10,794,846,895.61	10,518,027,763.90
Total liabilities		30,925,618,686.33	42,014,260,342.20
Shareholder's equity:			
Share capital		4,108,191,379.00	3,875,371,532.00
Other equity instruments		947,882,663.63	1,146,290,662.42
Including: Preferred stock			
Perpetual bond			
Capital reserves		12,851,982,490.97	11,923,058,165.17
Less: Treasury shares			
Other comprehensive income			
Special reserves		155,469.58	120,972.62
Surplus reserves		1,195,116,522.37	961,105,529.85
Undistributed Profits		2,491,021,746.82	2,366,206,832.00
Total shareholder's equity		21,594,350,272.37	20,272,153,694.06
Total liabilities and shareholder's equity		52,519,968,958.70	62,286,414,036.26

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 COMPREHENSIVE INCOME
For the year ended 31 December 2021
(Expressed in Renminbi unless otherwise indicated)
(English Translation for Reference Only)

Items	Notes 5	Current period	Previous period
1. Total operating income		77,912,144,981.46	48,684,792,685.58
Including: Operating income	(37)	77,912,144,981.46	48,684,792,685.58
Interest income			
Premium earned			
Income from handling charges and commission			
2. Total operating cost		74,244,688,137.82	47,900,922,736.61
Including: Operating cost	(37)	71,891,598,336.96	46,392,180,562.59
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	(38)	431,460,563.69	215,871,820.10
Selling and distribution expenses	(39)	141,394,565.57	97,279,280.21
General and administrative expenses	(40)	1,187,239,442.10	792,826,294.81
Research and development expenses	(41)	56,401,594.44	37,989,623.28
Financial expenses	(42)	536,593,635.06	364,775,155.62
Including: Interest expense		1,007,595,231.75	1,028,857,436.14
Interest income		393,818,460.36	378,523,984.03
Add: Other income	(43)	66,345,976.64	81,305,181.92
Income on investment (“-” for loss)	(44)	-120,519,309.82	13,951,362.33
Including: Income from associates and joint ventures		520,432.46	374,119.86
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)	(45)	-7,754,375.77	-304,019,761.75
Assets impairment loss (“-” for loss)	(46)	-113,671,335.02	-67,185,869.37
Assets disposal gains (“-” for loss)	(47)	130,675.05	325,651.61
3. Operational profit (“-” for loss)		3,491,988,474.72	508,246,513.71
Add: Non-operating income	(48)	7,783,225.80	4,328,563.52
Less: Non-operating expenses	(49)	64,272,629.43	95,724,280.44
4. Total profit (“-” for loss)		3,435,499,071.09	416,850,796.79
Less: Income tax expenses	(50)	901,863,572.46	25,371,230.56
5. Net profit (“-” for loss)		2,533,635,498.63	391,479,566.23
1. Classification by continuing operating			
1. Net profit from continuing operation (“-” for loss)		2,533,635,498.63	391,479,566.23
2. Net profit from discontinued operation (“-” for loss)			
2. Classification by ownership			
1. Net profit attributable to the owners of parent company (“-” for loss)		2,500,582,902.58	384,252,740.78
2. Net profit attributable to non-controlling shareholders (“-” for loss)		33,052,596.05	7,226,825.45
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		2,533,635,498.63	391,479,566.23
Total comprehensive income attributable to the owner of the parent company		2,500,582,902.58	384,252,740.78
Total comprehensive income attributable to non-controlling shareholders		33,052,596.05	7,226,825.45
8. Earnings per share			
1) Basic earnings per share	(51)	0.600	0.099
2) Diluted earnings per share	(51)	0.496	0.099

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.
COMPANY'S STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021
(Expressed in Renminbi unless otherwise indicated)
(English Translation for Reference Only)

Items	Notes 14	Current period	Previous period
1. Total operating income	(6)	78,721,461,725.71	48,811,106,474.73
Less: Operating cost	(6)	73,203,463,475.56	46,742,700,421.70
Tax and surcharges		381,385,801.80	182,486,280.99
Selling and distribution expenses		122,357,594.15	86,927,530.44
General and administrative expenses		1,123,575,016.51	738,689,535.43
Research and development expenses		56,401,594.44	37,989,623.28
Financial expenses		521,028,798.20	339,059,288.37
Including: Interest expense		971,156,413.61	973,520,152.09
Interest income		372,598,200.22	348,394,576.76
Add: Other income		65,897,317.34	80,671,964.84
Income on investment ("-" for loss)	(7)	-123,815,558.88	13,577,242.47
Including: Income from associates and joint ventures			
Income from derecognition of financial assets measured at amortized cost			
Net exposure hedge income ("-" for loss)			
Gains from change of fair value ("-" for loss)			
Credit impairment loss ("-" for loss)		-8,563,525.91	1,333,341.31
Assets impairment loss ("-" for loss)		-113,671,335.02	-67,185,869.37
Assets disposal gains ("-" for loss)		130,675.05	325,651.61
2. Operational profit ("-" for loss)		3,133,227,017.63	711,976,125.38
Add: Non-operating income		3,831,724.04	3,588,687.69
Less: Non-operating expenses		62,183,332.01	95,171,437.11
3. Total profit ("-" for loss)		3,074,875,409.66	620,393,375.96
Less: Income tax expenses		734,765,484.50	-3,562,037.01
4. Net profit ("-" for loss)		2,340,109,925.16	623,955,412.97
1. Net profit from continuing operation ("-" for loss)		2,340,109,925.16	623,955,412.97
2. Net profit from discontinued operation ("-" for loss)			
5. Other comprehensive income			
1. Other comprehensive income items that will not be reclassified into gains/losses			
1) Re-measurement of defined benefit plans of changes			
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		2,340,109,925.16	623,955,412.97
7. Earnings per share			
1) Basic earnings per share			
2) Diluted earnings per share			

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
(Expressed in Renminbi unless otherwise indicated)
(English Translation for Reference Only)

Items	Notes 5	Current period	Previous period
1. Cash flow from operating activities			
Cash received from sale of goods or rendering of services		55,748,897,664.65	38,849,024,657.06
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		78,323,445.53	396,399,799.91
Other cash received relating to operating activities	(52)	501,366,768.12	816,954,704.43
Subtotal of cash inflows from operating activities		56,328,587,878.30	40,062,379,161.40
Cash paid for goods and services		50,647,643,333.57	38,688,312,946.57
Net increase of customer's loan and advances			
Net increase of deposit in central bank and interbank deposit			
Cash for payment of compensation for original insurance contract			
Net increase in capital lent			
Cash for payment of interest, handling charge and commission			
Cash for payment of policy bonus			
Cash paid to and on behalf of employees		2,451,084,010.00	1,973,351,870.94
Cash paid for all types of taxes		2,673,210,895.18	952,434,837.20
Other cash paid relating to operating activities	(52)	143,176,185.51	487,279,719.98
Subtotal of cash outflows from operating activities		55,915,114,424.26	42,101,379,374.69
Net cash flows from operating activities		413,473,454.04	-2,039,000,213.29
2. Cash flows from investing activities			
Cash received from disposal of investments		11,400,000,000.00	
Cash received from return on investments		2,717,582.45	13,852,296.30
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,776.27	185,442.47
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		11,402,720,358.72	14,037,738.77
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,304,976,365.56	1,013,928,829.62
Cash paid for investments		6,200,000,000.00	5,200,000,000.00
Net increase of mortgage loan			
Net cash received from subsidiary and other operating unit			
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		7,504,976,365.56	6,213,928,829.62
Net cash flows from investing activities		3,897,743,993.16	-6,199,891,090.85
3. Cash flows from financing activities			
Proceeds from investment			
Including: Proceeds from investment of non-controlling shareholders of subsidiary			
Proceeds from borrowings		5,801,673,020.00	21,667,514,000.00
Other proceeds relating to financing activities	(52)	2,361,272,208.08	1,329,876,314.56
Subtotal of cash inflows from financing activities		8,162,945,228.08	22,997,390,314.56
Cash repayments of borrowings		12,072,544,553.18	18,115,736,896.61
Cash payments for distribution of dividends, profit or interest expenses		2,550,802,187.51	749,821,254.37
Including: Cash paid to non-controlling shareholders as dividend and profit by subsidiaries			
Other cash payments relating to financing activities	(52)	740,000,000.00	75,509,135.49
Subtotal of cash outflows from financing activities		15,363,346,740.69	18,941,067,286.47
Net cash flows from financing activities		-7,200,401,512.61	4,056,323,028.09
4. Effect of foreign exchange rate changes on cash and cash equivalents		-41,134,466.23	-29,429,117.41
5. Net increase in cash and cash equivalents		-2,930,318,531.64	-4,211,997,393.46
Add: Cash and cash equivalents at the beginning of the period		9,229,417,595.12	13,441,414,988.58
6. Cash and cash equivalents at the ending of the period		6,299,099,063.48	9,229,417,595.12

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.
COMPANY'S STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
(Expressed in Renminbi unless otherwise indicated)
(English Translation for Reference Only)

Items	Notes 14	Current period	Previous period
1. Cash flow from operating activities			
Cash received from sale of goods or rendering of services		60,408,664,898.10	43,332,373,821.90
Tax rebate received		21,209,047.83	324,045,932.64
Other cash received relating to operating activities		461,672,257.35	786,085,304.22
Subtotal of cash inflows from operating activities		60,891,546,203.28	44,442,505,058.76
Cash paid for goods and services		55,735,903,034.60	43,585,984,954.05
Cash paid to and on behalf of employees		2,345,338,852.62	1,870,605,772.33
Cash paid for all types of taxes		2,498,120,146.95	824,396,654.24
Other cash paid relating to operating activities		123,901,730.49	476,274,984.82
Subtotal of cash outflows from operating activities		60,703,263,764.66	46,757,262,365.44
Net cash flows from operating activities		188,282,438.62	-2,314,757,306.68
2. Cash flows from investing activities			
Cash received from disposal of investments		11,400,000,000.00	
Cash received from return on investments		2,436,869.33	13,577,242.47
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			1,637.16
Net cash received from disposal of subsidiary and other operating units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		11,402,436,869.33	13,578,879.63
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,304,157,060.45	1,013,911,078.29
Cash paid for investments		6,200,000,000.00	5,200,000,000.00
Net cash paid for acquisition of subsidiary and other operating unit			
Other cash paid relating to investing activities			
Subtotal of cash outflows paid for investing activities		7,504,157,060.45	6,213,911,078.29
Net cash flows from investing activities		3,898,279,808.88	-6,200,332,198.66
3. Cash flows from financing activities			
Proceeds from investment			
Cash received from borrowings		5,101,673,020.00	20,607,514,000.00
Other cash received relating to financing activities		1,374,782,185.21	1,294,921,225.43
Subtotal of cash inflows from financing activities		6,476,455,205.21	21,902,435,225.43
Cash repayments of borrowings		11,112,544,553.18	16,715,736,896.61
Cash payments for distribution of dividends, profit or interest		2,518,311,312.47	701,262,726.60
Other cash payments relating to financing activities		740,000,000.00	72,689,078.37
Subtotal of cash outflows from financing activities		14,370,855,865.65	17,489,688,701.58
Net cash flows from financing activities		-7,894,400,660.44	4,412,746,523.85
4. Effect of foreign exchange rate changes on cash and cash equivalents		-41,145,257.65	-29,414,313.38
5. Net increase in cash and cash equivalents		-3,848,983,670.59	-4,131,757,294.87
Add: Cash and cash equivalents at the beginning of the period		8,897,859,003.60	13,029,616,298.47
6. Cash and cash equivalents at the ending of the period		5,048,875,333.01	8,897,859,003.60

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 SHAREHOLDERS' EQUITY
For the year ended 31 December 2021
(Expressed in Renminbi unless otherwise indicated)
(English Translation for Reference Only)

Items	Current period												Non-controlling interest	Total of shareholders' equity
	Share capital	Other equity instruments			Owner's equity attributable to parent company						Subtotal			
		Preference shares	Perpetual bond	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve		Undistributed profit		
1. Ending balance of last year	3,875,371,532.00			1,146,290,662.42	12,343,209,847.29			300,412.14	961,105,529.85		2,692,018,405.40	21,018,296,389.10	532,388,405.68	21,550,684,794.78
Add: Change of accounting policies														
Correction of errors for last period														
Business consolidation under common control														
Others														
2. Beginning balance of current year	3,875,371,532.00			1,146,290,662.42	12,343,209,847.29			300,412.14	961,105,529.85		2,692,018,405.40	21,018,296,389.10	532,388,405.68	21,550,684,794.78
3. Changes in current year ("-" for decrease)	232,819,847.00			-198,407,998.79	928,924,325.80			37,566.43	234,010,992.52		285,287,892.24	1,482,672,625.20	33,052,596.05	1,515,725,221.25
1) Total comprehensive income											2,500,582,902.58	2,500,582,902.58	33,052,596.05	2,533,635,498.63
2) Capital increase and decrease by shareholders	232,819,847.00			-198,407,998.79	928,924,325.80							963,336,174.01		963,336,174.01
(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	232,819,847.00			-198,407,998.79	928,924,325.80							963,336,174.01		963,336,174.01
3) Profit distribution									234,010,992.52		-2,215,295,010.34	-1,981,284,017.82		-1,981,284,017.82
(1) Appropriation to surplus reserves									234,010,992.52		-234,010,992.52			
(2) Appropriation to general risk reserve														
(3) Profit distribution to shareholders											-1,981,284,017.82	-1,981,284,017.82		-1,981,284,017.82
(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 ¹														
(4) Net changes of defined contribution plans transferred into Retained Earnings														
(5) Other comprehensive income transferred into Retained Earnings														
(6) Others														
5) Special reserves								37,566.43				37,566.43		37,566.43
(1) Provision of special reserves								63,036,424.58				63,036,424.58		63,036,424.58
(2) Use of special reserves								62,998,858.15				62,998,858.15		62,998,858.15
(6) Others														
4. Ending balance of current year	4,108,191,379.00			947,882,663.63	13,272,134,173.09			337,978.57	1,195,116,522.37		2,977,306,297.64	22,500,969,014.30	565,441,001.73	23,066,410,016.03

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 SHAREHOLDERS' EQUITY (Continued)
For the year ended 31 December 2021
(Expressed in Renminbi unless otherwise indicated)
(English Translation for Reference Only)

Items	Previous period													
	Owner's equity attributable to parent company												Non-controlling interest	Total of shareholders' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Subtotal		
Preference shares		Perpetual bond	Others											
1. Ending balance of last year	3,875,371,532.00				12,343,209,847.29			212,687.41	961,105,529.85		2,307,765,664.62	19,487,665,261.17	525,161,580.23	20,012,826,841.40
Add: Change of accounting policies														
Correction of errors for last period														
Business consolidation under common control														
Others														
2. Beginning balance of current year	3,875,371,532.00				12,343,209,847.29			212,687.41	961,105,529.85		2,307,765,664.62	19,487,665,261.17	525,161,580.23	20,012,826,841.40
3. Changes in current year ("-" for decrease)				1,146,290,662.42				87,724.73			384,252,740.78	1,530,631,127.93	7,226,825.45	1,537,857,953.38
1) Total comprehensive income											384,252,740.78	384,252,740.78	7,226,825.45	391,479,566.23
2) Capital increase and decrease by shareholders				1,146,290,662.42								1,146,290,662.42		1,146,290,662.42
(1) Common share invested by shareholders														
(2) Capital input by the holder of other equity instruments				1,146,290,662.42								1,146,290,662.42		1,146,290,662.42
(3) Share-based payment attributable to owners' equity														
(4) Others														
3) Profit distribution														
(1) Appropriation to surplus reserves														
(2) Appropriation to general risk reserve														
(3) Profit distribution to shareholders														
(4) Others														
4) Transfers within shareholders' equity														
(1) Capital reserves transferred into paid-in capital (or stock)														
(2) Surplus reserves transferred into paid-in capital (or stock)														
(3) Surplus reserves to recover loss														
(4) Net changes of defined contribution plans transferred into Retained Earnings														
(5) Other comprehensive income transferred into Retained Earnings														
(6) Others														
5) Special reserves								87,724.73				87,724.73		87,724.73
(1) Provision of special reserves								54,000,536.58				54,000,536.58		54,000,536.58
(2) Use of special reserves								53,912,811.85				53,912,811.85		53,912,811.85
(6) Others														
4. Ending balance of current year	3,875,371,532.00			1,146,290,662.42	12,343,209,847.29			300,412.14	961,105,529.85		2,692,018,405.40	21,018,296,389.10	532,388,405.68	21,550,684,794.78

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

BENGANG STEEL PLATES CO., LTD.
COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY
For the year ended 31 December 2021
(Expressed in Renminbi unless otherwise indicated)
 (English Translation for Reference Only)

Items	Current period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehen sive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preference shares	Perpetual bond	Others							
1. Ending balance of last year	3,875,371,532.00			1,146,290,662.42	11,923,058,165.17			120,972.62	961,105,529.85	2,366,206,832.00	20,272,153,694.06
Add: Change of accounting policies											
Correction of errors for last period											
Others											
2. Beginning balance of current year	3,875,371,532.00			1,146,290,662.42	11,923,058,165.17			120,972.62	961,105,529.85	2,366,206,832.00	20,272,153,694.06
3. Changes in current year ("-" for decrease)	232,819,847.00			-198,407,998.79	928,924,325.80			34,496.96	234,010,992.52	124,814,914.82	1,322,196,578.31
1) Total comprehensive income										2,340,109,925.16	2,340,109,925.16
2) Capital increase and decrease by shareholders	232,819,847.00			-198,407,998.79	928,924,325.80						963,336,174.01
(1) Common share invested by shareholders											
(2) Capital input by the holder of other equity instruments											
(3) Share-based payment attributable to shareholders' equity											
(4) Others	232,819,847.00			-198,407,998.79	928,924,325.80						963,336,174.01
3) Profit distribution								234,010,992.52	-2,215,295,010.34		-1,981,284,017.82
(1) Appropriation of surplus reserves								234,010,992.52	-234,010,992.52		
(2) Profit distribution to shareholders										-1,981,284,017.82	-1,981,284,017.82
(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								34,496.96			34,496.96
(1) Provision of special reserves								43,962,017.71			43,962,017.71
(2) Use of special reserves								43,927,520.75			43,927,520.75
(6) Others											
4. Ending balance of current year	4,108,191,379.00			947,882,663.63	12,851,982,490.97			155,469.58	1,195,116,522.37	2,491,021,746.82	21,594,350,272.37

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.
COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY (Continued)
For the year ended 31 December 2021
(Expressed in Renminbi unless otherwise indicated)
(English Translation for Reference Only)

Items	Previous period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehen sive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preference shares	Perpetual bond	Others							
1. Ending balance of last year	3,875,371,532.00				11,923,058,165.17			53,330.99	961,105,529.85	1,742,251,419.03	18,501,839,977.04
Add: Change of accounting policies											
Correction of errors for last period											
Others											
2. Beginning balance of current year	3,875,371,532.00				11,923,058,165.17			53,330.99	961,105,529.85	1,742,251,419.03	18,501,839,977.04
3. Changes in current year ("-" for decrease)				1,146,290,662.42			67,641.63			623,955,412.97	1,770,313,717.02
1) Total comprehensive income										623,955,412.97	623,955,412.97
2) Capital increase and decrease by shareholders				1,146,290,662.42							1,146,290,662.42
(1) Common share invested by shareholders											
(2) Capital input by the holder of other equity instruments				1,146,290,662.42							1,146,290,662.42
(3) Share-based payment attributable to shareholders' equity											
(4) Others											
3) Profit distribution											
(1) Appropriation of surplus reserves											
(2) Profit distribution to shareholders											
(3) Others											
4) Transfers within shareholders' equity											
(1) Capital reserves transferred into paid-in capital (or stock)											
(2) Surplus reserves transferred into paid-in capital (or stock)											
(3) Surplus reserves to recover loss'											
(4) Net changes of defined contribution plans transferred into Retained Earnings											
(5) Other comprehensive income transferred into retained earnings											
(6) Others											
5) Special reserves							67,641.63				67,641.63
(1) Provision of special reserves							47,926,472.22				47,926,472.22
(2) Use of special reserves							47,858,830.59				47,858,830.59
(6) Others											
4. Ending balance of current year	3,875,371,532.00			1,146,290,662.42	11,923,058,165.17			120,972.62	961,105,529.85	2,366,206,832.00	20,272,153,694.06

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

Legal Representative:

Chief Financial Officer:

Chief Accountant:

Bengang Steel Plates Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2021

(Expressed in Renminbi unless otherwise indicated)

(English Translation for Reference Only)

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. (“Benxi Iron and Steel Group”), through reorganization of operations, assets and liabilities of its plants, namely, Steel Smelting Plant, Primary Rolling Plant and Continuous Hot Rolling Plant.

As approved by China Securities Regulatory Commission (hereinafter referred to as “the CSRC”), the Company issued 400,000,000 B-shares at HKD 2.38 each 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 (hereinafter referred to as the Liaoning SASAC), Benxi Iron and Steel Group – the only holder of non-negotiable state-owned legal person shares paid the consideration to the current shareholders to obtain the current option for the 40,800,000 shares of the total 616,000,000 shares it was holding. Shareholding positions have been registered with China Securities Depository & Clearing Corporation Ltd. Shenzhen Office. However, the total amount of capital shares of Bengang Steel Plates Co., Ltd. was not changed through the share equity relocation action.

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

issued by China Securities Regulatory Committee, On the same day, Benxi Iron and Steel Group obtained the document "Zheng Jian Company Zi (2006) No. 127" issued by the China Securities Regulatory Commission, which agreed to exempt Benxi Iron and Steel Group from the acquisition of 2 billion new shares issued by the company, resulting in the number of shares held by the company reaching 2.5752 billion shares (accounting for the company's 82.12% of the total share capital) to fulfill the tender offer obligation. On 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, Liaoning Provincial State-owned Assets Supervision and Administration Commission (hereinafter referred to as the Liaoning SASAC) and Ansteel Group Co., Ltd. (hereinafter referred to as Ansteel Group) signed the "Liaoning Provincial People's Government State-owned Assets Supervision and Administration Commission and Ansteel Group Co., Ltd. on Free Transfer Agreement on the State-owned Equity of Bengang Group Co., Ltd. According to the agreement, Liaoning State-owned Assets Supervision and Administration Commission will transfer its 51% shares of Bengang Group Co., Ltd. (hereinafter referred to as Bengang Group) to Angang Group for free. After the completion of the free transfer, Ansteel Group will become the controlling shareholder of Bengang Group, and Ansteel Group will hold 81.07% of the total share capital of Bengang Group Co., Ltd. indirectly.

As at 31 December 2021, the capital shares were totaled to 4,108,191,379 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: Huo Gang.

The parent company of Bengang Steel Plates Co., Ltd is Benxi Steel and Iron (Group) Co., Ltd. and the actual controller is Ansteel 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 24 March 2022.

(2) Consolidation scope

Please refer to “7. Equity in other entities” in this note for the relevant information of the Company's subsidiaries.

Please refer to “6. Changes in the scope of consolidation” in this note for the changes in the scope of consolidation during the reporting period.

2. Basis of preparation

(1) Basis of preparation

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

(2) Going concern

The Company is operating normally and in a good condition, and thus has the capability to continue to operate in the next twelve months from the end of reporting period.

3. Significant accounting policies and accounting estimates

Notes for specific accounting policies and accounting estimates:

The following disclosed content covers the specific accounting policies and accounting estimates that are adopted by the Company based on the actual production and operation characteristics. Please see Note (10) Financial instruments, (11) Inventory, (15) Fixed assets, (18) Intangible assets, (24) Revenue under “3. Significant accounting policies and accounting estimates” for details.

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

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

(2) Accounting year

The Accounting year is from 1 January to 31 December.

(3) Operating period

The operating period is twelve months.

(4) Functional currency

The Company's functional currency is RMB.

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

Business combination under common control

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

Business combination not under common control

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

The intermediary costs and relevant fees for the business combination paid by the acquirer, including the expenses for audit, assessment and legal services, shall be recorded into the profits and losses at the current period. The transaction expenses for the issuance of equity securities

for the business combination shall be recorded into the initial recognition amount of equity securities.

(6) Consolidation of Financial Statements

1. Scope of consolidation

The scope of consolidation of consolidated financial statements is determined based on control. All the subsidiaries (including separable sections of the investees controlled by the Company) have been consolidated into the scope of consolidation for this period ended.

2. Procedure of consolidation

The consolidated financial statements shall be presented by the parent based on the financial statements of the parent and its subsidiaries, and using other related information. When preparing consolidated financial statements, the parent shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group.

The accounting policy and accounting period of the subsidiaries within the consolidation scope shall be in accordance with those of the Company. If not, it is necessary to make the adjustment according to the Company's accounting policies and accounting period when preparing the consolidated financial statements. For subsidiaries through acquisition that are now under common control, the financial statements are adjusted according to fair value of identifiable net assets on the acquisition date. For subsidiaries through acquisition that are under common control, the assets, liabilities (as well as the goodwill arising from purchasing the subsidiary by the ultimate controller) are adjusted according to book value of net assets in the financial statements of the ultimate controller.

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

(1) Increasing new subsidiaries and businesses

If the Company has a new subsidiary due to business combination under common control

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

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

If it is now under common control, the Company shall not adjust the beginning balance in the consolidated statement of financial position when preparing consolidated statement of financial position. The revenue, expenses and profits of the subsidiaries from the acquisition date to the end of the reporting period are included in the parent company's consolidated statement of comprehensive income. The cash flow of the subsidiaries from the acquisition date to the end of the reporting period is included in the Company's consolidated statement of cash flows.

When the Company becomes capable of exercising control over an investee now under common control due to additional investment or other reasons, the acquirer shall remeasure its previously held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount shall be recognized as investment income for the period when the acquisition takes place. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized in relation to the acquiree's equity changes shall be transferred to profit or loss for the current period when the acquisition takes place. Other comprehensive income arising from remeasurement of defined benefit plan is excluded.

(2) Disposing subsidiaries or businesses

1. General treatment

If the Company disposes a subsidiary during the reporting period, the revenue, expenses and profits of the subsidiary from the beginning of the reporting period to disposal date are included in the Company's consolidated statement of comprehensive income. The cash flow of the subsidiaries from the beginning of the reporting period to disposal date is included in the Company's consolidated statement of cash flows.

When the Company loses control over an investee due to partial disposal or other reasons, the acquirer shall re-measure the remaining equity interests in the acquiree to its fair value at the acquisition date. The difference, between sums of consideration received for disposal equity shares and fair value of the remaining shares, and sums of share of net assets of the subsidiary calculated continuously from the acquisition date or the combination date based on the previous shareholding proportion and goodwill, shall be recognized as investment income for the period when the Company loses control over acquiree. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized in relation to the acquiree's equity changes, and other equity changes rather than changes from net profit, other comprehensive income and profit distribution, shall be transferred to investment income for the current period when the Company loses control over acquiree. Other comprehensive income arising from re-measurement of defined benefit plan is excluded. When the Company loses control over a subsidiary due to the increase of capital from other investors and thus the shareholding ratio of the Company declines, accounting treatment shall be in accordance with the above-mentioned principles.

2. Disposing subsidiaries by multiple transactions

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

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

If each of the multiple transactions forms part of a bundled transaction which eventually results in loss of control of the subsidiary, these multiple transactions shall be accounted for

as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets in each transaction prior to the loss of control shall be recognized in other comprehensive income and transferred to the profit or loss when the Company eventually loses control of the subsidiary.

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

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

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

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

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

(7) Classification of joint venture arrangements and accounting treatment

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

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

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

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

(8) Recognition of cash and cash equivalents

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

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

1. Foreign currency transaction

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

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

2. Translation of foreign currency financial statements

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

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

(10) Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments

1. Classification of financial instruments

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

A financial asset shall be measured at amortized cost if both of the following conditions are met. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company may make an election at initial recognition for non-trading equity instrument

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

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

The Company shall classify financial liabilities as financial liabilities measured at amortized cost and financial liabilities measured at fair value through profit or loss at initial measurement. In the initial recognition, in order to eliminate or significantly reduce accounting mismatches, financial assets can be designated as financial assets measured at fair value and their changes included in the current profit and loss. According to the above conditions, the Company does not have such designated financial assets.

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

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

2. Recognition and measurement of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivables, accounts receivables, other receivables, long-term receivables, debt investments, etc. At initial recognition, the Company shall measure a financial asset at its fair value plus or minus transaction costs that are

directly attributable to the acquisition or issue of the financial asset. The Company shall measure account receivables at their transaction price if the account receivables do not contain a significant financing component and 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 recognized in profit and loss.

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

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

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

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

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

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

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

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

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

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include short-term borrowings, notes 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 recognized in profit and loss.

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

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

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

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

To judge whether the transfer of a financial asset can satisfy the conditions as prescribed in these Standards for stopping the recognition of a financial asset, the Company shall follow the principle of the substance over form. Transfer of an entire financial asset can be divided into partial financial assets transfer and entire financial asset transfer. If the transfer of an entire financial asset satisfies the conditions for de-recognition, the difference between the amounts of the following 2 items shall be recorded in the profits and losses of the current period:

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

If the transfer of partial financial asset satisfies the conditions to derecognize, the entire book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped (under such circumstance, the service asset retained shall be deemed as a portion of financial asset whose recognition

has not been stopped), be apportioned according to their respective relative fair value, and the difference between the amounts of the following 2 items shall be included into the profits and losses of the current period :

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

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

4. Termination of recognition of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly.

Where the Company (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

Where the Company makes substantial revisions to part or all of the contractual stipulations of the existing financial liability, it shall 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.

If the credit risk of the financial instrument has increased significantly since the initial confirmation, the Company shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. The increase or reversal amount of loss allowance thus formed shall be included in the current profits and losses as impairment losses or gains.

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

The company compares the risk of default on the balance sheet date of financial instruments with the risk of default on the date of initial recognition to determine the relative change in the risk of default during the expected life of the financial instrument to assess whether there is a significant increase in credit risk of financial assets since the initial recognition. Generally, the Company believes that the credit risk of the financial instrument has significantly increased over 30 days after the due date, unless there is solid evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

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

If there is objective evidence indicating that a certain financial asset has been impaired, the Company shall recognize provision for impairment of the financial asset individually.

For account receivables and contract assets recognized according to Accounting Standards for Business Enterprises No. 14 Revenue (2017), whether a significant financing component is contained or not, the Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses.

For lease receivables, the Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses.

(11) Inventory

1. Inventory classification

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

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

2. Valuation method for inventory dispatched

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

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

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

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

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

4. Inventory system

The Company uses perpetual inventory system.

5. Amortization of low-valued consumables and packing materials

- (1) Low-valued consumables shall be amortized in full amount on issuance.
- (2) Packing materials shall be amortized in full amount on issuance.

(12) Contract asset

1. Recognition methods and criteria of contract assets

When either party to a contract has performed, the Company shall present the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Company's performance and the customer's payment. If the Company have the rights to receive consideration (the right is conditioned on factors other

than the passage of time) by transferring goods or services to a customer, the entity shall present the contract as a contract asset. Contract assets and contract liabilities under the same contract are disclosed in net amount. An entity shall present any unconditional rights to consideration (only the passage of time is required) separately as a receivable.

2. Expected credit loss of contract assets

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

(13) Long-term equity investment

1. Criteria of joint control and significant influence

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

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

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

(1) Long-term equity investment from business acquisition

For a business combination under common control, if the consideration of the combination is satisfied by paying cash, transfer of non-cash assets or assumption of liabilities and issue of equity securities, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. When an investor becomes capable of exercising control over an investee under common control due to additional investment or other reasons, the initial investment cost shall be the absorbing party's share of the carrying amount of the owner's equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The difference between the initial investment cost and the carrying amount of the previously-held equity investment, together with the additional investment cost for new shares at combination date, shall be adjusted to the capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

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

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

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

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

3. Subsequent measurement and profit or loss recognition

(1) Cost method

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

(2) Equity method

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

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

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

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

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

(3) Disposal of long-term equity investment

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

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

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

transferred into profit or loss of current period in full when the Company cease to adopt the equity method.

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

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

(14) Investment property

Investment property refers to real estate held for the purpose of earning rent or capital appreciation, or both, including leased land use rights, land use rights held and prepared for transfer after appreciation, and leased buildings (Buildings that are leased after completion of self-construction or development activities and buildings that are being used for rental in the future during construction or development).

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

The company uses the cost model to measure the existing investment property. For investment property measured according to the cost model - the rental building adopts the same depreciation policy as the fixed assets of the company, and the land use right for rental is amortized according to the same amortization policy as the intangible assets.

(15) Fixed assets

1. Recognition of Fixed assets

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

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

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

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

2. Fixed assets depreciation

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

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

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

Category	Depreciation method	Depreciation Period	Residual Value Rate (%)	Depreciation Rate (%)
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Plants and Buildings	straight line method	10-45 years	0.00	2.22-10.00
Machinery	straight line method	10-28 years	3.00	3.46-9.70
Transportation and other equipment	straight line method	8-22 years	3.00	4.41-12.13

3. 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.

(16) Construction in progress

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

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

(17) Borrowing costs

1. Principle of the recognition of capitalized borrowing costs

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

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

2. The capitalization period of borrowing costs

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

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

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

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

3. The suspension of capitalization of borrowing costs

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

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

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

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

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

foreign currency borrowings other than foreign currency special borrowings are included in the current profits and losses.

(18) Intangible Assets

1. Measurement of Intangible Assets

(1) Initial measurement is based on cost upon acquisition

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

(2) Subsequent Measurement

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

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

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

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

3. Determination of intangible assets with uncertain useful lives

As at the balance sheet date, the Company has no intangible assets with uncertain useful lives.

4. Classification criteria for internal research phase and development phase

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

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

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

(19) Impairment of long-term assets

For long-term assets such as long-term equity investments, Investment property under the cost

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

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

When the Company makes an impairment test of assets, it shall, as of the purchasing day, apportion the carrying value of the business reputation formed by merger of enterprises to the relevant asset groups by a reasonable method. Where it is difficult to do so, it shall be apportioned to the relevant combinations of asset groups. When apportioning the carrying value of the business reputation to the relevant asset groups or combinations of asset groups, it shall be apportioned on the basis of the proportion of the fair value of each asset group or combination of asset groups to the total fair value of the relevant asset groups or combinations of asset groups. Where it is difficult to measure the fair value reliably, it shall be apportioned on the basis of the proportion of the carrying value of each asset group or combination of asset groups to the total carrying value of the relevant asset groups or combinations of asset groups.

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

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

(20) Long-term deferred expense

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

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

(21) Contract liability

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

(22) Employee benefits

1. Accounting treatment for short employee benefit

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

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

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

2. Accounting treatment of post-employment benefits

(1) Defined contribution plan

The Company shall recognize, in the accounting period in which an employee provides

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

(2) Defined benefit plan

None.

3. Accounting treatment of termination benefits

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

(23) Estimated liabilities

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

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

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

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

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

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

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

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

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

(24) Revenue

1.The general principle of revenue recognition and measurement

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

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

The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to 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 recognize revenue at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer, and use the effective interest method to amortize the difference between the transaction price and the contract consideration during the contract period. If the interval between the transfer of control and the payment by the customer does not exceed one year, the financing component will not be considered.

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

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

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

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

2.The specific criteria of revenue recognition and measurement

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

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

(25) Contract costs

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

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard, for example, Inventories, Property, Plant and Equipment or Intangible Assets, the company shall recognize an asset from the costs incurred to 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 recognize as an asset the incremental costs of obtaining a contract with a customer if the company expects to recover those costs.

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

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

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

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

(26) Government Subsidies

1. Types

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

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

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

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

For the the government subsidy which does not specify the subsidy object in government document will be classified as asset-related or income-related judgment basis: if a long-term asset can be formed, the government subsidy part corresponding to the asset value shall be regarded as an asset-related subsidy, the rest are regarded as government subsidies related to income; if it is difficult to distinguish, the whole government subsidies are regarded as government subsidies related to income.

2. Recognition

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

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

3. Accounting treatment

Government 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) If the government allocates discounted funds to the loan bank and the loan bank provides loans to the company at a policy preferential interest rate, the company will take the actual amount of the loan received as the entry value of the loan and calculate the relevant borrowing costs based on the loan principal and the policy preferential interest rate.
- (b) If the government directly allocates the discounted funds to the company, the company will offset the relevant borrowing costs with the corresponding discounts.

(27) Deferred tax assets and deferred tax liabilities

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

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

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

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

Exceptions when deferred tax assets and deferred tax liabilities are not recognized include: initial recognition of goodwill; initial recognition of an asset or liability in a transaction or event that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

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

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

An entity shall offset deferred tax assets and deferred tax liabilities if, and only if: (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either: (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(28) Leases

Accounting policy from January 1, 2021

A lease is a contract whereby the lessor transfers the right of usage on asset to the lessee for consideration within a certain period of time.

On the contract commencement date, the company evaluates whether the contract is a lease or includes a lease. If one party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or includes a lease.

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

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

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

1. The company as lessee

(1) Right-of-use assets

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

- 1) Initial measurement amount of lease liabilities;
- 2) For the lease payment paid on or before the beginning of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted;
- 3) Initial direct costs incurred;

- 4) The estimated costs incurred for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease terms.

Depreciation method of right of use assets the company adopts the straight-line method for depreciation. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the company shall accrue depreciation within the remaining useful life of the leased asset; otherwise, the leased asset shall be depreciated within the shorter of the lease term and the remaining useful life of the leased asset.

For the principles which company determines whether the right-of-use asset has been impaired, please refer to Note (19) Impairment of long-term assets under “3. Significant accounting policies and accounting estimates”.

(2) Lease liabilities

At the beginning of the lease term, the company recognizes the present value of the unpaid lease payments as lease liabilities, except for short-term leases and low value asset leases. The lease liability is initially measured at the present value of outstanding lease payments. Lease payments include:

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

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

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

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

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

- When there is a change in the evaluation results of the purchase option, lease renewal option or termination option, or the actual exercise of the aforementioned options is inconsistent with the original evaluation result, the Company shall calculate the lease payment amount after the change and the revised discounted value. Remeasure the lease liability at the present value of the rate calculation;
- When the actual fixed payment changes, the estimated payable amount of the residual value guarantee 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 Remeasure the lease liability. However, where changes in lease payments result from changes in floating interest rates, a revised discount rate is used to calculate the present value.

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

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

(4) Lease change

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

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

- The increased consideration is equivalent to the amount adjusted by the individual price of the expanded part of the lease scope according to the contract.

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

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

(5) Rent concessions related to COVID-19

For those adopting the simplified method of rent reduction related to the new crown pneumonia epidemic, the company does not assess whether there is a lease change, and continues to calculate the interest expense of the lease liability at the same discount rate as before the reduction and include it in the current profit and loss, and continue to use the same discount rate as before the reduction. The right-of-use asset is depreciated using the same method as before. In the event of rent reduction or exemption, the company will treat the reduced rent as the variable lease payment amount. When the original rent payment obligation is relieved by reaching a concession agreement, the discounted amount at the undiscounted or pre-discount discount rate will be used to offset the cost of relevant assets. or expenses, and adjust the lease liabilities accordingly; if the rent payment is delayed, the company offsets the lease liabilities recognized in the previous period when the actual payment is made.

For short-term leases and low-value asset leases, the company continues to include the original contract rent in the cost or expense of the relevant assets in the same way as before the concession. In the event of rent reduction or exemption, the company will take the reduced rent as the variable lease payment, and write down the relevant asset costs or expenses during the reduction or exemption period; if the rent payment is delayed, the company will recognize the rent payable as payable during the original payment period. When the actual payment is made, the payables recognized in the previous period are offset.

2. The company as lessor

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

(1) Accounting treatment of operating leases

Lease receipts from operating leases are recognized as rental income on a straight-line basis over each period of the lease term. The Company capitalizes the initial direct expenses incurred in relation to operating leases, and is amortized and included in the current profit and loss on the same basis as the rental income is recognized during the lease term. Variable lease payments not included in lease receipts are included in profit or loss for the period when they are actually incurred. If the operating lease is changed, the company will account for it as a new lease from the effective date of the change, and the advance receipts or lease receivables related to the lease before the change are regarded as the receipts of the new lease.

(2) Accounting treatment of financial lease

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

The company calculates and recognizes the interest income in each period of the lease period according to the fixed periodic interest rate. For the derecognition and impairment of finance lease receivables, please refer to Note (10) Financial instruments under “3. Significant accounting policies and accounting estimates”.

Variable lease payments that are not included in the net lease investment measurement are included in the current profit and loss when they are actually incurred.

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

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

- The increased consideration is equivalent to the stand-alone price of the expanded lease area, adjusted for the contract.

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

- If the change takes effect on the lease inception date, the lease will be classified as an operating lease, and the company will account for it as a new lease from the effective date of the lease change, and use the net lease investment before the effective date of the lease change as the book value of the leased asset;
- If the change takes effect on the lease commencement date, the lease will be classified as a financial lease, and the Company will conduct accounting treatment in accordance with the policy on revising or renegotiating contracts in Note (10) Financial instruments under “3. Significant accounting policies and accounting estimates”.

(3) Rent concessions related to COVID-19

For operating leases that adopt the simplified method of rent reduction related to the new crown pneumonia epidemic, the company continues to recognize the original contract rent as rental income in the same way as before the reduction; if rent reduction or exemption occurs, the company treats the reduced rent as a variable lease. The payment amount shall be offset from the lease income during the reduction or exemption period; if the rental collection is delayed, the company shall recognize the receivable rent as an account receivable during the original collection period, and offset the receivable recognized in the previous period when it is actually received.

For financial leases that adopt the simplified method of rent reduction related to the new crown pneumonia epidemic, the company continues to calculate the interest at the same discount rate as before the reduction and recognize it as lease income. In the event of rent reduction or exemption, the company will treat the reduced rent as variable lease payments, and when a concession agreement is reached, etc. to waive the right to receive the original rent, the discounted amount at the undiscounted or pre-discount discount rate will be used to offset the originally recognized amount. For lease income, the part that is not enough to be written off is included in investment income, and the finance lease receivables are adjusted accordingly; if the rent is delayed, the company offsets the finance lease receivables recognized in the previous period when it is actually received.

Accounting policies before January 1, 2021

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

For rent reductions, exemptions, deferred payments and other rental reductions directly caused by the COVID-19 epidemic and reached on existing lease contracts, if the following conditions are met at the same time, the company adopts a simplified method for all lease options. Reassess the lease classification:

- The lease consideration after the concession is reduced or basically unchanged from that before the concession. The lease consideration may be undiscounted or discounted at the discount rate before the concession;
- The concession is only for lease payments payable before June 30, 2021, an increase in lease payments payable after June 30, 2021 does not affect the satisfaction of this condition, and a decrease in lease payments payable after June 30, 2021 does not satisfy this condition;
- The other terms and conditions of the lease have not changed significantly after taking into account both qualitative and quantitative factors.

1. Accounting treatment of operating lease

(1) The lease fee paid by the company for renting assets shall be apportioned on a straight-line basis over the entire lease period without deducting the rent-free period, and shall be included in the current expenses. The initial direct expenses related to leasing transactions paid by the company are included in the current expenses.

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

For operating leases that adopt the simplified method of rent reduction related to the new crown pneumonia epidemic, the company continues to include the original contract rent in the cost or expense of the relevant assets in accordance with the same method as before the reduction. In the event of rent reduction or exemption, the company will treat the reduced rent as contingent rent, which will be included in profit or loss during the period of reduction or exemption; if the rent payment is delayed, the company will recognize the rent payable as payable during the original payment period, and offset the previous period when the actual payment is made. Confirmed payables.

(2) The lease fee charged by the company for leasing assets shall be apportioned on a straight-line basis over the entire lease term without deducting the rent-free period, and recognized as lease-related income. The initial direct expenses related to leasing transactions paid by the company are included in the current expenses; if the amount is larger, they shall be capitalized and included in the current income in installments on the same basis as the lease-related income recognition during the entire lease period.

When the company bears the lease-related expenses that should be borne by the lessee, the company deducts the part of the expenses from the total rental income, and distributes the deducted rental expenses within the lease term.

For operating leases that adopt the simplified method of rent reduction related to the new crown pneumonia epidemic, the company continues to recognize the original contract rent as rental income in the same way as before the reduction; if there is rent reduction or exemption, the company will treat the reduced rent as contingent rent, and offset the lease income during the reduction or exemption period; if the rental collection is delayed, the company recognizes the rent receivable as an account receivable during the original collection period, and offsets the account receivable recognized in the previous period when it is actually received.

2. Accounting treatment of financial leasing

(1) Financial leased assets:

On the lease start date, the company takes the lower of the fair value of the leased asset and the present value of the minimum lease payment as the entry value of the leased asset, and the minimum lease payment as the long-term payable. The recorded value, and the difference is regarded as unrecognized financing expense. The company adopts the effective interest rate method to amortize the unrecognized financing expenses during the asset lease period and include them in the financial expenses. The initial direct costs incurred by the company are included in the value of the leased assets.

For the financing leases that adopt the simplified method of rent reduction related to the new crown pneumonia epidemic, the company will continue to recognize the unrecognized financing expenses as the current financing expenses at the same discount rate as before the reduction, and continue to use the same method as before the reduction. The leased assets are accrued for depreciation. For the rent reduction or exemption that occurs, the company regards the reduced rent as contingent rent, and when a concession agreement is reached to release the original rent payment obligation, it is included in the current profit and loss, and the long-term payables are adjusted accordingly. Or discounted at the discount rate before the discount and

included in the current profit and loss and adjusted the unrecognized financing expenses; if the rent payment is delayed, the company will offset the long-term payables recognized in the previous period when the actual payment is made.

(2) Assets leased out by financing:

On the lease start date, the company recognizes the difference between the sum of the financial lease receivables, the sum of the unguaranteed residual value and its present value as unrealized financing income, and it is recognized as an unrealized financing income in each period when the rent is received in the future. rental income. The initial direct expenses related to the lease transaction incurred by the company are included in the initial measurement of the finance lease receivables, and the amount of income recognized during the lease period is reduced.

For finance leases that adopt the simplified method of rent reduction related to the new crown pneumonia epidemic, the Company continues to recognize unrealized financing gains as lease income at the same interest rate embedded in the lease as before the reduction. In the event of rent reduction or exemption, the company will treat the reduced rent as contingent rent. When a concession agreement is reached, etc., when the original rent collection right is waived, the originally recognized lease income will be offset, and the insufficient offset will be included in investment income, and adjusted accordingly. Long-term receivables, or discounted at the discount rate before discount and included in the current profit and loss and adjusted for unrealized financing income; if the rental collection is delayed, the company will offset the long-term receivables recognized in the previous period when it is actually received.

(29) Discontinuing operation

Discontinuing operation is a component that has been disposed or classified as held for sale by the Company, and can be distinguished separately in operating and preparing financial statements when one of the following conditions is met:

- (1) The component stands for an independent main business or a major business area;
- (2) The component is a part of disposal plan of an independent main business or a major business area;
- (3) The component is a subsidiary which is acquired only for sale again.

The profit and loss from continuing operations and the profit and loss from discontinued operations are separately listed in the income statement. Operational gains and losses such as impairment losses and reversal amount and disposal gains and losses from discontinued operations are reported as discontinued operation gains and losses. For the discontinued

operations reported in the current period, the Company adjusts the information previously disclosed as continuing operations profits and losses in the current financial statements as the discontinued operations profits and losses for the comparable accounting period.

(30) Major accounting estimates and judgments

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

The main uncertainties in the estimated amount are as follows:

(1) Measurement of expected credit losses

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

(2) Inventory Impairment

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

(3) Impairment of other assets except inventory and financial assets

As mentioned in note (19) Long-term Asset Impairment under “3 Significant accounting policies and accounting estimates”, the company performs an impairment assessment on assets other than inventory and financial assets on the balance sheet date to determine whether the recoverable amount of the asset has fallen to a lower level than its book value. If the situation shows that the book value of the long-term assets may not be fully recovered, the relevant assets will be deemed to be impaired and the impairment loss will be recognized accordingly.

The recoverable amount is the higher of the net value of the fair value of the asset (or asset group) minus the disposal expenses and the present value of the asset (or asset group) 's expected future cash flow. Because the Company cannot reliably obtain the public market price of assets (or asset groups), and cannot reliably and accurately estimate the fair value of assets. Therefore, the Company regards the present value of the expected future cash flow as the recoverable amount. When estimating the present value of future cash flows, it is necessary to make a significant judgment on the output, selling price, related operating costs of the products produced by the asset (or asset group), and the discount rate used in calculating the present value. The Company will use all available relevant information when estimating the recoverable amount, including the prediction of output, selling price and related operating costs based on reasonable and supportable assumptions.

(4) Depreciation and amortization of assets such as fixed assets and intangible assets

As described in note (15) Fixed Assets and note (18) Intangible Assets under “3 Significant accounting policies and accounting estimates”, the company shall accrue depreciation for the fixed assets and amortization for intangible assets within the useful life after considering their residual value. The company regularly reviews the useful life of related assets to determine the amount of depreciation and amortization expenses to be included in each reporting period. The useful life of assets is determined by the company based on past experience with similar assets and in combination with anticipated technological changes. If the previous estimates change significantly, the depreciation and amortization expenses will be adjusted in the future.

(5) Deferred tax assets

When it is estimated that sufficient taxable income can be obtained in the future to use the unrecovered tax losses and deductible temporary differences, the relevant deferred tax assets are calculated and confirmed on the basis of the applicable income tax rate during the period when the asset is expected to be recovered and the amount of taxable income is limited to deductible tax losses and deductible temporary differences likely to be obtained by the Company. The Company needs to use judgment to estimate the time and amount of future

taxable income, and make reasonable estimates and judgments on the future applicable income tax rate according to the current tax policy and other related policies to determine the deferred tax assets that should be recognized. If the time and amount of profits actually generated in the future period or the actual applicable income tax rate are different from the management's estimate, the difference will have an impact on the amount of deferred tax assets.

(31) Change of significant accounting policy and accounting estimate

A. Change of major accounting policy during this reporting period

(1) Implementation of "Accounting Standards for Business Enterprises No. 21-Lease" (revised in 2018)

The Ministry of Finance revised the "Accounting Standards for Business Enterprises No. 21-Lease" in 2018. The Company implemented the new lease standard from January 1, 2021. According to the revised standard, for contracts that existed before the date of initial application, the company chooses not to reassess whether it is a lease or contains a lease on the date of initial application.

• The company as lessee

The company chooses to adjust the amount of retained earnings and other related items in the financial statements at the beginning of the year in which the new lease standards are implemented for the first time according to the cumulative impact of the first implementation of the new lease standards, and does not adjust the comparable period information.

For operating leases that existed before the date of initial application, the Company measures the lease liability on the date of initial application based on the present value of the remaining lease payments discounted at the company's incremental borrowing rate on the date of initial application, and for each lease, choose one of the following two methods to measure right-of-use assets.

- Assuming that the book value of the new lease standard is adopted from the commencement date of the lease term, the Company's incremental borrowing rate on the date of initial application is used as the discount rate.

- An amount equal to the lease liability, adjusted as necessary for prepaid rent.

For operating leases prior to the date of initial application, the Company applies one or more of the following simplified treatments for each lease while applying the above method:

- 1) Leases that will be completed within 12 months of the date of initial execution are treated as short-term leases;
- 2) When measuring lease liabilities, the same discount rate is used for leases with similar characteristics;
- 3) The measurement of the right-of-use asset excludes initial direct costs;

- 4) If there is an option to renew the lease or to terminate the lease, the lease term shall be determined according to the actual exercise of the option and other latest information before the date of initial execution;
- 5) As an alternative to the right-of-use asset impairment test, assess whether a contract involving a lease is a onerous contract before the date of initial application and adjust the right-of-use asset based on the amount of the loss allowance recorded on the balance sheet at the date of initial application;
- 6) For lease changes that occurred before the date of initial implementation, no retrospective adjustment will be made, and accounting treatment will be carried out in accordance with the new lease standards according to the final arrangements for lease changes.
- In measuring the lease liability, the Company discounts the lease payments using the lessee incremental borrowing rate (weighted average: 3.93%) at 1 January 2021.

Outstanding minimum lease payments for significant operating leases disclosed in the financial statements at December 31, 2020	2,473,024,885.15
Present value discounted at the company's incremental borrowing rate as of January 1, 2021	1,500,739,782.73
Lease liabilities under the new lease standard 1 January 2021	1,500,739,782.73
The difference between the discounted present value of the above and the lease liability	972,285,102.42

For the financial leases that existed before the date of initial application, the Company shall measure the right-of-use assets and lease liabilities according to the original book values of the assets under the financial lease and the financial lease payments payable on the date of initial application.

• **The company as lessor**

For sub-leases classified as operating leases before the date of initial application and subsistence after the date of initial application, the Company re-evaluates on the date of initial application based on the remaining contract terms and terms of the original lease and sub-lease, and classifies them in accordance with the provisions of the new lease standards. If it is reclassified as a finance lease, the Company will account for it as a new finance lease.

Except for sub-lease, the Company does not need to adjust its lease as a lessor in accordance with the new lease standards. The Company conducts accounting treatment in accordance with the new lease standards from the date of initial implementation.

• **The main impacts of the Company's implementation of the new lease standards on the financial statements are as follows:**

Change of accounting policy content and reason	Affected items	Amount of impact on the balance on Jan 1, 2021	
		Consolidated	Parent Company
Adjustments made by the company as a lessee to operating leases that existed before the date of initial application	Right-of-use assets	1,500,739,782.73	1,500,739,782.73
	Lease liability	1,463,444,635.94	1,463,444,635.94
	Non-current liabilities due within one year	37,295,146.79	37,295,146.79

(2) Implementation of “Interpretation of Accounting Standards for Business Enterprises No. 14”

The Ministry of Finance issued the “Interpretation of Accounting Standards for Business Enterprises No. 14” (Caikuai (2021) No.1, hereinafter referred to as “Interpretation No. 14”) at February 2, 2021, which be effective from the date of publication. The relevant business newly added from January 1, 2021 to the implementation date shall be adjusted according to Interpretation No. 14.

a. Government-Private Partnership (PPP) project contract

Interpretation No. 14 is applicable to PPP project contracts that meet both the "dual characteristics" and "dual control" described in the Interpretation. Retrospective adjustments should be made to relevant PPP project contracts that have been implemented before December 31, 2020 and have not been completed by the implementation date. If retrospective adjustment is not practical, the application shall be applied from the beginning of the earliest period of retrospective adjustment, and the cumulative impact adjustment shall be made in the current year of the implementation date. The retained earnings at the beginning of the year and other related items in the financial statements shall not be adjusted for the comparable period information. The implementation of this provision has not had a significant impact on the financial position and operating results of the Company.

b. Reform of base rate

Interpretation No. 14 simplifies the accounting treatment for situations in which the reform of base rate leads to changes in the basis for determining cash flows related to financial instrument contracts and lease contracts. According to the provisions of the Interpretation, the business related to the base rate reform that occurred before December 31, 2020 should be adjusted retrospectively, except where retrospective adjustment is not practical, and there is no need to adjust the data in the comparative financial statements of the previous period. On the implementation date of the interpretation, the difference between the original book value

and the new book value of financial assets, financial liabilities, etc., is included in the retained earnings or other comprehensive income at the beginning of the annual reporting period in which the interpretation is implemented. The implementation of this provision has not had a significant impact on the financial position and operating results of the Company.

(3) Implement the “Notice on Adjusting the Scope of Application of the Regulations on the Accounting Treatment of Rent Concessions Related to the New Coronary Pneumonia Epidemic”

On June 19, 2020, the Ministry of Finance issued the "Regulations on the Accounting Treatment of Rent Reductions Related to the New Coronary Pneumonia Epidemic" (Cai Kuai [2020] No. 10), for rent concessions directly caused by the New Coronary Pneumonia epidemic, such as rent reduction or exemption and deferral of payments, etc, businesses can choose to simplify accounting treatment.

On May 26, 2021, the Ministry of Finance issued the "Notice on Adjusting the Application Scope of the Regulations on the Accounting Treatment of Rent Concessions Related to the New Coronary Pneumonia Epidemic" (Cai Kuai [2021] No. 9), which will be implemented on May 26, 2021. Adjusted the scope of application from “Concessions are only for lease payments payable before 30 June 2021” to “Concessions are only for lease payments payable up to 30 June 2022”, with other applicable conditions unchanged.

The company has chosen to adopt the simplified method for accounting treatment of all lease contracts that meet the conditions before the adjustment of the scope of application, and also adopts the simplified method for accounting treatment of all similar lease contracts that meet the requirements after the adjustment of the scope of application. Retrospective adjustments will be made to the relevant lease contracts for which the accounting treatment is changed, but the comparative financial statement data of the previous period will not be adjusted; the relevant rental concessions that have occurred between January 1, 2021 and the implementation date of the notice that have not been accounted for in accordance with the notice, make adjustments based on the notification. The implementation of this provision has not had a significant impact on the financial position and operating results of the Company.

(4) Implementation of “Interpretation of Accounting Standards for Business Enterprises No. 15”-Presentations related to centralized management of funds

The Ministry of Finance issued the “Interpretation of Accounting Standards for Business Enterprises No. 15” (Cai Kuai (2021) No.35, hereinafter referred to as “Interpretation No. 15”) at December 30, 2021, which be effective from the date of publication and the financial statement data of the comparable period shall be adjusted accordingly.

Interpretation No. 15 clearly stipulates how the balance involved in the centralized and unified management of the funds of the parent company and member units through internal settlement centers, financial companies, etc., should be presented and disclosed in the balance sheet.

The implementation of this provision has not had a significant impact on the financial position and operating results of the Company.

B. Change of accounting estimate during the reporting period

None.

C. The Adjustment of relevant items in the financial statements at the beginning of the year in which the new lease standards are implemented for the first time

Consolidated Statement of Financial Position

Items	Ending balance of the last period	Beginning balance of the current period	Adjusted amounts		
			Reclassification	Remeasurement	Total
Right-of-use assets	Not applicable	1,500,739,782.73		1,500,739,782.73	1,500,739,782.73
Lease liability	1,308,030,361.43	1,345,325,508.22	37,295,146.79		37,295,146.79
Non-current liabilities due within one year	Not applicable	1,463,444,635.94		1,463,444,635.94	1,463,444,635.94

Statement of Financial Position of the Parent Company

Items	Ending balance of the last period	Beginning balance of the current period	Adjusted amounts		
			Reclassification	Remeasurement	Total
Right-of-use assets	Not applicable	1,500,739,782.73		1,500,739,782.73	1,500,739,782.73
Lease liability	1,308,030,361.43	1,345,325,508.22	37,295,146.79		37,295,146.79
Non-current liabilities due within one year	Not applicable	1,463,444,635.94		1,463,444,635.94	1,463,444,635.94

Items	Ending balance of the last period	Beginning balance of the current period	Adjusted amounts		
			Reclassification	Remeasurement	
current liabilities due within one year					

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 actually paid	7%, 5%
Enterprise income tax	Based on taxable profit	25%

(2) Tax Preference

None.

5. Notes to the consolidated financial statements

(3) Cash at bank and on hand

Items	20211231	201201231
Cash on hand	24,334.93	3,026.68
Cash at bank	6,299,074,728.55	9,229,414,568.44
Including: Deposited with finance company	4,429,656,296.13	5,712,508,430.36
Other monetary funds	2,531,996,674.37	3,897,249,320.14
Total	8,831,095,737.85	13,126,666,915.26

Including: Total amount deposited abroad

The details of restricted funds resulted from mortgage, pledge or freezing, restrictions on withdrawals due to centralized management of funds, and monetary funds abroad which restricted from repatriation are as follows:

Items	20211231	20201231
Margin for bank acceptance bill	1,492,236,674.37	3,306,509,320.14
Margin for letter of credit	125,000,000.00	78,000,000.00
Time deposit or notice deposit for guarantee	174,000,000.00	512,000,000.00
Loan deposit	760,000.00	740,000.00
Restricted deposit	740,000,000.00	
Total	2,531,996,674.37	3,897,249,320.14

(4) Notes receivable**1. Notes receivable disclosed by category**

Items	20211231	20201231
Bank acceptance bill		
Commercial acceptance bill	1,540,482,182.07	
Total	1,540,482,182.07	

2. The company has no pledged notes receivable at the end of period**3. Notes receivable which has been endorsed or discounted by the company and have not yet matured at the end of period**

Items	Amount confirmed at the end of the period	Amount not confirmed at the end of the period
Bank acceptance bill		
Commercial acceptance bill		1,133,932,188.36
Total		1,133,932,188.36

4. No Notes receivable has been transferred into accounts receivable due to inability of drawer to meet acceptance bill at the end of period**(5) Accounts receivable****1. Accounts receivable disclosed by aging analysis**

Items	20211231	20201231
Within 1 year (inclusive)	256,620,123.38	245,084,695.28
1-2 years (inclusive)	6,224,788.02	57,537,987.36

2-3 years (inclusive)	57,059,913.27	251,762,129.07
Over 3 years	427,997,121.96	179,465,975.74
Sub-total	747,901,946.63	733,850,787.45
Less: Provision for bad debts	491,051,163.92	488,633,604.79
Total	256,850,782.71	245,217,182.66

2. Accounts receivable disclosed by bad debt accrual method

Items	Carrying amount		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Bad	
				debts ratio (%)	
Provision for bad debts individually	352,985,418.30	47.20	352,985,418.30	100.00	
Provision for bad debts based on portfolio	394,916,528.33	52.80	138,065,745.62	34.96	256,850,782.71
Include:					
Portfolio 1: Aging portfolio	394,916,528.33	52.80	138,065,745.62	34.96	256,850,782.71
Total	747,901,946.63	100.00	491,051,163.92		256,850,782.71

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

Total	733,850,787.45	100.00	488,633,604.79	245,217,182.66
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Accounts receivables tested for impairment individually:

Items	Carrying amount	20211231		Reason
		Provision for bad debts	Bad debts ratio (%)	
Brilliance Automotive Group Holdings Co., Ltd.	305,223,081.12	305,223,081.12	100.00	Bankruptcy reorganization
Benxi Nanfen Xinhe Metallurgical Furnace Material Co., Ltd	47,762,337.18	47,762,337.18	100.00	Discontinued
Total	352,985,418.30	352,985,418.30		

Provision for bad debts by portfolio: Aging analysis

Portfolio accrual item: Aging portfolio

Items	Account Receivable	20201231	
		Provision for bad debts	Bad debt ratio (%)
Within 1 year (inclusive)	256,620,123.38	2,566,201.23	1.00
1-2 years (inclusive)	1,380,656.01	138,065.60	10.00
2-3 years (inclusive)	1,942,837.68	388,567.53	20.00
Over 3 years	134,972,911.26	134,972,911.26	100.00
Total	394,916,528.33	138,065,745.62	

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

The amount of bad debt provision accrued in the current period is RMB 2,417,959.10.

4. The amount of accounts receivable has been written off in the current period is RMB 399.97.**5. Top five debtors at the end of period**

20211231			
Company	Amount	Percentage of total Accounts receivable (%)	Provision for bad debts
The first	305,223,081.12	40.81	305,223,081.12
The second	99,222,882.66	13.27	992,228.83
The third	80,584,547.00	10.77	805,845.47
The fourth	47,762,337.18	6.39	47,762,337.18
The fifth	30,777,943.03	4.12	307,779.43
Total	563,570,790.99	75.36	355,091,272.03

6. Accounts receivable derecognized due to the transfer of financial assets

None.

7. The amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

None.

(6) Accounts receivable financing

1. Details of accounts receivable financing

Items	20211231	20201231
Notes Receivable	1,530,735,647.38	4,189,977,871.92
Including: Bank acceptance bill	1,530,735,647.38	1,875,594,439.85
Commercial acceptance bill		2,314,383,432.07
Accounts receivable		
Total	1,530,735,647.38	4,189,977,871.92

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

2. At the end of the period, the company has no commercial bills pledged in accounts receivable financing

3. At the end of the period, the company's endorsed or discounted commercial bills in accounts receivable financing accounting and not yet matured on the balance sheet date are as follows

Item	Amount confirmed at the end of the period	Amount not confirmed at the end of the period
Bank acceptance bill	20,681,484,641.73	
Commercial acceptance bill		
Total	20,681,484,641.73	

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

(7) Prepayments

1. Prepayments disclosed by aging

Aging	20211231		20201231	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	977,541,107.55	98.31	2,096,232,640.14	99.44
1-2 years	16,681,487.73	1.68	11,812,137.51	0.56
2-3 years	147,750.36	0.01		
Over 3 years				
Total	994,370,345.64	100.00	2,108,044,777.65	100.00

Notes: As of December 31, 2021, there were no outstanding prepayments over 1 year.

2. Top five prepaid companies at the end of period

Name of the company	Amount	Percentage (%)
The First	562,083,080.63	56.53
The Second	107,790,801.73	10.84
The Third	46,820,475.20	4.71
The Fourth	46,764,418.62	4.70
The Fifth	39,448,845.58	3.97
Total	802,907,621.76	80.75

(8) Other receivables

Items	20211231	20201231
Interest receivables	2,523,993.39	33,685,359.01
Dividend receivables		
Other receivables	163,413,287.02	108,415,992.26

Total	165,937,280.41	142,101,351.27
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1 . Interest receivable

(1) Interest receivable disclosed by category

Items	20211231	20201231
Deposit interest	2,523,993.39	33,685,359.01
Subtotal	2,523,993.39	33,685,359.01
Less: provision for bad debts		
Total	2,523,993.39	33,685,359.01

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

2 . Other receivables

(1) Other receivables disclosed by aging

Items	20211231	20201231
Within 1 year (inclusive)	153,188,899.24	53,420,775.41
1-2 years (inclusive)	4,959,792.25	42,323,476.43
2-3 years (inclusive)	3,778,131.84	12,988,305.06
Over 3 years	74,186,274.07	68,267,923.76
Sub-total	236,113,097.40	177,000,480.66
Less: Provision for bad debts	72,699,810.38	68,584,488.40
Total:	163,413,287.02	108,415,992.26

(2) Information of provision for bad debts

Provision for bad debts	Stage one	Stage two	Stage three	Total
	12-month expected credit losses	lifetime expected credit losses (Credit impairment has not occurred)	lifetime expected credit losses (Credit impairment has already occurred)	
Beginning balance	352,376.05	9,566,849.71	58,665,262.64	68,584,488.40
Beginning balance in the current				

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)	
period				
--Transfer to the second stage	-3,525.58	3,525.58		
--Transfer to the third stage		-	3,048,177.80	
--Write-back to the second stage		3,048,177.80		
--Write-back to the first stage				
Accrual for the current period	494,264.90	1,021,959.28	6,040,356.18	7,556,580.36
Reversal during the current period				
Write-back of the current period	316,314.67	1,238,763.21	1,886,180.50	3,441,258.38
Write-off during the current period				
Other changes				
Ending balance	526,800.70	6,305,393.56	65,867,616.12	72,699,810.38

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

Book value	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	97,730,535.73	20,604,580.70	58,665,364.23	177,000,480.66
Beginning balance in the				

Book value	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)	
current period				
--Transfer to the second stage	-316,691.48	316,691.48		
--Transfer to the third stage		-8,964,690.04	8,964,690.04	
--Write- back to the second stage				
--Write- back to the first stage				
Increase	462,627,944.95	3,469,155.79	123,742.35	466,220,843.09
Termination of confirmation	400,030,603.31	5,191,442.54	1,886,180.50	407,108,226.35
Other changes				
Ending balance	160,011,185.89	10,234,295.39	65,867,616.12	236,113,097.40

(3) The amount of other accounts receivable actually written off in the current period is RMB 1,221,094.69.

(4) Other receivables disclosed by nature

Nature	20211231	20201231
Receivable and payable	224,540,231.45	167,775,115.62
Others	11,572,865.95	9,225,365.04
Total	236,113,097.40	177,000,480.66

(5) Top five debtors at the end of period

Company	Nature	Amount	Aging	Percentage of total	Provision for bad debts
				other receivables (%)	
The First	Accounts	2,819,946.26	within 1 year	1.19	
The Second	Accounts	2,798,975.71	within 1 year to over 3 years	1.19	2,585,594.69
The Third	Accounts	2,261,360.00	over 3 years	0.96	2,261,360.00
The Fourth	Accounts	1,908,708.06	over 3 years	0.81	1,908,708.06
The Fifth	Accounts	1,740,000.00	over 3 years	0.74	
Total		11,528,990.03		4.89	6,755,662.75

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

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

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

(9) Inventories

1. Inventories disclosed by category

Items	20211231			20201231		
	Carrying amount	Impairment	Book value	Carrying amount	Impairment	Book value
Raw material and main material	4,730,515,761.34	26,986,533.69	4,703,529,227.65	4,535,270,857.67	26,986,533.69	4,508,284,323.98
Work in process and self-made semi-finished product	2,105,832,905.07	25,390,821.52	2,080,442,083.55	1,732,705,334.71	1,946,088.69	1,730,759,246.02
Finished goods	3,439,625,765.66	33,430,937.88	3,406,194,827.78	2,805,646,918.75	4,625,146.10	2,801,021,772.65
Total	10,275,974,432.07	85,808,293.09	10,190,166,138.98	9,073,623,111.13	33,557,768.48	9,040,065,342.65

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

Category	20211231	Increase		Decrease		20201231
		Provision	Others	Write-back or write-off	Others	

Raw material and main material	26,986,533.69			26,986,533.69
Work in process and self-made semi-finished product	1,946,088.69	25,390,821.52	1,946,088.69	25,390,821.52
Finished goods	4,625,146.10	33,430,937.88	4,625,146.10	33,430,937.88
Total	33,557,768.48	58,821,759.40	6,571,234.79	85,808,293.09

3. Descriptions on closing balance of inventories containing capitalized amount of borrowing costs

None

4. Descriptions on current amortization amount of contract performance costs

None

(10) Other current assets

Items	20211231	20201231
Prepaid tax	444,009,128.46	183,320,437.20
VAT input tax	310,939,065.10	86,091,954.53
Time deposit		5,254,234,444.28
Total	754,948,193.56	5,523,646,836.01

(11) Long-term equity investment

Investees	20201231	Add Invest ment	Reduce Investme nt	Investment Gains and Losses Recognized under the Equity Method	Increase/decrease				20211231	Total Impairme nt Ending Balance
					Other Comprehen sive Income Adjustment	Other Equity Changes	Declaration of Cash Dividends or Profit	Provision		
Joint Venture										
Zhejiang Bengang Jingrui Steel Processing Co., Ltd..	2,742,064.73			520,432.46			-280,713.12			2,981,784.07
Subtotal	2,742,064.73			520,432.46			-280,713.12			2,981,784.07
Total	2,742,064.73			520,432.46			-280,713.12			2,981,784.07

(12) Other equity instrument investments

Item	20211231	20201231
Equity of Suzhou Bengang Industrial Co., Ltd.	3,888,980.00	3,888,980.00
Equity of Zhonggang Shanghai Steel Processing Co., Ltd.		
Equity of Northeast Special Steel Group Co., Ltd.	1,037,735,849.00	1,037,735,849.00
Equity of Guangzhou Benpu Automobile Panel Sales Co., Ltd.	200,000.00	200,000.00
Equity of Wuhan Bengang Yuanhong Trading Co., Ltd.	200,000.00	200,000.00
Total	1,042,024,829.00	1,042,024,829.00

Notes:

The Company holds 15% equity of Zhonggang Shanghai Steel Processing Co., Ltd.

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

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

Items	20211231	20201231
Fixed assets	25,480,674,048.94	26,284,567,956.44
Disposal of fixed assets		
Total	25,480,674,048.94	26,284,567,956.44

2. Details of fixed assets

Items	Houses and buildings	Mechanical equipment	Transportation and other equipment	Total
1. Total original value				
20201231	12,992,173,762.87	48,920,259,525.40	912,920,312.85	62,825,353,601.12
Increase in current period	335,742,397.75	1,299,099,252.52	13,828,051.62	1,648,669,701.89
Including: Purchase		21,261,478.78	13,462,077.65	34,723,556.43
Transferred from construction in progress	335,742,397.75	1,277,837,773.74	365,973.97	1,613,946,145.46
Merging				

Items	Houses and buildings	Mechanical equipment	Transportation and other equipment	Total
Decrease in current period	83,262,784.29	737,609,827.88	5,789,627.60	826,662,239.77
Including: Disposal or scrapping	83,262,784.29	737,609,827.88	5,789,627.60	826,662,239.77
Others				
20211231	13,244,653,376.33	49,481,748,950.04	920,958,736.87	63,647,361,063.24
2. Total accumulated depreciation				
20201231	6,133,288,869.64	29,679,421,087.16	629,132,131.82	36,441,842,088.62
Increase in current period	325,467,326.07	1,985,674,168.41	21,886,735.42	2,333,028,229.90
Including: Provision	325,467,326.07	1,985,674,168.41	21,886,735.42	2,333,028,229.90
Decrease in current period	47,133,558.25	648,898,692.49	5,629,149.44	701,661,400.18
Including: Disposal or scrapping	47,133,558.25	648,898,692.49	5,629,149.44	701,661,400.18
20211231	6,411,622,637.46	31,016,196,563.08	645,389,717.80	38,073,208,918.34
3. Total impairment				
20201231	36,963,620.92	61,979,935.14		98,943,556.06
Increase in current period	48,396,211.92	6,453,363.70		54,849,575.62
Including: accrued	48,396,211.92	6,453,363.70		54,849,575.62
Others				
Decrease in current period	1,261,418.52	59,053,617.20		60,315,035.72
Including: Disposal or scrapping	1,261,418.52	59,053,617.20		60,315,035.72
20211231	84,098,414.32	9,379,681.64		93,478,095.96
4. Total net book value of Fixed assets				
20211231	6,748,932,324.55	18,456,172,705.32	275,569,019.07	25,480,674,048.94
20201231	6,821,921,272.31	19,178,858,503.10	283,788,181.03	26,284,567,956.44

3. Fixed assets idled temporarily

Items	Gross value	Accumulated depreciation	Impairment	Net book value	Notes
Houses and buildings	223,416,300.48	139,189,651.03	84,098,414.32	128,235.13	
Mechanical equipment	100,086,005.34	89,198,289.39	9,379,681.64	1,508,034.31	
Transportation and Other equipment	1,042,125.89	1,042,125.89			
Total	324,544,431.71	229,430,066.31	93,478,095.96	1,636,269.44	

4. Fixed assets leased in through financial leasing

As of the end of last reporting period, the value of the fixed assets leased in through financial leasing was RMB 1,114,232,362.74, all of which were leased from the related party Liaoning Hengyi Financial Leasing Co., Ltd. In this period, the company terminated the financial leasing business with Liaoning Hengyi Financial Leasing Co., Ltd., and pay the full amount.

5. Fixed assets leased out through financial leasing

Item	Ending balance
Houses and buildings	1,239,002.14
Total	1,239,002.14

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

Items	Book value	Reason
Houses and buildings	1,062,356,103.50	Being processed

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

Items	20211231	20201231
Construction in progress	2,431,761,889.08	1,837,160,389.66
Project materials	2,420,212.05	2,773,325.92
Total	2,434,182,101.13	1,839,933,715.58

2. Details of construction in progress

Items	20211231			20201231		
	Gross value	Total impairment	Net book value	Gross value	Total impairment	Net book value
Cold-rolled high-strength steel renovation project				23,961,023.15		23,961,023.15
CCPP power generation project	662,907,316.06		662,907,316.06	300,907,874.71		300,907,874.71
Special steel rolling mill renovation project	225,662,005.25		225,662,005.25	151,433,585.06		151,433,585.06
360 square meter sintering machine	88,340,997.99		88,340,997.99	82,878,409.99		82,878,409.99
Chemical Coke Oven Gas Project – Bengang transferred to Liaoning Coal				21,840,791.70		21,840,791.70
No. 7 blast furnace dry dust removal and energy-saving				70,402,228.77		70,402,228.77

Items	20211231			20201231		
	Gross value	Total impairment	Net book value	Gross value	Total impairment	Net book value
Environmental protection overhaul project of No. 6 blast furnace				66,322,604.36		66,322,604.36
Flue gas desulfurization and denitrification of No. 7 coke oven in the plate coking plant				28,774,283.25		28,774,283.25
Special Steel Electric Furnace Capacity Replacement Project	975,649,876.97		975,649,876.97	358,101,195.01		358,101,195.01
220kV Substation Project of General Energy Plant				23,302,571.03		23,302,571.03
Advanced Treatment and Reuse Project of Reclaimed Water in General Energy Plant				98,563,871.96		98,563,871.96
One-tower desulfurization revamp in the coking plant				31,893,853.65		31,893,853.65
The overall improvement of Benxi Steel's manufacturing	36,748,743.10		36,748,743.10	29,824,289.00		29,824,289.00
Energy General Plant No. 1 Converter Gas Tank System Transformation Project	66,477,477.13		66,477,477.13	24,008,553.86		24,008,553.86
Caixi Special Steel Feeding Station of Steel Plate Scrap Plant	38,375,436.67		38,375,436.67	1,231,879.70		1,231,879.70
Coking Plant No. 8 and No. 9 Coke Oven Flue Gas Desulfurization and Denitrification				12,708,765.66		12,708,765.66
Electrostatic precipitator for sintering system in ironworks renovation project				14,956,633.00		14,956,633.00
Manufacturing Management System Improvement (2020)				16,091,178.68		16,091,178.68
Casting of the new No. 1 blast furnace hearth in the Plate Ironworks						
Benxi Steel Baojin Processing and Distribution Project	22,088,294.34		22,088,294.34	15,998,341.25		15,998,341.25

Items	20211231			20201231		
	Gross value	Total impairment	Net book value	Gross value	Total impairment	Net book value
Renovation of Desulfurization System in Purification Zone 2 of Coking Plant				17,588,986.17		17,588,986.17
Improvement of Environmental Protection and Efficiency of 360M2 Sintering Machine in Steel Plate				19,034,328.00		19,034,328.00
Other	315,511,741.57		315,511,741.57	427,335,141.70		427,335,141.70
Total	2,431,761,889.08		2,431,761,889.08	1,837,160,389.66		1,837,160,389.66

3. The change of major construction in progress

Project	Budget (in 10 thousand yuan)	20201231	Increase	Transfer to FA	Other decrease	20211231	Input of Budget (%)	Progress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capitalization rate	Source of fund
Cold-rolled high-strength steel renovation project	701,535.00	23,961,023.15	67,964,463.27	91,925,486.42			85.00	100.00	857,867,059.71			Self-raised & Other
CCPP power generation project	106,000.00	300,907,874.71	361,999,441.35			662,907,316.06	63.00	65.00	14,497,562.06	8,138,558.77	3.93	Self-raised & Loans & Other
Special steel rolling mill renovation project	82,386.00	151,433,585.06	173,423,847.58	99,195,427.39		225,662,005.25	40.00	40.00	6,770,232.91	2,864,335.85	3.93	Loans & Other
360 square meter sintering machine	137,723.00	82,878,409.99	23,551,905.29	18,089,317.29		88,340,997.99	92.00	95.00	68,627,433.26			Loans & Other
Chemical Coke Oven Gas Project – Bengang transferred to Liaoning Coal	2,557.00	21,840,791.70		21,840,791.70			85.00	95.00				Other
No. 7 blast furnace dry dust removal and energy-saving	9,267.00	70,402,228.77	1,590,550.81	71,992,779.58			78.00	95.00	455,304.64	161,324.57	3.93	Loans & Other
Environmental protection overhaul project	25,225.00	66,322,604.36	188,679.25	66,511,283.61			76.00	100.00				Other

Project	Budget (in 10 thousand yuan)	20201231	Increase	Transfer to FA	Other decrease	20211231	Input of Budget (%)	Progress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capitalization rate	Source of fund
of No. 6 blast furnace												
Flue gas desulfurization and denitrification of No. 7 coke oven in the plate coking plant	5,337.38	28,774,283.25	5,104,951.95	33,879,235.20			63.00	65.00				Other
Special Steel Electric Furnace Capacity Replacement Project	192,343.00	358,101,195.01	617,548,681.96			975,649,876.97	51.00	55.00				Self-raised & Other
220kV Substation Project of General Energy Plant	31,500.00	23,302,571.03	135,130,101.16	158,432,672.19			50.00	80.00				Other
Advanced Treatment and Reuse Project of Reclaimed Water in General Energy Plant	17,570.00	98,563,871.96	15,375,754.95	113,939,626.91			65.00	85.00				Other
One-tower desulfurization revamp in the coking plant	9,174.00	31,893,853.65	22,991,749.16	54,885,602.81			60.00	100.00				Other

Project	Budget (in 10 thousand yuan)	20201231	Increase	Transfer to FA	Other decrease	20211231	Input of Budget (%)	Progress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capitalization rate	Source of fund
The overall improvement of Benxi Steel's manufacturing	5,600.00	29,824,289.00	6,924,454.10			36,748,743.10	66.00	80.00				Other
Energy General Plant No. 1 Converter Gas Tank System Transformation Project	16,086.00	24,008,553.86	42,468,923.27			66,477,477.13	41.00	60.00				Other
Caixi Special Steel Feeding Station of Steel Plate Scrap Plant	12,114.00	1,231,879.70	38,839,910.07	1,696,353.10		38,375,436.67	33.00	60.00				Other
Coking Plant No. 8 and No. 9 Coke Oven Flue Gas Desulfurization and Denitrification	9,898.00	12,708,765.66	59,675,758.76	72,384,524.42			73.00	100.00				Other
Electrostatic precipitator for sintering system in ironworks renovation project	4,500.00	14,956,633.00	9,507,953.00	24,464,586.00			54.00	100.00				Other
Manufacturing Management System	2,639.00	16,091,178.68	6,718,790.00	22,809,968.68			86.00	100.00				Other

Project	Budget (in 10 thousand yuan)	20201231	Increase	Transfer to FA	Other decrease	20211231	Input of Budget (%)	Progress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capitalization rate	Source of fund
Improvement (2020)												
Casting of the new No. 1 blast furnace hearth in the Plate Ironworks	8,200.00		47,485,826.92	47,485,826.92			58.00	95.00				Other
New construction 8# single-strand slab casting machine project	64,341.00		103,473,209.19	103,473,209.19			70.00	80.00				Self-raised & Other
5# blast furnace ex-situ overhaul (new 2# blast furnace)	124,087.00		51,731,262.32	51,731,262.32			72.00	90.00	31,410,224.05			Self-raised & Other
1700 Hot Rolling Improvement Transformation	25,000.00		21,789,258.69	21,789,258.69			80.00	90.00				Other
Environmental protection renovation of No. 4-6 converters	27,000.00		25,042,287.39	25,042,287.39			70.00	95.00	2,799,798.26			Self-raised & Other
Renovation of Desulfurization System in Purification Zone 2 of Coking Plant	6,000.00	17,588,986.17	13,012,782.04	30,601,768.21			51.00	80.00				Other
Improvement of Environmental Protection and Efficiency of 360M2 Sintering	5,573.00	19,034,328.00	14,047,395.24	33,081,723.24			59.00	80.00				Other

Project	Budget (in 10 thousand yuan)	20201231	Increase	Transfer to FA	Other decrease	20211231	Input of Budget (%)	Progress (%)	Accumulated amount of capitalized interest	Including: capitalized interest of current period	Capitalization rate	Source of fund
Machine in Steel Plate												
Benxi Steel Baojin Processing and Distribution Project	31,037.39	15,998,341.25	6,089,953.09			22,088,294.34	7.00	10.00				Other
Total		1,409,825,247.96	1,871,677,890.81	1,165,252,991.26		2,116,250,147.51			982,427,614.89	11,164,219.19		

The main projects that Cold-rolled high-strength steel renovation project and 360 square meter sintering machine and 5# blast furnace ex-situ overhaul (new 2# blast furnace) had been transferred to fixed assets in previous years

4. There is no impairment of construction in progress during the current period.

5. Construction materials

Items	20211231		20201231			
	Gross value	Impairment	Net Book Value	Gross value	Impairment	Net Book Value
Construction materials	2,420,212.05		2,420,212.05	2,773,325.92		2,773,325.92
Total	2,420,212.05		2,420,212.05	2,773,325.92		2,773,325.92

(15) Right-of-use assets

Items	Land	Houses and buildings	Total
1. Total gross value			
20201231	1,132,274,415.17	368,465,367.56	1,500,739,782.73
Increase			
Including: New lease			
Merger			
Revaluation adjustment			
Decrease			
Including: Transfer to fixed assets			
Disposal			
20211231	1,132,274,415.17	368,465,367.56	1,500,739,782.73
2. Total of Accumulated Amortization			
20201231			
Increase	39,904,236.22	20,470,298.20	60,374,534.42
Including: Accrued	39,904,236.22	20,470,298.20	60,374,534.42
Decrease			
Including: Transfer to fixed assets			
Disposal			
20211231	39,904,236.22	20,470,298.20	60,374,534.42
3. Total Impairment			
20201231			
Increase			
Including: Accrued			

Decrease			
Including: Transfer to fixed assets			
Disposal			
20211231			
4. Total Net value			
20211231	1,092,370,178.95	347,995,069.36	1,440,365,248.31
20201231	1,132,274,415.17	368,465,367.56	1,500,739,782.73

(16) Intangible assets
1. Details of intangible assets

Items	Land use right	Software	Total
1. Total gross value			
20201231	327,028,797.84	310,401.55	327,339,199.39
Increase	40,640,000.00		40,640,000.00
Including: Purchase	40,640,000.00		40,640,000.00
Internal Research and Development			
Merger			
Decrease			
Including: Disposal			
Invalid and terminated confirmation			
20211231	367,668,797.84	310,401.55	367,979,199.39
2. Total of Accumulated Amortization			
20201231	62,257,844.20	148,702.65	62,406,546.85
Increase	7,624,308.81	26,794.92	7,651,103.73
Including: Accrued	7,624,308.81	26,794.92	7,651,103.73
Decrease			
Including: Disposal			
Invalid and terminated confirmation			
20211231	69,882,153.01	175,497.57	70,057,650.58
3. Total Impairment			
2020231			
Increase			
Including: Accrued			
Decrease			

Including: Disposal

Invalid and terminated confirmation

20211231

4. Total Net value

20211231	297,786,644.83	134,903.98	297,921,548.81
20201231	264,770,953.64	161,698.90	264,932,652.54

2. Land use right without Certificate of Land use right at the end of period

Items	Book value	Reason
Land use right	39,556,267.07	Being processed
Total	39,556,267.07	

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

Items	20211231		20201231	
	Deductible	Deferred tax asset	Deductible	Deferred tax asset
	temporary differences		temporary differences	
Impairment of assets	451,808,313.33	112,952,078.33	398,431,973.43	99,607,993.35
Internal unrealized profit	93,178,777.44	23,294,694.36	74,424,898.92	18,606,224.73
Depreciation of fixed assets	21,906,259.43	5,476,564.86	333,978,859.03	83,494,714.76
Other	48,132,843.04	12,033,210.76		
Total	615,026,193.24	153,756,548.31	806,835,731.38	201,708,932.84

2. Unrecognized deferred tax assets

Items	20211231	20201231
Deductible temporary differences	305,643,743.02	305,702,137.30
Deductible losses	45,093,302.90	54,629,940.42
Total	350,737,045.92	360,332,077.72

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

Items	20211231	20201231	Notes
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Year 2021		10,945,961.04
Year 2022	1,001,166.72	1,001,166.72
Year 2023	10,336,118.65	14,114,953.21
Year 2024	13,696,334.51	17,910,573.13
Year 2025	10,723,063.42	10,657,286.32
Year 2026	9,336,619.60	
Total	45,093,302.90	54,629,940.42

(18) Other non-current assets

Items	20211231			20201231	
	Gross value	Impairment	Net book value	Gross value	Impairment
Prepaid long-term assets	30,630,858.13		30,630,858.13	995,840,320.65	
Total	30,630,858.13		30,630,858.13	995,840,320.65	

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

Items	20211231	20201231
Pledge loans		
Mortgage loans		
Guaranteed loans	3,823,088,140.00	9,687,731,000.00
Credit loans	230,000,000.00	380,000,000.00
Total	4,053,088,140.00	10,067,731,000.00

2. There is no short-term loans that were overdue at the end of the reporting period**(20) Notes payable**

Items	20211231	20201231
Bank acceptance bill	2,286,000,000.00	7,747,043,186.29
Commercial acceptance bill	1,724,083,376.48	857,106,162.13
Domestic letter of credit	625,000,000.00	1,210,000,000.00
Total	4,635,083,376.48	9,814,149,348.42

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

(21) Accounts payable

(1) Accounts payable disclosed by category

Items	20211231	20201231
Accounts payable for goods	4,272,890,365.57	5,122,416,750.84
Accounts payable for labor	51,392,037.81	18,697,483.74
Accounts payable for project and equipment	557,316,885.80	513,842,739.32
Repair expense and others	470,673,396.71	259,271,282.92
Total	5,352,272,685.89	5,914,228,256.82

(2) Significant accounts payable aging over one year

Items	Ending balance	Of which:
		more than one year
Company 1	20,685,977.47	16,579,573.22
Company 2	14,200,000.00	14,200,000.00
Company 3	14,519,435.78	13,946,435.78
Company 4	227,930,805.86	10,163,913.21
Total	277,336,219.11	54,889,922.21

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

(22) Contract liabilities

1. Details of contract liabilities

Items	20211231	20201231
Advance for goods	4,708,188,093.78	4,458,671,819.90
Total	4,708,188,093.78	4,458,671,819.90

As at December 31, 2021, the value-added tax received in advance from customers was RMB 612,064,452.20 (December 31, 2020: RMB 579,627,336.58) and disclosed as other current liabilities.

(23) Employee benefits payable

1. Employee benefits payable

Items	20201231	Increase	Decrease	20211231
Short-term employee benefits	25,748,902.30	2,356,609,073.18	2,230,262,598.99	152,095,376.49
Post-employment benefits				
- defined contribution plans	582.95	221,340,145.12	221,340,728.07	
Termination benefits		25,981.50	25,981.50	
Other benefits due within one year				
Total	25,749,485.25	2,577,975,199.80	2,451,629,308.56	152,095,376.49

2. Short-term employee benefits

Items	20201231	Increase	Decrease	20211231
(1) Salary, bonus, allowance and subsidy	16,591,117.11	1,860,128,031.35	1,737,972,314.57	138,746,833.89
(2) Employee welfare		147,741,924.10	147,741,924.10	
(3) Social Insurance	653,712.74	146,522,560.74	147,176,273.48	
Including: Medical insurance	3,683.11	112,150,597.68	112,154,280.79	
Work injury insurance	650,029.63	34,351,650.00	35,001,679.63	
Maternity insurance		20,313.06	20,313.06	
(4) Housing funds	6,859,195.00	131,612,225.64	131,608,625.64	6,862,795.00
(5) Union funds and staff education fee	1,644,877.45	48,124,295.36	43,283,425.21	6,485,747.60
(6) Short-term compensated absences				
(7) Short-term profit - sharing scheme				
(8) Other		22,480,035.99	22,480,035.99	
Total	25,748,902.30	2,356,609,073.18	2,230,262,598.99	152,095,376.49

3. Defined contribution plans

Items	20201231	Increase	Decrease	20211231
Basic pension fund	565.28	213,156,905.63	213,157,470.91	
Unemployment insurance	17.67	8,183,239.49	8,183,257.16	
Total	582.95	221,340,145.12	221,340,728.07	

(24) Taxes payable

Items	20211231	20201231
Value-added tax	29,696,795.33	22,541,925.74
Corporate income tax	35,810,190.67	9,589,798.62
City maintenance and construction tax	2,362,795.25	4,490,656.56
House property tax	16,819,232.89	3,661,600.13
Educational surcharges	1,710,729.40	3,211,296.48
Land holding tax	2,878,545.36	1,180,402.66
Environmental tax	9,935,977.17	8,398,902.77
Others	15,053,722.63	2,227,498.00
Total	114,267,988.70	55,302,080.96

(25) Other payables

Items	20211231	20201231
Interest payables		
Dividend payables		
Other payables	1,348,025,731.98	709,448,301.92
Total	1,348,025,731.98	709,448,301.92

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

Items	20211231	20201231
Deposit	1,556,363.89	1,713,563.89
Margin	127,642,584.79	98,316,454.89
Accounts	1,133,934,695.19	525,775,209.97
Others	84,892,088.11	83,643,073.17

Total	1,348,025,731.98	709,448,301.92
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(2) At the end of period, no significant other payables aged over one year

(26) Non-current liabilities due within one year

Items	20211231	20201231
Long-term loans due within one year	246,949,595.95	1,287,630,361.43
Bond payables due within one year	25,053,455.40	20,400,000.00
Lease liabilities due within one year	38,777,466.79	
Total	310,780,518.14	1,308,030,361.43

(27) Other current liabilities

Items	20211231	20201231
Output tax to be transferred	612,064,452.20	579,627,336.58
Total	612,064,452.20	579,627,336.58

(28) Long-term loans
Long-term loans disclosed by category

Categories	20211231	20201231
Pledged loans	622,600,000.00	622,600,000.00
Mortgage loan		
Guaranteed loans	595,921,771.74	798,714,362.65
Credit loans	3,004,300,000.00	2,081,620,065.00
Total	4,222,821,771.74	3,502,934,427.65

(29) Bonds payables

1. Bonds payables disclosed by category

Items	20211231	20201231
Convertible Bond	5,054,251,668.83	5,752,229,339.52
Total	5,054,251,668.83	5,752,229,339.52

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

Items	Book value	Issue date	Term to maturity	Issuance amount	Balance at the end of the previous year	Current issue	Interest accrued at face value	Premium and discount amortization	Repayment this period	Convert to stock this period	Balance at the end of the current year
Convertible Bond (Bond code:127018)	6,800,000,000.00	Jun 20 9, 20 20	6 years	6,800,000,000.00	5,752,229,339.52		45,161,128.80	516,038,858.11		1,168,855,400.00	5,054,251,668.83
Total				6,800,000,000.00	5,752,229,339.52		45,161,128.80	516,038,858.11		1,168,855,400.00	5,054,251,668.83

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

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

During the period from January 1, 2021 to December 31, 2021, the Company's A-share convertible bonds of RMB 1,168,855,400.00 were converted into the Company's A-share ordinary shares, and the number of converted shares was 232,819,847 shares. Of which:

In the first quarter of 2021, Bengang's convertible bonds decreased by RMB 2,656,000.00 (26,560 bonds) due to share conversion, the number of shares converted

was 527,021 shares, and the conversion price was RMB 5.03 per share;

In the second quarter of 2021, Bengang's convertible bonds decreased by RMB 46,087,200.00 (460,872 bonds) due to share conversion, the number of shares converted was 9,162,052 shares, and the conversion price was RMB 5.03 per share;

In the third quarter of 2021, Bengang's convertible bonds decreased by RMB 1,119,957,200.00 (11,199,572 bonds) due to share conversion, the number of shares converted was 223,096,752 shares, and the conversion price was RMB 5.02 per share;

In the fourth quarter of 2021, Bengang's convertible bonds decreased by RMB 155,000.00 (1,550 bonds) due to share conversion, the number of shares converted was 34,022 shares, and the conversion price was RMB 4.55 per share;

As at December 31, 2021, the company's remaining balance of convertible bonds was RMB 5,631,144,600.00 (56,311,446 bonds).

4. Notes to other financial instruments classified as financial liabilities**(30) Lease liabilities**

Items	20211231
Lease liabilities	1,463,444,635.94
Include: lease liabilities due within 1 year	38,777,466.79
Lease liabilities ending balance	1,424,667,169.15

(31) Long-term payables

Items	20211231	20201231
Long-term payables		1,114,232,362.74
Special payables		
Total		1,114,232,362.74

Notes: At the end of the reporting period, the company has repaid all the financial lease payments

1. long-term payables

Items	20211231	20201231
Financing lease payments		1,114,232,362.74
Including: unrealized financing expenses		779,232,152.85
Total		1,114,232,362.74

Notes: At the end of the reporting period, the amount of financing lease payment and the amount of unrealized financing expenses and the minimum amount of financial lease payment to be paid after the balance sheet date was zero.

(32) Deferred income

Items	20201231	Increase	Decrease	20211231	Reason
Government Subsidy	154,451,833.23	3,793,520.00	65,139,067.34	93,106,285.89	
Total	154,451,833.23	3,793,520.00	65,139,067.34	93,106,285.89	

Projects of government subsidies:

Items	20201231	Increase	Transfer to current profit and loss	Other decrease	20211231	Related to assets or income
Liaoning Province "Hundred, Thousand, Thousand, Thousand Talents Project" funding project in 2018	250,000.00		30,000.00		220,000.00	Assets
2018 Municipal Skill Master Workstation Fee	66,616.34		7,850.00		58,766.34	Assets
2019 Municipal Skill Master Workstation Fee	180,000.00		81,915.84		98,084.16	Assets
2020 Ecological Civilization Construction Project (Special Steel Electric Furnace Upgrade Project)	20,000,000.00				20,000,000.0	Assets
Advanced Treatment Project of Carbon Fiber Wastewater in Dongfeng Plant Area of Plate Coking Plant	9,500,000.00		1,900,000.00		7,600,000.00	Assets
Desulfurization and Denitrification Project of Coal- fired Boiler in High-pressure Workshop of Bengang Power Plant	3,600,000.00		600,000.00		3,000,000.00	Assets
Research and development of high-strength steel for the third generation of automobiles	2,320,000.00		580,000.00		1,740,000.00	Assets

Items	20201231	Increase	Transfer to current profit and loss	Other decrease	20211231	Related to assets or income
7 sets of 130 tons combustion boiler flue gas desulfurization project in power plant	9,600,000.00		4,800,000.00		4,800,000.00	Assets
Power plant three power plant cogeneration reform project	4,000,000.00		2,000,000.00		2,000,000.00	Assets
Industrial enterprise energy management center construction demonstration project	2,320,000.00		2,320,000.00			Assets
Automatic air quality monitoring system	35,000.00		35,000.00			Assets
Cold-rolled high-strength steel renovation project	100,000,000.00		50,000,000.00		50,000,000.00	Assets
Liaoning Artisan Subsidy	21.89				21.89	Assets
Construction of professional technology innovation platform for automobile steel industry	200,000.00		200,000.00			Assets
Research on the Influence Mechanism and Control of Rare Earth Oxide Sulfide on Automobile Steel Plasticity	349,517.26	189,520.00	81,623.76		457,413.50	Assets
Introduce special funds for overseas advanced and applicable technologies	2,000,000.00		2,000,000.00			Assets

Items	20201231	Increase	Transfer to current profit and loss	Other decrease	20211231	Related to assets or income
“Steel for high-strength pipelines under low- temperature and high-pressure service conditions”	30,677.74	62,000.00	92,677.74			Assets
Project national support funds						
Design of metallurgical slag system of rare earth steel and research on its chemical properties		340,000.00			340,000.00	Income
Provincial Science and Technology Department						
National Natural Science Foundation of China- Liaoning Provincial Government Joint Fund Project		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
Basic research on new technology of composite iron coke low carbon ironmaking charge		168,000.00			168,000.00	Income
The second batch of planned projects of the 2020 Liaoning Provincial Central Government to guide local science and technology development funds		300,000.00			300,000.00	Income

Items	20201231	Increase	Transfer to current profit and loss	Other decrease	20211231	Related to assets or income
2020 Liaoning Province "Hundreds of Thousands of Talents Project" Funding Project		50,000.00			50,000.00	Income
Air Pollution Prevention and Control Fund-Second Burning Finishing Dust Removal Ultra-Low Emission Transformation Project		2,050,000.00	410,000.00		1,640,000.00	Assets
Total	154,451,833.23	3,793,520.00	65,139,067.34		93,106,285.89	

(33) Share capital

Items	20201231	Increase/decrease (+, -)				Subtotal	20211231
		Issuing of new share	Bonus shares	Transferred from reserves	Others		
Capital shares	3,875,371,532.00				232,819,847.00	232,819,847.00	4,108,191,379.00

Notes:

The increase in the current period was due to the conversion of the A-share convertible bonds issued by the company into 232,819,847 A-share ordinary shares in the current period. For details, please refer to “Note 5 (27) Bonds Payable”.

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

The Company’s other equity instruments at the end of the period are the equity part of convertible corporate bonds. For details, please refer to “Note 5 (27) Bonds payable”.

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

Items	20201231		Increase		Decrease		20211231	
	Number	Book value	Number	Book value	Number	Book value	Number	Book value
Convertible corporate	68,000,000.00	1,146,290,662.42			11,688,554.00	198,407,998.79	56,311,446.00	947,882,663.63

Items	20201231		Increase		Decrease		20211231	
	Number	Book value	Number	Book value	Number	Book value	Number	Book value
bonds								
Total	68,000,000.00	1,146,290,662.42	-	-	11,688,554.00	198,407,998.79	56,311,446.00	947,882,663.63

Notes:

The decrease in the current period is due to the accumulative amount of RMB 1,168,855,400.00 (11,688,554 bonds) of A-share convertible bonds issued by the company being converted into the company's A-share ordinary shares. As at December 31 2021, the remaining convertible bond balance of the company is RMB5,631,144,600.00(56,311,446 bonds). For details, please refer to "Note 5. (27) Bonds Payable".

(35) Capital reserves

Items	20201231	Increase	Decrease	20211231
Capital premium	12,227,292,378.47	928,924,325.80		13,156,216,704.27
Other capital reserves	115,917,468.82			115,917,468.82
Total	12,343,209,847.29	928,924,325.80		13,272,134,173.09

Notes:

The increase in the current period is due to the conversion of the A-share convertible bonds issued by the company into A-share ordinary shares in the current period. For details, please refer to “Note 5.

(27) Bonds Payable”.

(36) Special Reserves

Items	20201231	Increase	Decrease	20211231
Safety production cost	300,412.14	63,036,424.58	62,998,858.15	337,978.57
Total	300,412.14	63,036,424.58	62,998,858.15	337,978.57

(37) Surplus Reserves

Items	20201231	20210101	Increase	Decrease	20211231
Statutory surplus reserves	961,105,529.85	961,105,529.85	234,010,992.52		1,195,116,522.37
Total	961,105,529.85	961,105,529.85	234,010,992.52		1,195,116,522.37

(38) Undistributed Profits

Items	2021	2020
Before adjustments: undistributed profits at last year-end	2,692,018,405.40	2,307,765,664.62
Adjustments of the beginning distributed profits (increase + / decrease -)		
After adjustments: undistributed profit at this year-beginning	2,692,018,405.40	2,307,765,664.62
Add: undistributed profit belonging to parent company	2,500,582,902.58	384,252,740.78
Less: Statutory surplus reserves	234,010,992.52	
Discretionary reserves		
General risk reserves		

Items	2021	2020
Common shares dividend payable	1,981,284,017.82	
Common shares dividend transferred to paid-in capital		
Ending balance of undistributed profits	2,977,306,297.64	2,692,018,405.40

(39) Operating income and operating cost

Items	2021		2020	
	Revenue	Cost	Revenue	Cost
Principal business	69,992,675,798.60	64,770,421,744.20	45,321,849,577.55	43,322,474,075.93
Other business	7,919,469,182.86	7,121,176,592.76	3,362,943,108.03	3,069,706,486.66
Total	77,912,144,981.46	71,891,598,336.96	48,684,792,685.58	46,392,180,562.59

Details for operating income:

Item	Principal business	Other business
Classified by business area	69,992,675,798.60	7,919,469,182.86
Including: Domestic	63,657,154,874.80	7,919,469,182.86
Abroad	6,335,520,923.80	-
Classified by the time of commodity transfer	69,992,675,798.60	7,919,469,182.86
Including: recognize at a certain point in time	69,992,675,798.60	7,916,590,751.39
recognize over a certain period of time		2,878,431.47
Total	69,992,675,798.60	7,919,469,182.86

(40) Tax and surcharges

Items	2021	2020
City maintenance and construction tax	123,495,868.43	39,002,807.95
Educational surcharge	88,373,442.32	28,155,477.26
Housing property tax	81,377,911.78	79,753,764.80
Land use right tax	13,696,962.53	13,090,099.93
Environmental tax	41,124,449.80	28,417,193.46
Stamp duty	82,245,033.15	26,523,801.64
Others	1,146,895.68	928,675.06
Total	431,460,563.69	215,871,820.10

(41) Selling and distribution expenses

Items	2021	2020
Import and export agency fee	73,807,602.10	55,316,442.53
Salary and benefits	35,270,978.16	25,955,134.20
Package fee	6,901,048.55	6,179,183.22
Others	25,414,936.76	9,828,520.26
Total	141,394,565.57	97,279,280.21

(42) General and administrative expenses

Items	2021	2020
Salary and benefits	656,796,852.87	368,149,507.51
Repair expense	249,469,415.56	216,309,807.28
Land use right fee	39,930,546.94	65,600,418.40
Depreciation	42,367,710.99	39,060,982.28
Heating fee	91,825,534.38	25,929,633.73
Water resources fee	7,059,455.17	18,956,412.81
Sewage charges	14,522,765.23	13,186,781.11
Others	85,267,160.96	45,632,751.69
Total	1,187,239,442.10	792,826,294.81

(43) Research and development expenses

Items	2021	2020
Depreciation, materials and compensation, etc.	56,401,594.44	37,989,623.28
Total	56,401,594.44	37,989,623.28

(44) Financial expenses

Items	2021	2020
Interest expenditure	1,007,595,231.75	1,028,857,436.14
Including: Lease liability interest expense	56,397,569.84	
Less: Interest income	393,818,460.36	378,523,984.03
Exchange loss	-86,313,266.83	-307,919,937.19
Others	9,130,130.50	22,361,640.70
Total	536,593,635.06	364,775,155.62

(45) Other income

Items	2021	2020
Government subsidy	66,345,976.64	81,193,591.56
Others		111,590.36
Total	66,345,976.64	81,305,181.92

(46) Income on investment

Items	2021	2020
Income on long-term equity investment by equity method	520,432.46	374,119.86
Income from disposal of long-term equity investment	1,434,393.28	
Income on disposal of financial assets holding for trading	-124,911,004.89	13,500,000.00
Dividend income obtained during the holding period of other equity instrument investments		77,242.47
Other	2,436,869.33	
Total	-120,519,309.82	13,951,362.33

(47) Credit impairment losses

Items	2021	2020
Loss from bad debts of account receivable	2,417,959.10	302,302,638.01
Loss from bad debts of other receivables	5,336,416.67	1,717,123.74
Total	7,754,375.77	304,019,761.75

Note: Loss is shown as positive figures

(48) Assets impairment loss

Items	2021	2020
Impairment of inventory and contract performance costs	58,821,759.40	6,571,234.79
Impairment of fixed assets	54,849,575.62	60,614,634.58
Total	113,671,335.02	67,185,869.37

Note: Loss is shown as positive figures

(49) Asset disposal income

Items	2021	2020	The amount recognized in non-recurring profit
Disposal gains or losses arising from disposal of fixed assets	130,675.05	325,651.61	130,675.05

Items	2021	2020	The amount recognized in non-recurring profit
not held for sale			
Total	130,675.05	325,651.61	130,675.05

Note: Loss is shown as positive figures

(50) Non-operating income

Items	2021	2020	The amount recognized in non-recurring profit
Non-current assets scrapped gains	2,606,854.39	2,703,102.88	2,606,854.39
Debt restructuring gain		32,800.02	
Others	5,176,371.41	1,592,660.62	5,176,371.41
Total	7,783,225.80	4,328,563.52	7,783,225.80

(51) Non-operating expense

Items	2021	2020	The amount recognized in non-recurring profit
Donations			
Non-current assets scrapped loss	64,272,629.43	95,724,280.44	64,272,629.43
Others			
Total	64,272,629.43	95,724,280.44	64,272,629.43

(52) Income tax expenses

1. Income tax expenses

Items	2021	2020
Income tax payable for the current year	853,911,187.93	35,594,567.91
Adjustment of deferred income tax	47,952,384.53	-10,223,337.35
Total	901,863,572.46	25,371,230.56

2. Accounting profit and income tax expense adjustment process

Items	2021
Total profit	3,435,499,071.09
Income tax expense calculate according to the official or applicable tax rate	858,874,767.77
Effect of different tax rates applied by subsidiaries	

Items	2021
Effect of adjustment of the income tax expense of prior period	5,955,617.82
Effect of non-taxable income	-824,062.27
Effect of undeductible costs, expenses or losses	130,996.77
Effect of use of deductible losses of unrecognized deferred tax asset of prior period	
Effect of deductible temporary differences or deductible losses of unrecognized deferred tax asset of current period	163,459.93
Changes in the balance of deferred income tax assets and liabilities at the beginning of the period due to the additional deductible expenses and tax rate adjustments required by the tax law	
Others	37,562,792.44
Income tax expenses	901,863,572.46

(53) Earnings per share

1. Basic earnings per share

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the common stock shareholders of the parent company by the weighted average number of common stocks issued by the company:

Items	2021	2020
Consolidated net profit attributable to ordinary shareholders of parent company	2,500,582,902.58	384,252,740.78
The weighted average number of common shares issued by the company	4,168,950,364.25	3,875,371,532.00
Basic earnings per share	0.600	0.099
Including: basic earnings per share for continuing operations	0.600	0.099
Basic earnings per share for discontinued operations		

2. Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit attributable to the common shareholders of the parent company (diluted) by the weighted average number of ordinary shares issued by the company (diluted):

Items	2021	2020
Consolidated net profit attributable to ordinary	2,735,242,850.60	384,252,740.78

Items	2021	2020
shareholders of parent company (diluted)		
The weighted average number of common shares issued by the company (diluted)	5,509,699,078.54	3,875,371,532.00
Diluted earnings per share	0.496	0.099
Including: Diluted earnings per share for continuing operations	0.496	0.099
Diluted earnings per share for discontinued operations		

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

(54) Notes of statement of cash flows

1. Cash received related to other operating activities

Items	2021	2020
Withdraw of current accounts, advance for another	4,269,927.26	415,131,996.05
Interest income	424,979,825.98	365,343,047.49
Special subsidy income	3,752,120.00	27,624,696.63
Non-operating income	3,029,073.33	673,106.88
Others	65,335,821.55	8,181,857.38
Total	501,366,768.12	816,954,704.43

2. Cash paid related to other operating activities

Items	2021	2020
Current accounts, advance for another	19,482,383.93	347,552,655.29
Sales expenses	14,638,578.99	72,862,184.48
Administrative expenses	86,597,752.51	44,664,338.51
Charges	22,157,726.11	20,710,711.34
Others	299,743.97	1,489,830.36
Total	143,176,185.51	487,279,719.98

3. Cash received related to other financing activities

Items	2021	2020
Margin for bill, letter of guarantee and letter of credit	2,105,252,645.77	1,076,807,422.35
Proceeds from negotiation	41,310,294.37	253,068,892.21

Items	2021	2020
Others	214,709,267.94	
Total	2,361,272,208.08	1,329,876,314.56

4. Cash paid related to other financing activities

Items	2021	2020
Margin for bill, letter of guarantee and letter of credit		34,424,434.31
Convertible bond issuance fees		41,084,701.18
Targeted Payment to short-term borrowing	740,000,000.00	
Total	740,000,000.00	75,509,135.49

(55) Supplementary details of statement of cash flows

1. Supplementary details for statement of cash flows

Items	2021	2020
1. A reconciliation of net profit to cash flows from operating activities:		
Net profit	2,533,635,498.63	391,479,566.23
Add: Credit impairment loss	7,754,375.77	304,019,761.75
Impairment of assets	113,671,335.02	67,185,869.37
Depreciation of fixed assets	2,333,028,229.90	2,191,070,638.31
Depreciation of productive biological assets		
Depletion of oil and gas properties		
Depreciation of right-of-use assets	60,374,534.42	
Amortization of intangible assets	7,651,103.73	6,567,370.80
Amortization of long-term deferred expenses		
Losses proceeds from disposal of fixed assets, intangible assets and other long-term assets (Earnings marked“—”)	-130,675.05	-325,651.61
Scrapped losses from fixed assets (Earnings marked“—”)	61,665,775.04	93,021,177.56
Loss from changes in fair value (Earnings marked“—”)		
Financial expenses (Earnings marked“—”)	921,281,964.92	720,937,498.95
Investment losses (Earnings marked“—”)	120,519,309.82	-13,951,362.33
Deferred tax assets reduction (Addition marked“—”)	47,952,384.53	-10,223,337.35
Deferred tax liabilities increased (Reduction marked“—”)		
Reduction of inventory (Addition marked“—”)	-1,202,351,320.94	-1,302,981,909.11
Operating receivable items reduction (Addition marked“—”)	2,159,270,698.56	-2,847,086,786.29
Operating payable items increase (Less marked“—”)	-6,750,849,760.31	-1,638,713,049.57
Others		
Net cash flows generated from operating activities	413,473,454.04	-2,039,000,213.29

Items	2021	2020
2. Payments of investing and financing activities not involving cash:		
Liabilities transferred to capital		
Convertible corporate bonds due within one year		
Fixed assets financed by leasing		
3. The net increase in cash and cash equivalents:		
Ending balance of cash	6,299,099,063.48	9,229,417,595.12
Less: Beginning balance of cash	9,229,417,595.12	13,441,414,988.58
Add: Ending balance of cash equivalents		
Less: Opening balance of cash equivalents		
The net increase in cash and cash equivalents	-2,930,318,531.64	-4,211,997,393.46

2. The structure of cash and cash equivalents

Items	20211231	20201231
1. Cash	6,299,099,063.48	9,229,417,595.12
Including: Cash on hand	24,334.93	3,026.68
Bank deposits available on demand	6,299,074,728.55	9,229,414,568.44
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	6,299,099,063.48	9,229,417,595.12
3. Ending balance of cash and cash equivalents		
Including: Cash and cash equivalents limited to use by the parent company of another subsidiary in the group		

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

Items	Ending balance	Reason
Cash at bank and on hand	2,531,996,674.37	Deposit for notes and letter of credit
Notes Receivable	1,133,932,188.36	Notes receivable that the company has endorsed and not yet matured on the balance sheet date were not derecognition at the end of period
Other equity instrument investments	1,037,735,849.00	Pledged for loans
Fixed assets	89,963,211.93	Mortgage for fund borrowing
Intangible assets	36,188,476.93	Mortgage for fund borrowing

Items	Ending balance	Reason
Total	4,829,816,400.59	

(57) Foreign currency monetary items**1. Foreign currency monetary items**

Items	Ending balance in foreign currency	Exchange rate at the year-end	Ending balance translated to RMB
Cash at bank and on hand			21,926,797.58
Including: USD	2,815,562.23	6.3757	17,951,179.87
EUR	15,038.78	7.2197	108,575.47
HKD	4,729,748.36	0.8176	3,867,042.24
Short-term loans			575,088,140.00
Including: USD	90,200,000.00	6.3757	575,088,140.00
EUR			
JPY			
Non-current liabilities due within one year			99,549,595.95
Including: USD	4,700,000.00	6.3757	29,965,790.00
EUR	9,460,158.72	7.2197	68,299,507.91
JPY	23,176,000.00	0.0554	1,284,298.04
Long-term loans			354,971,367.69
Including: USD	11,850,000.00	6.3757	75,552,045.00
EUR	37,635,017.31	7.2197	271,713,534.45
JPY	139,056,000.00	0.0554	7,705,788.24

2. The Company has no overseas operating entities.

(58) Government subsidies

1. Government subsidies related to assets

Item	Amount	Items listed on the balance sheet	The amount included in the current profit or loss or offsetting the loss of related costs		Items included in the current profit or loss or offsetting the loss of related costs
			2021	2020	
Liaoning Province "Hundred, Thousand, Thousand Talents Project" funding project in 2018	250,000.00	Deferred Income	30,000.00		Other income
2018 Municipal Skill Master Workstation Fee	240,000.00	Deferred Income	7,850.00	120,423.00	Other income
2019 Municipal Skill Master Workstation Fee	180,000.00	Deferred Income	81,915.84		Other income
Advanced Treatment Project of Carbon Fiber Wastewater in Dongfeng Plant Area of Plate Coking Plant	9,500,000.00	Deferred Income	1,900,000.00		Other income
Desulfurization and Denitrification Project of Coal-fired Boiler in High-pressure Workshop of Bengang Power Plant	6,000,000.00	Deferred Income	600,000.00	600,000.00	Other income
Research and development of high-	2,900,000.00	Deferred Income	580,000.00	580,000.00	Other income

Item	Amount	Items listed on the balance sheet	The amount included in the current profit or loss or offsetting the loss of related costs		Items included in the current profit or loss or offsetting the loss of related costs
			2021	2020	
strength steel for the third generation of automobiles					
7 sets of 130 tons combustion boiler flue gas desulfurization project in power plant	24,000,000.00	Deferred Income	4,800,000.00	4,800,000.00	Other income
Power plant three power plant cogeneration renovation project	10,000,000.00	Deferred Income	2,000,000.00	2,000,000.00	Other income
Industrial enterprise energy management center	11,600,000.00	Deferred Income	2,320,000.00	2,320,000.00	Other income
Research and development of anti-oxidation hot forming steel PHS1500A	250,000.00	Deferred Income		84,847.73	Other income
Automatic air quality monitoring system	350,000.00	Deferred Income	35,000.00	70,000.00	Other income
Cold-rolled high-strength steel renovation project	250,000,000.00	Deferred Income	50,000,000.00	50,000,000.00	Other income
Liaoning Artisan Subsidy	100,002.97	Deferred Income		99,981.08	Other income
Construction of professional technology innovation platform for automobile steel industry	1,000,000.00	Deferred Income	200,000.00	800,000.00	Other income
Research on the Influence	547,040.00	Deferred Income	81,623.76		Other income

Item	Amount	Items listed on the balance sheet	The amount included in the current profit or loss or offsetting the loss of related costs		Items included in the current profit or loss or offsetting the loss of related costs
			2021	2020	
Mechanism and Control of Rare Earth Oxide Sulfide on Automobile Steel Plasticity					
Introduce special funds for overseas advanced and applicable technologies	14,420,000.00	Deferred Income	2,000,000.00	2,000,000.00	Other income
Steel for high-strength pipelines under low-temperature and high-pressure service conditions Project national support funds	188,000.00	Deferred Income	92,677.74	90,322.26	Other income
Finishing Dust Removal Ultra-Low Emission Transformation Project	2,050,000.00	Deferred Income	410,000.00		Other income
High-grade electro-galvanized sheet production line project for automobiles	41,040,000.00	Deferred Income		8,208,000.00	Other income
Energy saving and environmental protection project of sintering machine in ironworks	5,800,000.00	Deferred Income		1,160,000.00	Other income
Benxi Iron and Steel Group Co., Ltd.	1,000,000.00	Deferred Income		1,000,000.00	Other income

Item	Amount	Items listed on the balance sheet	The amount included in the current profit or loss or offsetting the loss of related costs		Items included in the current profit or loss or offsetting the loss of related costs
			2021	2020	
Auto Sheet Engineering Laboratory Engineering Construction					

2. Government subsidies related to income

Items	Amount	The amount included in the current profit or loss or offsetting the loss of related costs		Items included in the current profit or loss or offsetting the loss of related costs
		2021	2020	
Addition al tax relief for retired soldiers in 2021	758,250.00	758,250.00		758,250.00
Tax refund	569,547.42	440,059.30	569,547.42	440,059.30
work-for-training grants	44,400.00	8,600.00	44,400.00	8,600.00
Relocation compensation of railway company	1,626,919.00		1,626,919.00	-
Liaoning Provincial Local Financial Supervision and Administration Bureau	5,000,000.00		5,000,000.00	-

Items	Amount	The amount included in the current profit or loss or offsetting the loss of related costs		Items included in the current profit or loss or offsetting the loss of related costs
		2021	2020	
supports special funds for the development of enterprises listed on the market				
Stable Job Subsidy	19,151.07		19,151.07	-

3. Return of government subsidies during the reporting period

None

(59) Lease

As a lessee

Item	2021
Interest expense from lease liability	56,397,569.84
Short-term lease expenses from simplified treatment included in the cost of related assets or the current profit and loss	1,919,704.52
Low-value asset lease expenses from simplified treatment included in the cost of related assets or the current profit and loss (Except short-term lease expenses from low-value asset)	
Variable lease payments without including in the measurement of the lease liability included in the cost of related assets or the current profit and loss	
Including: sale-leaseback transaction generation part	
Income from subletting the right-of-use assets	
Total cashflow out related to leasing	1,919,704.52
Profit and loss from sale-leaseback transactions	
Cash inflows from sale-leaseback transactions	
Cash outflows from leaseback	

6. Changes in the scope of consolidation

There was no changes to the scope of consolidation during the current period.

7. Equity in other entities

(1) Equity in subsidiaries

1. Constitution of enterprise group

Name of the subsidiaries	Principal place of business	Registered address	Notes of business	Shareholding ratio		Acquiring method
				Direct	Indirect	
Wuxi Bengang Steel & Iron Sales Co., Ltd.	Wuxi	Wuxi	Sales	100.00		Business combination under common control
Tianjin Bengang Steel & Iron Trading Co., Ltd.	Tianjin	Tianjin	Sales	100.00		Business combination under common control
Nanjing Bengang Materials Sales Co., Ltd.	Nanjing	Nanjing	Sales	100.00		Business combination under common control
Yantai Bengang Steel & Iron Sales Co., Ltd.	Yantai	Yantai	Sales	100.00		Business combination under common control
Harbin Bengang Economic and Trading Co., Ltd.	Harbin	Harbin	Sales	100.00		Business combination under common control
Changchun Bengang Steel & Iron Sales Co., Ltd.	Changchun	Changchun	Sales	100.00		Business combination under common control
Guangzhou Bengang Steel & Iron Trading Co., Ltd.	Guangzhou	Guangzhou	Sales	100.00		Establishment
Shanghai Bengang Metallurgy Science and Technology Co., Ltd.	Shanghai	Shanghai	Sales	100.00		Establishment
Bengang Steel Plates Liaoyang Pellet Co., Ltd.	Liaoyang	Liaoyang	Manufacturing	100.00		Establishment
Dalian Benruitong Automobile Material Technology Co., Ltd.	Dalian	Dalian	Manufacturing	65.00		Establishment
Bengang POSCO Cold-rolled Sheet Co., Ltd.	Benxi	Benxi	Manufacturing	75.00		Business combination under common control
Benxi Bengang Steel Sales Co., Ltd.	Benxi	Benxi	Sales	100.00		Establishment
Shenyang Bengang Metallurgical Science and Technology Co., Ltd.	Shenyang	Shenyang	Sales	100.00		Establishment

Name of the subsidiaries	Principal place of business	Registered address	Notes of business	Shareholding ratio		Acquiring method
				Direct	Indirect	
Chongqing Liaoben Steel & Iron Trading Co., Ltd.	Chongqing	Chongqing	Sales	100.00		Establishment
Bengang Baojin (Shenyang) auto new material technology Co., Ltd.	Shenyang	Shenyang	Manufacturing	85.00		Business combination under common control

2. Significant but not wholly-owned subsidiaries

Name of the subsidiaries	Proportion of non-controlling interests (%)	Profits and losses attributing to non-controlling shareholders	Dividend declared to non-controlling shareholders	Ending balance of non-controlling interests
Bengang POSCO Cold-rolled Sheet Co., Ltd.	25.00	35,782,798.35		541,916,799.24

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

Name of the subsidiaries	20211231					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Bengang POSCO Cold-rolled Sheet Co., Ltd.	2,969,950,327.43	1,134,904,732.59	4,104,855,060.02	1,937,187,863.07		1,937,187,863.07

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

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rolled Sheet Co.,
Ltd.

Name of the subsidiaries	Operating income	Net profit	2021	
			Total comprehensive income	Net cash flows from operating activities
Bengang POSCO Cold-rolled Sheet Co., Ltd.	11,529,193,715.01	143,131,193.39	143,131,193.39	205,955,801.18

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

4. Significant restrictions on the use of enterprise group assets and the settlement of enterprise group debts

None.

5. Financial or other support provided to structured entities included in the scope of consolidated financial statements

None.

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

The Company does not exist such matters.

(3) Equity in joint venture or associates

1. Important joint ventures and associates

The Company has no important joint ventures or associates

2. Summary of financial information of unimportant joint ventures and associates

	20211231/2021	20201231/2020
Joint ventures:		
Total book value of investment:	2,981,784.07	2,742,064.73
The total amount of the following items calculated according to the shareholding ratio		
—Net profit	520,432.46	374,119.86
—Other comprehensive income		
—Total comprehensive income	520,432.46	374,119.86

3. Explanation on the significant limitation of the ability of the joint venture or associate to transfer funds to the company

The Company does not exist such matters.

4. Excess losses incurred by joint ventures or associates

The Company does not exist such matters.

5. Unconfirmed commitments related to joint venture investment

The Company does not exist such matters.

6. Contingent liabilities related to joint venture or associate investment

The Company does not exist such matters.

(4) Important joint operations

The Company does not exist such matters.

(5) Equity in structured entities that not included in the scope of consolidated financial statements

The Company does not exist such matters.

8. Risks associated with financial instruments

The company faces various financial risks in its operation: credit risk, market risk and liquidity risk. The company's board of directors is fully responsible for the determination of risk management objectives and policies, and assumes ultimate responsibility for the risk management objectives and policies. However, the board of directors has authorized the company's planning and development department to design and implement procedures that ensure the effective implementation of risk management objectives and policies. The board of directors reviews the effectiveness of the implemented procedures and the rationality of risk management objectives and policies through reports submitted by the planning and development department. The company's internal auditors also audit risk management policies and procedures, and report relevant findings to the audit committee.

The overall goal of the company's risk management is to formulate a risk management policy that minimizes risks without excessively affecting the company's competitiveness and resilience.

(1) Credit risk

Credit risk refers to a financial loss to a party due to failure to discharge an obligation by the counterparties. The Company is exposed to credit risk arising from customers' failure to discharge an obligation in sales on credit. Before signing a new contract, the company will assess the credit risk of new customers, including external credit ratings and bank credit certificates in certain cases (when this information is available). The company has set a credit limit for each customer, which is the maximum amount that does not require additional approval.

The Company ensures that the company's overall credit risk is within a controllable range through regular monitoring of existing customers' credit ratings and periodic review of aging analysis of accounts receivable. In addition, the Company strictly approves the line of credit, and only sells on credit to important customers for newly-developed products. In the monitoring of credit risk of customers, the Company sorts customers into groups by their credit characteristics. Those customers which are rated as "high risk" will be put in the restricted client list. The Company can only sell to these customers on credit with additional approval; otherwise, the Company must ask for a corresponding deposit in advance.

(2) Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligation to settle by delivering cash or other financial assets. It is the Company's policy to ensure that sufficient cash is available to meet debt obligations as they fall due. Liquidity risk is centrally controlled by the Company's financial department. The finance department ensures that the company has sufficient funds to repay its debts under all reasonable forecasts by monitoring

unrestricted monetary fund balances, bank acceptance bills that will be realized when due, and rolling forecasts of cash flows for the next 12 months.

The following table sets forth the remaining contractual maturity dates of the Company's non-derivative financial liabilities that should be repaid in accordance with the terms of the agreement. The table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. Cash flow including interest and principal:

(In 10 thousand Yuan)

Items	Instant repayment	20211231				Total
		Within 1 year	1-2years	2-5years	Over 5 years	
Trade and other payables		1,133,538.18				1,133,538.18
Borrowing and Interest		441,115.83	226,971.68	832,756.07		1,500,843.58
Total		1,574,654.01	226,971.68	832,756.07		2,634,381.76

Items	Instant repayment	20201231				Total
		Within 1 year	1-2years	2-5years	Over 5 years	
Trade and other payables		1,643,593.66			111,423.24	1,755,016.90
Borrowing and Interest		1,137,576.14	25,647.04	321,586.21	3,060.20	1,487,869.59
Total		2,781,169.80	25,647.04	321,586.21	114,483.44	3,242,886.49

(3) Market risk

Market risk of financial instruments refers to fluctuations of fair value or future cash flows due to market price changes, including currency risk, interest rate risk, and other price risk.

1. Interest rate risk

Interest rate risk refers to fluctuations of fair value or future cash flows due to market rate changes. The Company's exposure to currency risk is primarily arising from variable-rate bank balances and variable-rate borrowings. Currently, the Company does not have a specific policy to manage its interest rate risk. The management will carefully choose financing methods, and combine fixed interest rate with variable interest rate, short-term obligations with long-term obligations. By using effective interest rate risk management methods, the Company closely monitors interest rate risk and will consider interest-rate swaps to acquire an expected structure of interest rates shall the need arise.

2. Currency risk

Currency risk refers to fluctuations of fair value or future cash flows due to exchange rate changes. The Company has been constantly working on the adjustment of the organizational framework of risk management and optimization of debt structures to lower the currency risk.

The currency risk facing the Company originates from the assets and liabilities measured by US dollars, Euro, Hongkong dollars and Japanese Yen. The ending balance of the assets and liabilities after converted in RMB is shown as below:

(In 10 thousand Yuan)

Items	20211231		
	USD	Others	Total
Assets	1,795.12	397.56	2,192.68
Liabilities	68,060.60	34,900.31	102,960.91
Total	69,855.72	35,297.87	105,153.59

Items	20201231		
	USD	Others	Total
Assets	46,968.50	63.75	47,032.25
Liabilities	134,771.81	38,819.77	173,591.58
Total	181,740.31	38,883.52	220,623.83

On December 31, 2021, with all other variables held constant, if the relevant currency appreciates or depreciates against RMB by 5%, the company will decrease or increase the net profit of RMB 3,778.81 in 10 thousand (On December 31, 2020: RMB 4,745.98 in 10 thousand). Management believes that 5% reasonably reflects the reasonable range of possible currency-to-renminbi changes in the next year.

9. Disclosure of fair value

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

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

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

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

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

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

Item	Fair value at the end of the period			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				
◆ Financial assets held for trading				
(1) Financial assets measured at fair value and whose changes are included in the current profit and loss				
(a) Investment in debt instruments				
(b) Investment in equity instruments				
(c) Derivative financial assets				
(d) Others				
(2) Designated as a financial asset measured at fair value and its changes are included in the current profit				

Item	Fair value at the end of the period			Total
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	
and loss				
(1) Investment in debt instruments				
(2) Others				
◆ Accounts receivable financing			1,530,735,647. 38	1,530,735,647. 38
◆ Other debt investments				
◆ Investment in other equity instruments			1,042,024,829. 00	1,042,024,829. 00
◆ Other non-current financial assets				
(1) Financial assets measured at fair value and whose changes are included in the current profit and loss				
(a) Investment in debt instruments				
(b) Investment in equity				

Item	Fair value at the end of the period			Total
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	
instruments				
(c) Derivative financial assets				
(d) Others				
(2) Designated as a financial asset measured at fair value and its changes are included in the current profit and loss				
(a) Investment in debt instruments				
(b) Others				
Total assets continuously measured at fair value			2,572,760,476. 38	2,572,760,476. 38
◆ Financial liabilities held for trading				
Including:				
Issued trading bonds				
Derivative financial liabilities				
Others				

Item	Fair value at the end of the period			Total
	Fair value measurement in the first level	Fair value measurement in the second level	Fair value measurement in the third level	
◆ Designated as a financial liability measured at fair value and its changes included in the current profit and loss				
Total liabilities continuously measured at fair value				
2. Non-continuous fair value measurement				
(1) Assets held for sale				
Total assets not measured continuously at fair value				
For example: Liabilities held for sale				
Total liabilities not measured continuously at fair value				

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

The Company has no first level fair value measurement project.

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

The Company has no second level fair value measurement items.

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

Other equity instrument investments that are continuously measured at level 3 fair value are unlisted equity investments held by the Company. Receivable financing with continuous third-level fair value measurement is the bank acceptance bill held by the company, and its fair value is confirmed with reference to the par value.

The Company adopted valuation techniques for fair value measurement, mainly using the valuation technique of the listed company comparison method, referring to the stock prices of similar securities and taking into account liquidity discounts.

(5) For continuous fair value measurement projects, where conversion between various levels occurs during the period, the reason for the conversion and the policy for determining the timing of conversion

During the current period, there was no conversion between various levels.

(6) Changes in valuation techniques and reasons for changes during the period

No changes during the period.

(7) Fair value of financial assets and financial liabilities not measured at fair value

No

10. Related party transactions**(1) Details of parent company**

Name of parent company	Place of Registry	Notes of Business	Registered Capital (billion)	Share proportion (%)	Voting rights (%)

Benxi Steel & Iron (Group) Co., Ltd.	Benxi, Liaoning	Manufacturing	6.292	58.65	58.65
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Note:

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

(2) Details of the subsidiaries

For details of subsidiaries of the company please refer to Note 7 “Equity in other entities”.

(3) The company's joint ventures and associates

For details of significant joint ventures and associates of the company please refer to Note 7 “Equity in other entities”.

Other joint ventures or associates that have related party transactions with the company in the current period, or have related party transactions with the company in the previous period and formed a balance are as follows:

Name of joint ventures and associates	Relationship
Zhejiang Bengang Jingrui Steel Processing Co., Ltd.	Associate

(4) Details of other related parties

Name of other related parties	Relationship
Bengang Group Co., Ltd. (hereinafter referred to as “Bengang Group”)	Parent company & controlling shareholder
Benxi Steel Stainless Steel Cold Rolling Dandong Co., Ltd.	same parent company
Benxi Iron and Steel (Group) Mining Co., Ltd.	same parent company
Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	same parent company
Benxi Iron and Steel (Group) Steel Processing and Distribution Co., Ltd.	same parent company
Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	same parent company
Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	same parent company
Benxi Iron and Steel (Group) Construction Co., Ltd.	same parent company

Name of other related parties	Relationship
Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	same parent company
Benxi Iron and Steel (Group) Construction Co., Ltd.	same parent company
Bengang Electric Co., Ltd.	Associates of the parent company
Benxi High-tech Drilling Tools Manufacturing Co., Ltd.	Both belong to Bengang Group
Benxi New Business Development Co., Ltd.	same parent company
Liaoning Metallurgical Technician College	same parent company
Liaoning Metallurgical Vocational and Technical College	same parent company
Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	Both belong to Bengang Group
Benxi Iron and Steel (Group) Information Automation Co., Ltd.	same parent company
Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	same parent company
Benxi Iron and Steel (Group) Design and Research Institute	same parent company
Benxi Beiyong Iron and Steel (Group) Co., Ltd.	Both belong to Bengang Group
Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	same parent company
Liaoning Hengtai Heavy Machinery Co., Ltd.	same parent company
Angang Electric Co., Ltd.	Both belong to Ansteel Group
Ansteel Scrap Resources (Anshan) Co., Ltd.	Both belong to Ansteel Group
Chaoyang Branch of Ansteel Scrap Resources (Anshan) Co., Ltd.	Both belong to Ansteel Group
Angang Steel Rope Co., Ltd.	Both belong to Ansteel Group
Ansteel Group Engineering Technology Co., Ltd.	Both belong to Ansteel Group
Ansteel Group International Economic and Trade Co., Ltd.	Both belong to Ansteel Group
Ansteel Construction Group Co., Ltd.	Both belong to Ansteel Group
Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	Both belong to Ansteel Group
Ansteel Steel Processing and	Both belong to Ansteel Group

Name of other related parties	Relationship
Distribution (Dalian) Co., Ltd.	
Ansteel Group Engineering Technology Development Co., Ltd.	Both belong to Ansteel Group
Dalian Boroller Steel Pipe Co., Ltd.	Same parent company
Liaoning Benxi Iron and Steel Trading Co., Ltd.	Same parent company
Benxi Iron and Steel (Group) Chint Building Materials Co., Ltd.	Same parent company
Suzhou Bengang Industrial Co., Ltd.	Shareholding company
Benxi Iron and Steel Group Finance Co., Ltd.	Both belong to Bengang Group
Ansteel Chemical Technology Co., Ltd.	Both belong to Ansteel Group
Ansteel Energy Technology Co., Ltd.	Both belong to Ansteel Group
Panzhong Yihong Metal Products (Chongqing) Co., Ltd.	Both belong to Ansteel Group
Delin Land Port Supply Chain Service Co., Ltd.	Both belong to Ansteel Group
Benxi Iron and Steel Tendering Co., Ltd.	Both belong to Bengang Group
Anshan Iron and Steel Co., Ltd.	Both belong to Ansteel Group
Liaoning Hengyi Financial Leasing Co., Ltd.	Both belong to Bengang Group
Ansteel Group Finance Co., Ltd.	Both belong to Ansteel Group
Ansteel Scrap Resources (Anshan) Co., Ltd.	Both belong to Ansteel Group
Ansteel Heavy Machinery Co., Ltd.	Both belong to Ansteel Group
Ansteel Mining Machinery Manufacturing Co., Ltd.	Both belong to Ansteel Group
Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	Same parent company
Tianjin Angang Steel Processing and Distribution Co., Ltd.	Both belong to Ansteel Group
Guangzhou Free Trade Zone Benxi Steel Sales Co., Ltd.	Same parent company

(5) Related Party Transactions

1. Related party transactions of purchasing goods and services

Company as the purchaser

(In 10 thousand Yuan)

Name	The content of related party transactions	2021	2020
Benxi Steel & Iron (Group) Co., Ltd.	Repair expense	30,456.09	30,206.47
Benxi Steel & Iron (Group) Co., Ltd.	Raw material and supplementary material	18.13	2,121.13
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Products	83.10	22.39
Benxi Steel & Iron (Group) Mining Co., Ltd.	Labor cost	3,882.38	3,213.23
Benxi Steel & Iron (Group) Mining Co., Ltd.	Raw material and supplementary material	789,791.14	514,193.50
Benxi Steel & Iron (Group) Mining Co., Ltd.	Freight		1,227.47
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Raw material and supplementary material	48,914.81	34,303.84
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Processing fee	9.75	63.22
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Spare parts	7,430.24	5,984.04
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Repair services	7,183.49	2,773.62
Benxi Steel & Iron (Group) Construction Co., Ltd.	Spare parts	2,177.72	1,624.97
Benxi Steel & Iron (Group) Construction Co., Ltd.	Project fee	34,708.50	20,274.33
Benxi Steel & Iron (Group) Construction Co., Ltd.	Repair services	27,810.40	18,022.98
Benxi Steel & Iron (Group) Construction Co., Ltd.	Raw material and supplementary material	1,609.79	1,241.22
Benxi Steel & Iron (Group) Construction Co., Ltd.	Freight	414.09	51.39
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Raw material and supplementary material	19,531.75	21,095.06
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Repair services	1,489.90	1,537.66
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Freight	118.49	
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Project fee	141.29	107.01

Name	The content of related party transactions	2021	2020
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Raw material & supplementary materials & spare parts	314.15	228.18
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Project fee	1,222.33	1,911.38
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Repair expense	17,249.62	17,475.94
Bengang Electronics and Gas Co., Ltd.	Raw material and supplementary material	14,466.12	13,856.30
Bengang Electronics and Gas Co., Ltd.	Repair services	3,076.64	3,063.31
Benxi High-tech Drilling Tools Manufacture Co., Ltd.	Spare parts	35.50	39.00
Benxi New Career Development Co., Ltd.	Repair services	22.74	
Benxi New Career Development Co., Ltd.	Raw material and supplementary material and food	599.56	1,028.90
Liaoning Metallurgy Technician College	Spare parts	0.32	933.26
Liaoning Metallurgy Vocational Technical College	Repair services	2,084.82	648.24
Bengang Group International Economic and Trading Co., Ltd.	Raw material and supplementary material	1,683,663.51	508,961.39
Bengang Group International Economic and Trading Co., Ltd.	Agency fee	7,140.12	5,531.64
Bengang Group International Economic and Trading Co., Ltd.	Port surcharges	40,115.06	9,279.98
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Spare parts	238.24	850.35
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Project fee	773.19	1,121.38
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	Repair services	5,828.89	1,732.50
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Heating costs	193.57	119.00

Name	The content of related party transactions	2021	2020
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Raw material and supplementary material	431.58	71.04
Benxi Steel & Iron (Group) Designing Institute	Design fees	37.08	125.98
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Raw material and supplementary material	341,396.62	492,390.02
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Energy & Power	57,415.98	46,589.86
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Freight	503.57	407.53
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Labor cost	8,366.92	7,190.62
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Spare parts	1,609.04	1,710.81
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Agency fee	240.64	
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Raw material and spare parts	6,772.47	8,336.02
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Repair services	921.44	661.14
Liaoning Hengtai Heavy Machinery Co., Ltd.	Raw material and spare parts	177.97	138.59
Liaoning Hengtai Heavy Machinery Co., Ltd.	Repair and labor cost	2,565.27	716.99
Bengang Group Co., Ltd.	Labor cost	10,326.61	18,876.38
Angang Electric Co., Ltd.	Repair labor	109.00	
Ansteel Scrap Resources (Anshan) Co., Ltd.	Raw materials	1,066.43	
Chaoyang Branch of Ansteel Scrap Resources (Anshan) Co., Ltd.	Raw materials	605.20	
Angang Steel Rope Co., Ltd.	Raw materials	1.64	
Ansteel Group Engineering Technology Co., Ltd.	Project costs	415.65	
Ansteel Group International Economic and Trade Co., Ltd.	Raw materials	15,892.03	
Ansteel Construction Group Co., Ltd.	Project costs	138.00	
Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	Repair labor	62.12	
Ansteel Steel Processing and Distribution (Dalian) Co., Ltd.	labor fee	1.23	

Name	The content of related party transactions	2021	2020
Ansteel Group Engineering Technology Development Co., Ltd.	Project costs	6.64	

Company as the seller

(In 10 thousand Yuan)

Name	The content of related party transactions	2021	2020
Bengang Electronics and Gas Co., Ltd.	Energy & Power	94.22	72.4
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Raw material & supplementary materials & spare parts	536,149.62	138,409.84
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Products	3,228.67	2,150.96
Benxi Beiyong Steel & Iron (Group) Co., Ltd.	Energy & Power	19,099.40	22,602.26
Benxi Steel & Iron (Group) Real-estate Development Co., Ltd.	Energy & Power	3.68	8.65
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Energy & Power	0.46	25.88
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Products	2,699.73	1,898.85
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Energy & Power	2,213.00	2,088.72
Benxi Steel & Iron (Group) Machinery Manufacture Co., Ltd.	Raw material & supplementary materials & spare parts	112.95	338.56
Benxi Steel & Iron (Group) Construction Co., Ltd.	Energy & Power	783.21	699.16
Benxi Steel & Iron (Group) Construction Co., Ltd.	Raw material & supplementary materials & spare parts	16,451.31	6,452.06
Benxi Steel & Iron (Group) Mining Co., Ltd.	Energy & Power	71,376.36	62,020.89

Name	The content of related party transactions	2021	2020
Benxi Steel & Iron (Group) Mining Co., Ltd.	Raw material & supplementary materials	11,481.75	9,678.23
Benxi Steel & Iron (Group) Mining Co., Ltd.	& spare parts Freight revenue	963.50	743.9
Benxi Steel & Iron (Group) Mining Co., Ltd.	Products	955.33	1,107.48
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Energy & Power	4,649.93	2,995.62
Benxi Steel & Iron (Group) Thermal Power Development Co., Ltd.	Raw material & supplementary materials	3,595.84	1,750.62
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	& spare parts Energy & Power	972.98	824.47
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Products	2,506.43	3.97
Benxi Steel & Iron (Group) Industrial Development Co., Ltd.	Raw material & supplementary materials	1,206.92	1,914.44
Benxi Steel & Iron (Group) Information and Automatic Tech Co., Ltd.	& spare parts Energy & Power	12.73	14.64
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Energy & Power	123.95	125.15
Benxi Steel & Iron (Group) Construction and Repairing Co., Ltd.	Raw material & supplementary materials	346.39	368.03
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	& spare parts Energy & Power	565.72	659.84
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	Raw material & supplementary materials	48,920.96	26,839.91
Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.	& spare parts Products	3,047.73	423.53
Benxi Steel & Iron (Group) Co., Ltd.	Energy & Power	241.94	205.47

Name	The content of related party transactions	2021	2020
Benxi Steel & Iron (Group) Co., Ltd.	Raw material & supplementary materials	599.48	1,013.53
Benxi New Career Development Co., Ltd.	& spare parts Energy & Power	22.43	38.37
Dalian Boluole Steel Tube Co., Ltd.	Products	1,381.92	1,136.33
Benxi Steel & Iron (Group) Zhengtai Construction Materials Co., Ltd.	Energy & Power		2.16
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Energy & Power	0.03	
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	Raw material & supplementary materials	302.02	731.86
Liaoning Hengtong Metallurgical Equipment Manufacture Co., Ltd.	& spare parts Products	2,591.91	908.89
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Raw material & supplementary materials		
Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	& spare parts Products	295.41	2,716.09
Suzhou Bengang Industrial Co., Ltd.	Products	66,835.91	49,983.82
Bengang Group Finance Co., Ltd.	Energy & Power	1.39	1.3
Bengang Group Co., Ltd.	Energy & Power	12.45	7.33
Bengang Group Co., Ltd.	Raw material & supplementary materials	1,282.08	1,539.32
Bengang Group Co., Ltd.	& spare parts labor fee	7,542.32	
Bengang Group Co., Ltd.	products	12,781.64	
Liaoning Hengtai Heavy Machinery Co., Ltd.	products	38.97	29.54
Ansteel Chemical Technology Co., Ltd.	commodity	1,032.80	
Ansteel Energy Technology Co., Ltd.	Raw materials and spare parts	79.62	
Angang Electric Co., Ltd.	energy power	0.01	

Name	The content of related party transactions	2021	2020
Panzhong Yihong Metal Products (Chongqing) Co., Ltd.	commodity	806.99	
Delin Land Port Supply Chain Service Co., Ltd.	commodity	9,987.26	
Benxi Iron and Steel Tendering Co., Ltd.	Raw materials and spare parts	10.80	

2. Lease information of related parties

Company as the lessor

Currency unit: Yuan

Lessee	Lease capital category	Lease income of 2021	Lease income of 2020
Benxi Steel & Iron (Group) Steel & Iron Process and Logistics Co., Ltd.	Warehouse and ancillary facilities		500,000.00
Benxi Iron and Steel Tendering Co., Ltd.	Plants and ancillary facilities	480,000.00	

Company as the lessee

Currency unit: Yuan

Lessor	Lease capital category	Rental expense for short-term leases and leases of low-value assets and variable lease payments not included in the measurement of lease liabilities	Rent paid	Increased right-of-use assets of 2021	Interest expense on lease liability of 2021	Rental fee of 2020
Benxi Steel & Iron (Group) Co., Ltd	Land use right 7,669,068.17 square meter.			1,060,272,624.21	39,600,209.28	57,383,355.31
Benxi Steel & Iron (Group) Co., Ltd	Land use right 42,920.00 square meter 2300 Hot rolling product line, related real estate			208,155,611.73	7,982,648.96	16,711,424.34

Benxi Beiyong Steel & Iron (Group) Co., Ltd.	1780 Hot rolling product line, related real estate	160,309,755.83	6,147,787.68	15,578,677.65
Bengang Group Co., Ltd.	Land use right 728,282.30 square meter.	72,001,790.96	2,666,923.92	9,945,423.08

Notes:

1. According to the "Land Use Right Leasing Contract" and subsequent supplementary agreements signed between the Company and Bengang Steel (Group) on April 7, 1997, December 30, 2005 and subsequent, the Company leases land from Benxi Steel (Group), with a monthly rent of 0.594 yuan per square meter. The leased land is 7,669,068.17 square meters and the annual rent is 54,665.10 thousand yuan.
2. On August 14, 2019, the Company signed the "House Lease Agreement" with Benxi Steel (Group) and Beiyong Iron and Steel Company, and leased the houses and auxiliary facilities occupied by the 2300 hot rolling mill production line and the 1780 hot rolling mill production line. The lease term of the houses and ancillary facilities is until December 31, 2038.
3. On July 15, 2019, the Company signed "Land Lease Agreement" with Bengang Group and Bengang Steel (Group) respectively, leased and used a total of 8 pieces of land from Bengang Group and Bengang Group Company, with leased areas of 42,920.00 square meters and 728,282.30 square meters. The lease term is 20 years, the rental price is 1.138 yuan per square meter per month.

3. Information of Guarantee among related parties

Company as a guarantor:

None

Company as the warrantee

Warrantor	Amount of guarantee	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
Benxi Iron and Steel Group Co., Ltd., Benxi Iron and Steel (Group) Co., Ltd.	CNY 588,000,000.00	2021/9/30	2022/9/15	not fulfilled
Benxi Iron and Steel Group Co., Ltd., Benxi Iron and Steel (Group) Co., Ltd.	CNY 200,000,000.00	2021/10/15	2022/10/14	not fulfilled
Benxi Iron and Steel Group Co., Ltd., Benxi Iron and Steel (Group) Co., Ltd.	CNY 200,000,000.00	2021/10/21	2022/10/20	not fulfilled
Benxi Iron and Steel Group Co., Ltd., Benxi Iron and Steel (Group) Co., Ltd.	CNY 200,000,000.00	2021/10/20	2022/10/19	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	CNY 420,000,000.00	2021/11/29	2022/11/29	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	CNY 200,000,000.00	2021/12/3	2022/12/3	not fulfilled

Warrantor	Amount of guarantee	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
Benxi Iron and Steel Group Co., Ltd.	CNY 490,000,000.00	2021/12/30	2022/12/30	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	CNY 250,000,000.00	2021/12/30	2022/12/30	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	USD 90,000,000.00	2021/2/1	2022/2/19	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	USD 200,000.00	2021/7/30	2022/7/31	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	CNY 11,700,000.00	2015/3/26	2022/3/21	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	CNY 76,200,000.00	2016/12/27	2024/6/21	not fulfilled
Benxi Iron and Steel Group Co., Ltd., Benxi Iron and Steel (Group) Co., Ltd.	CNY 60,000,000.00	2016/3/30	2025/3/20	not fulfilled
Benxi Iron and Steel Group Co., Ltd., Benxi Iron and Steel (Group) Co., Ltd.	CNY 340,000,000.00	2017/2/27	2025/2/20	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	EUR 4,686,195.91	2015/3/12	2025/9/30	not fulfilled

Warrantor	Amount of guarantee	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
Benxi Iron and Steel Group Co., Ltd.	EUR 8,356,120.03	2015/3/12	2026/4/30	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	EUR 9,309,597.54	2015/3/12	2025/10/30	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	EUR 7,938,531.19	2015/3/12	2025/6/30	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	EUR 7,344,572.64	2015/3/12	2025/8/29	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	USD 11,850,000.00	2016/12/27	2024/6/21	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	JPY 139,056,000.00	1999/10/10	2027/9/10	not fulfilled
Benxi Iron and Steel Group Co., Ltd.	CNY 100,000,000.00	2021/2/1	2022/2/1	not fulfilled
Benxi Iron and Steel Group Co., Ltd., Benxi Iron and Steel (Group) Co., Ltd.	CNY 200,000,000.00	2021/7/9	2022/7/8	not fulfilled
Benxi Iron and Steel Group Co., Ltd., Benxi Iron and Steel (Group) Co., Ltd.	CNY 200,000,000.00	2021/7/13	2022/7/12	not fulfilled

Warrantor	Amount of guarantee	Starting date of Guarantee	Ending date of Guarantee	Has the guarantee been fulfilled
Benxi Iron and Steel Group Co., Ltd., Benxi Iron and Steel (Group) Co., Ltd.	CNY 200,000,000.00	2021/10/13	2022/8/10	not fulfilled

4. Remuneration of key management personnel

(In 10 thousand Yuan)

Name	2021	2020
Remuneration of key management personnel	322.09	309.04

5. Receivables and payables of the related parties

1、Receivables of the Company

(In 10 thousand yuan)

Items	Name	20211231		20201231	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Notes receivable	Benxi Beiyong Iron and Steel (Group) Co., Ltd.	114,601.96		230,217.55	
Notes receivable	Benxi Iron and Steel (Group) Mining Co., Ltd.	690.65			
Notes receivable	Benxi Steel & Iron (Group) Co., Ltd.			81.99	
Notes receivable	Suzhou Bengang Industrial Co., Ltd.	658.00			
Receivables Financing	Benxi Beiyong Steel & Iron (Group) Co., Ltd.	230.00			
Receivables Financing	Benxi Iron and Steel (Group) Co., Ltd.	50.00			

Items	Name	20211231		20201231	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Accounts receivable	Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	3,077.79	30.78	10,463.45	104.63
Accounts receivable	Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	700.71	7.01	2,692.94	26.93
Accounts receivable	Benxi Steel Stainless Steel Cold Rolling Dandong Co., Ltd.			188.46	1.88
Accounts receivable	Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.			0.10	
Prepayments	Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	56,208.31		114,662.12	
Prepayments	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	4,676.44		6,470.61	
Prepayments	Benxi New Business Development Co., Ltd.	252.52			
Prepayments	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	36.50			
Other receivables	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	279.90	258.56	278.31	253.84
Other receivables	Benxi Iron and Steel Group Co., Ltd.	140.35			
Other receivables	Benxi Iron and Steel Tendering Co., Ltd.	60.20	0.60		
Other receivables	Anshan Iron and Steel Co., Ltd.	42.11	42.11		

Items	Name	20211231		20201231	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Other receivables	Benxi Iron and Steel (Group) Chint Building Materials Co., Ltd.	27.05	21.12	27.05	19.96
Other receivables	Liaoning Metallurgical Technician College	5.80	5.80	5.80	5.80
Other non-current assets	Benxi Iron and Steel Group International Economic and Trade Co., Ltd.			601.21	
Other receivables	Ansteel Construction Group Co., Ltd.	922.21			
Other non-current assets	Liaoning Hengyi Financial Leasing Co., Ltd.			86,459.06	

2、 Payables of the Company

(In 10 thousand yuan)

Items	Name	2021.12.31	2020.12.31
Notes payable	Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	259,100.00	345,103.76
Notes payable	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	2,732.32	5,253.76
Notes payable	Liaoning Metallurgical Vocational and Technical College	289.19	47.90
Notes payable	Benxi Iron and Steel (Group) Construction Co., Ltd.	244.15	
Notes payable	Liaoning Metallurgical Technician College	108.72	133.27
Notes payable	Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	61.63	

Items	Name	2021.12.31	2020.12.31
Notes payable	Liaoning Hengtai Heavy Machinery Co., Ltd.	53.26	84.78
Notes payable	Bengang Electric Co., Ltd.	37.13	6,414.33
Notes payable	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	6.37	868.28
Notes payable	Benxi Iron and Steel (Group) Mining Co., Ltd.	3.09	91,857.00
Notes payable	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	1.55	255.94
Notes payable	Liaoning Hengyi Financial Leasing Co., Ltd.		4,602.43
Notes payable	Benxi Steel & Iron (Group) Metallurgy Residues Co., Ltd.		16.62
Accounts payable	Benxi Iron and Steel (Group) Mining Co., Ltd.	22,793.08	20,807.68
Accounts payable	Liaoning Hengyi Financial Leasing Co., Ltd.	24,364.64	5,799.10
Accounts payable	Benxi Iron and Steel (Group) Construction Co., Ltd.	17,733.28	5,182.75
Accounts payable	Benxi Iron and Steel (Group) Construction Co., Ltd.	12,738.21	2,394.63
Accounts payable	Benxi Beiyong Iron and Steel (Group) Co., Ltd.	15,853.11	3,172.95
Accounts payable	Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	8,511.25	1,645.14
Accounts payable	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	6,550.57	385.20
Accounts payable	Benxi Iron and Steel (Group) Information Automation Co., Ltd.	6,447.06	1,852.50
Accounts payable	Bengang Electric Co., Ltd.	1,862.72	1,500.74
Accounts payable	Liaoning Hengtai Heavy Machinery Co., Ltd.	1,736.69	2,171.25
Accounts payable	Benxi Iron and Steel Group Co., Ltd.	1,626.00	1,246.38

Items	Name	2021.12.31	2020.12.31
	Benxi Iron and Steel Group		
Accounts payable	International Economic and Trade Co., Ltd.	1,168.49	579.53
Accounts payable	Liaoning Metallurgical Technician College	1,129.01	1,388.84
Accounts payable	Benxi Iron and Steel (Group) Machinery Manufacturing Co., Ltd.	686.96	964.33
Accounts payable	Benxi Steel Stainless Steel Cold Rolling Dandong Co., Ltd.	610.83	616.72
Accounts payable	Ansteel Scrap Resources (Anshan) Co., Ltd.	425.75	
Accounts payable	Liaoning Metallurgical Vocational and Technical College	350.93	746.81
Accounts payable	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	252.71	1,297.91
Accounts payable	Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	243.04	178.73
Accounts payable	Ansteel Heavy Machinery Co., Ltd.	157.25	
Accounts payable	Angang Electric Co., Ltd.	123.17	
Accounts payable	Ansteel Industrial Group Metallurgical Machinery Co., Ltd.	112.51	
Accounts payable	Angang Steel Rope Co., Ltd.	91.35	
Accounts payable	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	61.52	61.52
Accounts payable	Ansteel Mining Machinery Manufacturing Co., Ltd.	30.45	
Accounts payable	Benxi High-tech Drilling Tools Manufacturing Co., Ltd.	22.12	38.60
Accounts payable	Benxi New Business Development Co., Ltd.	6.76	415.37
Accounts payable	Benxi Iron and Steel (Group) Engineering Construction Supervision Co., Ltd.	3.91	65.51

Items	Name	2021.12.31	2020.12.31
Accounts payable	Benxi Iron and Steel (Group) Chint Building Materials Co., Ltd.	0.24	0.24
Contract liabilities/other current liabilities	Suzhou Bengang Industrial Co., Ltd.	2,350.61	5,374.03
Contract liabilities/other current liabilities	Delin Land Port Supply Chain Service Co., Ltd.	2,039.21	
Contract liabilities/other current liabilities	Benxi Iron and Steel Group Co., Ltd.	1,567.51	
Contract liabilities/other current liabilities	Panzhong Yihong Metal Products (Chongqing) Co., Ltd.	722.78	
Contract liabilities/other current liabilities	Dalian Boroller Steel Pipe Co., Ltd.	236.19	181.60
Contract liabilities/other current liabilities	Benxi Iron and Steel (Group) Metallurgical Slag Co., Ltd.	112.40	161.66
Contract liabilities/other current liabilities	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	74.55	55.77
Contract liabilities/other current liabilities	Ansteel Energy Technology Co., Ltd.	44.52	
Contract liabilities/other current liabilities	Benxi Steel Stainless Steel Cold Rolling Dandong Co., Ltd.	37.73	
Contract liabilities/other current liabilities	Tianjin Angang Steel Processing and Distribution Co., Ltd.	26.00	

Items	Name	2021.12.31	2020.12.31
Contract liabilities/other current liabilities	Liaoning Hengtong Metallurgical Equipment Manufacturing Co., Ltd.	19.99	52.81
Contract liabilities/other current liabilities	Ansteel Chemical Technology Co., Ltd.	12.74	
Contract liabilities/other current liabilities	Benxi Iron and Steel Group International Economic and Trade Co., Ltd.		43.70
Other payables	Benxi Iron and Steel (Group) Co., Ltd.	24,973.92	13,013.80
Other payables	Benxi Iron and Steel Group International Economic and Trade Co., Ltd.	2,808.40	1,277.85
Other payables	Benxi Iron and Steel (Group) Construction Co., Ltd.	2,483.47	436.25
Other payables	Benxi Iron and Steel (Group) Industrial Development Co., Ltd.	1,828.37	31.33
Other payables	Benxi Iron and Steel (Group) Steel Processing and Distribution Co., Ltd.	1,686.92	1,681.17
Other payables	Guangzhou Free Trade Zone Benxi Steel Sales Co., Ltd.	267.44	267.44
Other payables	Benxi Iron and Steel (Group) Thermal Development Co., Ltd.	218.75	561.73
Other payables	Benxi New Business Development Co., Ltd.	206.91	197.61
Other payables	Benxi Iron and Steel (Group) Real Estate Development Co., Ltd.	143.59	143.59
Other payables	Ansteel Scrap Resources (Anshan) Co., Ltd.	50.00	
Other payables	Liaoning Metallurgical Technician College	19.05	1.34
Other payables	Benxi Iron and Steel Group Co., Ltd.	15.57	

Items	Name	2021.12.31	2020.12.31
Other payables	Benxi Iron and Steel (Group)	1.01	1.01
	Machinery Manufacturing Co., Ltd.		
Other payables	Liaoning Hengyi Financial Leasing Co.,		208.60
	Ltd.		
Other payables	Benxi Iron and Steel Group Finance		0.98
	Co., Ltd.		
Other payables	Liaoning Hengyi Financial Leasing Co., Ltd.		111,423.24

6. Centralized management of funds

1、 The main contents of the centralized management of funds that the company participates in and implements are as follows:

In April 2021, after negotiation with Bengang Group Finance Co., Ltd. (hereinafter referred to as Bengang Finance Co., Ltd.), the Financial Services Agreement was signed to stipulate the relevant financial business terms and related transactions between the company and its subsidiaries and Bengang Finance Co., Ltd. Amount cap. The agreement stipulates that the maximum daily deposit balance of the company and its controlled subsidiaries in the next twelve months will be 11 billion yuan, the maximum loan and other credit business will be 8 billion yuan, and the maximum credit line will be 8 billion yuan.

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

2、 Funds collected by the company to the group

Funds deposited by the company directly into the finance company without being collected into the account of the parent company of the group

Items	20211231		20201231	
	Amount	Provision	Amount	Provision
Cash at bank (deposited in Ansteel Group Finance Co., Ltd.)	442,965.63			
Cash at bank (deposited in Bengang Group Finance Co., Ltd.)			1,332,199.78	
Total	442,965.63		1,332,199.78	
Including: Restricted funds due to centralized management of funds			240,882.28	

Notes: The company will transfer funds to Ansteel Group Finance Co., Ltd. at the end of 2021

3、 Funds collected by the company to the group

Items	20211231	20201231
Other payables	82,081,562.50	78,545,625.00
Total	82,081,562.50	78,545,625.00

Dalian Benruitong Automotive Materials Technology Co., Ltd., a subsidiary of the company, borrowed RMB 75,000,000.00 from Benxi Iron and Steel (Group) Co., Ltd. As of December 31, 2021, the company's unpaid interest was RMB7,081,562.50 (as of December 31, 2020, the company's unpaid interest was RMB3,535,937.50).

11. Commitments and Contingencies**(1) Commitments****1. Lease contracts in progress or to be performed and their financial impacts**

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

per square meters, the leased land area is 7,669,068.17 square meters, and the annual rent is 54,665,100 yuan.

(2) On August 14, 2019, the Company signed the "House Lease Agreement" with Benxi Steel (Group) and Beiying Steel respectively, leasing the houses and auxiliary facilities occupied by 2300 and 1780 hot rolling mill production lines, and the lease term ends on December 31, 2038. The rental fee is based on the depreciation of the original rent value and the national additional tax, plus reasonable profit negotiation. The estimated annual rent is not more than 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.

2. Irrevocable letter of credit

As at December 31, 2021, the amount of irrevocable letter of credit that was not fulfilled was 0.625 billion yuan.

(2) Contingencies

As at December 31, 2021, no significant contingencies need to be disclosed.

12. Subsequent events

(1) Important non-adjustment matters

None

(2) Profit Distribution

Profit or dividend to be distributed	<p>On March 24, 2022, the 2021 annual dividend distribution plan was approved by the resolution of the 27th meeting of the company's 8th board of directors. It is planned to distribute cash dividends of RMB6.00 (tax included) to all shareholders for every 10 shares based on 4,108,191,379 shares at the end of 2021. A total of common stock dividends distribution of RMB2,464,914,827.40, this distribution will not be converted into share capital from capital reserves. The above profit distribution plan still needs to be reviewed and approved by the general meeting of shareholders.</p>
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(3) Sales Return

Not applicable.

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

Not applicable.

(5) Other subsequent events

Not applicable.

13. Other significant events**(1) Correction of previous accounting errors**

None

(2) Debt restructuring

None

(3) Asset replacement

None

(4) Annuity plan

None

(5) Termination of business

None

(6) 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.

(7) Other important matters that have an impact on investor decisions**1. The controlling shareholder pledges the Company's shares**

As of the balance sheet date, the Company's controlling shareholder Benxi Iron and Steel (Group) Co., Ltd. held 2,409,628,094 shares of the Company, of which 360,000,000 shares were in pledged status and 108,326,179 shares were in restricted sales and frozen status.

14. Notes to the financial statements of parent company**(1) Notes receivable****1. Notes receivable disclosed by category**

Items	20211231	20201231
Bank acceptance bill		
Commercial acceptance bill	1,514,416,395.80	
Total	1,514,416,395.80	

2. The company has no pledged notes receivable at the end of period**3. Notes receivable which have been endorsed or discounted by the company and have not yet matured at the end of period**

Items	Derecognition amount at the end of period	Amount not derecognition amount at the end of period
Bank acceptance bill		
Commercial acceptance bill		1,107,866,402.09
Total		1,107,866,402.09

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

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

Items	20211231	20201231
Within 1 year (inclusive)	352,756,383.14	283,561,303.90
1-2 years (inclusive)	1,380,655.78	2,420,511.80
2-3 years (inclusive)	1,942,837.68	6,500,255.55
Over 3 years	180,383,550.49	177,111,797.34
Sub-total	536,463,427.09	469,593,868.59
Less: Provision for bad debts	182,831,863.67	179,728,406.39
Total	353,631,563.42	289,865,462.20

2. Accounts receivable disclosed by category

Items	20211231					20201231				
	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 Dept individually	47,762,337.18	8.90	47,762,337.18	100.00		47,762,337.18	0.17	47,762,337.18	100.00	
Provision for Bad Dept by portfolio	488,701,089.91	91.10	135,069,526.49	27.64	353,631,563.42	421,831,531.41	89.83	131,966,069.21	31.28	289,865,462.20
Include:										
Portfolio 1: Aging	328,112,713.51	61.16	135,069,526.49	41.17	193,043,187.02	245,720,903.60	52.33	131,966,069.21	53.71	113,754,834.39
Portfolio 2: Combined related party	160,588,376.40	29.93			160,588,376.40	176,110,627.81	37.50			176,110,627.81
Total	536,463,427.09	100.00	182,831,863.67		353,631,563.42	469,593,868.59	100.00	179,728,406.39		289,865,462.20

Items	20211231			Reason
	Accounts receivable	Provision for bad debts	Bad debts ratio (%)	
Benxi Nanfen Xinhe Metallurgical Co., Ltd.	47,762,337.18	47,762,337.18	100.00	Benxi Nanfen Xinhe has halt operation.
Total	47,762,337.18	47,762,337.18		

Accounts receivable tested for impairment by portfolio:**Portfolio tested by aging**

Items	20211231		
	Carrying amount	Provision for bad debts	Bad debts ratio (%)
Within 1 year	192,168,006.74	1,921,680.07	1.00
1-2 years	1,380,655.78	138,065.58	10.00
2-3 years	1,942,837.68	388,567.53	20.00
Over 3 years	132,621,213.31	132,621,213.31	100.00
Total	328,112,713.51	135,069,526.49	

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

The amount of bad debt provision reversed in the current period is RMB3,103,457.28

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

Company	20211231		
	Amount	Percentage of total accounts receivable (%)	Provision for bad debts
The first	160,588,376.40	29.93	
The second	99,222,882.66	18.50	992,228.83
The third	80,584,547.00	15.02	805,845.47
The fourth	47,762,337.18	8.90	47,762,337.18
The fifth	9,008,967.00	1.68	9,008,967.00

Company	20211231		
	Amount	Percentage of total accounts receivable (%)	Provision for bad debts
Total	397,167,110.24	74.03	58,569,378.48

(6) There are no accounts receivable derecognized due to the transfer of financial assets in the current period.

(7) There is no assets and liabilities formed by continued involvement due to the transfer of Account receivables.

(3) Accounts receivable financing

1. Details of accounts receivable financing

Items	20211231	20201231
Notes receivable	1,504,640,362.79	4,143,431,412.08
Include: Bank acceptance bill	1,504,640,362.79	1,876,753,316.46
Commercial acceptance bill		2,266,678,095.62
Total	1,504,640,362.79	4,143,431,412.08

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

2. At the end of the period, the company has no commercial bills pledged in accounts receivable financing

3. At the end of the period, the company's endorsed or discounted commercial bills in accounts receivable financing accounting and not yet matured on the balance sheet date are as follows

Items	Derecognized amount	Not derecognized amount
Bank acceptance bill	17,940,518,873.62	
Commercial acceptance bill		
Total	17,940,518,873.62	

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

(4) Other receivables

Item	20211231	20201231
Interest receivables	2,014,931.61	23,028,942.73
Dividend receivables		
Other receivables	266,591,116.91	205,151,247.29
Total	268,606,048.52	228,180,190.02

1. Interest receivables

(1) Interest receivable disclosed by category

Items	20211231	20201231
Deposit interest	2,014,931.61	23,028,942.73
Subtotal	2,014,931.61	23,028,942.73
Less: provision for bad debt		
Total	2,014,931.61	23,028,942.73

(2) There is no significant provision for overdue interest and bad debt provision.

(3) There is no provisions for interest receivable

2. Other receivables disclosed by aging

Items	20211231	20201231
Within 1 year (inclusive)	144,080,381.27	35,550,478.46
1-2 years (inclusive)	4,002,692.25	42,319,451.22
2-3 years (inclusive)	3,776,577.88	13,842,023.46
Over 3 years	186,249,689.29	180,717,695.14
Sub-total	338,109,340.69	272,429,648.28
Less: Provision for bad debts	71,518,223.78	67,278,400.99
Total	266,591,116.91	205,151,247.29

(1) Provision for 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	352,376.05	9,475,267.75	57,450,757.19	67,278,400.99
Beginning balance in current period				
-- Transfer to Stage two	-3,525.58	3,525.58		
-- Transfer to Stage three		-3,036,762.80	3,036,762.80	
-- Reversal to Stage two				
-- Reversal to Stage one				
Current period provision	494,264.90	1,021,959.28	6,028,941.18	7,545,165.36
Current period reversal				
Current period write-back	316,314.67	1,158,596.25	1,830,431.65	3,305,342.57
Current period write-off				
Other change				
Ending balance	526,800.70	6,305,393.56	64,686,029.52	71,518,223.78

(2) Changes of other receivables

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	194,557,372.69	20,421,416.81	57,450,858.78	272,429,648.28
Beginning balance in current period				
-- Transfer to Stage two	316,691.48	316,691.48		
-- Transfer to Stage three		8,941,860.04	8,941,860.04	
-- Reversal to Stage two				
-- Reversal to Stage one				
Current period increase	312,200,678.92	3,469,155.79	123,742.35	315,793,577.06
Current period derecognition	243,252,344.35	5,031,108.65	1,830,431.65	250,113,884.65
Other change				
Ending balance	263,189,015.78	10,234,295.39	64,686,029.52	338,109,340.69

(3) The amount of other accounts receivable actually written off in the current period is RMB 1,220,245.84.

(4) Other receivables disclosed by nature

Nature	20211231	20201231
Receivable and payable	327,876,947.80	264,617,899.56
Other	10,232,392.89	7,811,748.72
Total	338,109,340.69	272,429,648.28

(5) Top five debtors at the year-end

Company	Nature or content	Amount	Aging	Percentage of total other receivables (%)	Provision for bad debts
The First	Receivable and payable	2,462,794.16	Within 1 year to 3 years	0.73	2,249,413.14
The Second	Receivable and payable	2,261,360.00	Over 3 years	0.67	2,261,360.00
The Third	Receivable and payable	1,908,708.06	Over 3 years	0.56	1,908,708.06
The Fourth	Receivable and payable	1,740,000.00	Over 3 years	0.51	
The Fifth	Receivable and payable	1,503,037.23	Within 1 year to 3 years	0.44	1,202,429.78
Total		9,875,899.45		2.91	7,621,910.98

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

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

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

(5) Long-term equity investment

Items	Ending balance			Beginning balance		
	Carrying amount	Impairment	Book value	Carrying amount	Impairment	Book value
Subsidiaries	2,015,186,190.50		2,015,186,190.50	2,016,281,902.16		2,016,281,902.16
Joint Venture						
Total	2,015,186,190.50		2,015,186,190.50	2,016,281,902.16		2,016,281,902.16

Details of investment in subsidiaries

Name of entity	Beginning balance	In crease	Decre ase	Ending balance	I mpairm ent of current period	E nding balance of impair ment
Guangzhou Bengang Steel & Iron Trading Co., Ltd.	30,000,00 0.00			30,000,000. 00		
Shanghai Bengang Metallurgy Science and Technology Co., Ltd.	30,000,00 0.00			30,000,000. 00		
Bengang Steel Plates Liaoyang Pellet Co., Ltd.	529,899,8 01.38			529,899,80 1.38		
Dalian Benruitong Automobile Material Technology Co., Ltd.	65,000,00 0.00			65,000,000. 00		
Bengang POSCO Cold-rolled Sheet Co., Ltd.	1,019,781, 571.10			1,019,781,5 71.10		
Changchun Bengang Steel & Iron Sales Co., Ltd.	28,144,87 5.36			28,144,875. 36		
Harbin Bengang Economic and Trading Co., Ltd.	29,923,39 8.23			29,923,398. 23		
Nanjing Bengang Materials Sales Co., Ltd.	2,081,400. 65			2,081,400.6 5		

Name of entity	Beginning balance	In crease	Decre ase	Ending balance	I mpairm ent of current period	E nding balance of impair ment
Wuxi Bengang Steel & Iron Sales Co., Ltd.	29,936,71 8.57			29,936,718. 57		
Xiamen Bengang Steel & Iron Sales Co., Ltd.	1,095,711. 66		1,095, 711.66			
Yantai Bengang Steel & Iron Sales Co., Ltd.	49,100,32 9.41			49,100,329. 41		
Tianjin Bengang Steel & Iron Trading Co., Ltd.	60,318,09 5.80			60,318,095. 80		
Benxi Bengang Steel Sales Co., Ltd	30,000,00 0.00			30,000,000. 00		
Shenyang Bengang Metallurgical Science and Technology Co., Ltd.	30,000,00 0.00			30,000,000. 00		
Chongqing Liaoben Steel & Iron Trade Co., Ltd.	30,000,00 0.00			30,000,000. 00		
Bengang Baojin (Shenyang) Automobile New Materials Technology Co., Ltd.	51,000,00 0.00			51,000,000. 00		
Total	2,016,281, 902.16		1,095, 711.66	2,015,186,1 90.50		

(6) Operating Income and Operating Cost**Operating income and operating cost**

Items	2021		2020	
	Revenue	Cost	Revenue	Cost
Principal business	69,727,193,761.59	65,005,072,705.35	44,436,384,616.09	42,659,983,317.54
Other business	8,994,267,964.12	8,198,390,770.21	4,374,721,858.64	4,082,717,104.16
Total	78,721,461,725.71	73,203,463,475.56	48,811,106,474.73	46,742,700,421.70

Details for operating income:

Items	Principal Business	Other Business
Classified by business area	69,727,193,761.59	8,994,267,964.12
Including: Domestic	64,316,404,987.60	8,994,267,964.12
Abroad	5,410,788,773.99	
Classified by the time of commodity transfer	69,727,193,761.59	8,994,267,964.12
Including: recognize at a certain point in time	69,727,193,761.59	8,991,389,532.65
recognize over a certain period of time		2,878,431.47
Total	69,727,193,761.59	8,994,267,964.12

(7) Income on investment

Items	2021	2020
Income from disposal of long-term equity investment	-1,341,423.32	
Income on disposal of financial assets holding for trading	-124,911,004.89	13,500,000.00
Dividend income obtained during the holding period of other equity instrument investments		77,242.47
Other	2,436,869.33	
Total	-123,815,558.88	13,577,242.47

15. Supplementary information

(1) Details of non-recurring profit and loss

Items	Amount	Notes
Profit or loss from disposal of non-current assets	-60,100,706.71	
Tax refund, reduction or exemption of unauthorized approval or no formal approval document		
Government subsidy attributable to profit and loss of current period (except such government subsidy closely related to the company's normal business operation, meeting the regulation of national policy and enjoyed constantly in certain quota or quantity according to a certain standard)	66,345,976.64	
Fund occupation fee charged to non-financial enterprises included in current profit and loss	2,436,869.33	
Except for the effective hedging business related to the normal operation of the company, the fair value changes arising from the holding of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, and derivative financial liabilities, and the disposal of held-for-trading financial assets, derivative financial	-37,205,991.34	
Investment income from assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments		
Other non-operating revenue and expenditure other than above items	5,176,371.41	
Subtotal	-23,347,480.67	
Impact of income tax	5,969,319.73	
Impact of minority interests	202,407.38	
Total	-17,175,753.56	

(2) Net asset yield and earnings per share

Profit in the Reporting Period	Weighted average	Earnings per share (Yuan)	
	net assets yield (%)	Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	11.88	0.600	0.496

Net profit attributable to ordinary shareholders	11.96	0.604	0.500
after deducting non-recurring profit and loss			

Bengang Steel Plates Co., Ltd.

24 March 2022